



# ANNUAL FINANCIAL REPORT

**For the fiscal year ended August 31, 2021**  
**Norcross, Georgia**

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**CITY OF NORCROSS, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the year ended August 31, 2021*

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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, 2021, 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, 2021, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund, Confiscated Assets Special Revenue Fund, and American Rescue Plan Act Special Revenue 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 87 through 94 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 May 13, 2022, 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, LLC*

Certified Public Accountants

Gainesville, Georgia  
May 13, 2022



## **Paul Hanebuth**

**Director of Finance and Administrative Services**

**65 Lawrenceville Street**

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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, 2021. 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 \$103,280,132 (reported as "net position"). \$12,441,007 of this net position is unrestricted, of which (\$671,700) is Governmental Activities and \$13,112,707 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 \$8,010,332.
- The City's governmental funds reported combined ending fund balances of \$21,946,280. Approximately 41 percent of this amount - \$8,954,646 - 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 \$31,092,847 at year end, an increase of \$1,306,596 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. 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 the reader understand whether the financial position of the city as a whole is improved or diminished as a result of the current year's activities. 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 95.

### **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 Confiscated Assets, 2017 Special Purpose Local Option Sales Tax (SPLOST), 2017 Revenue Bond, and American Rescue Plan Act 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 Confiscated Asset Fund to demonstrate compliance with these budgets.

The City's basic governmental fund financial statements can be found on pages 25-33 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 34-38 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 39.

#### ***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 41-86 of this report.

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 27 and 30 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

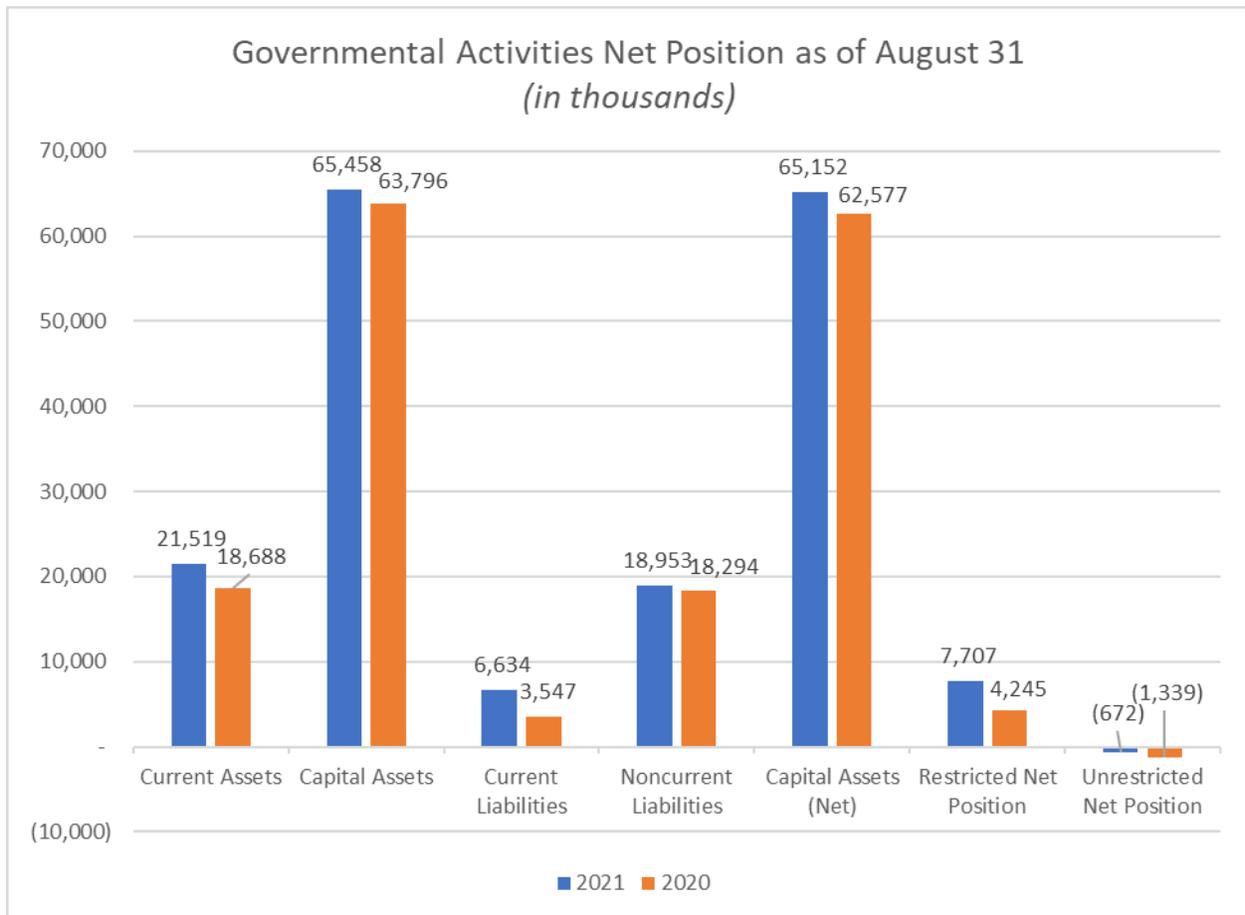
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by \$103,280,132. as of August 31, 2021. The following table provides a summary of the City's governmental and business-type net position for the year ending August 31, 2021 and for the period ending August 31, 2020.

### City of Norcross Net Position as of August 31, 2021 and 2020 (in Thousands)

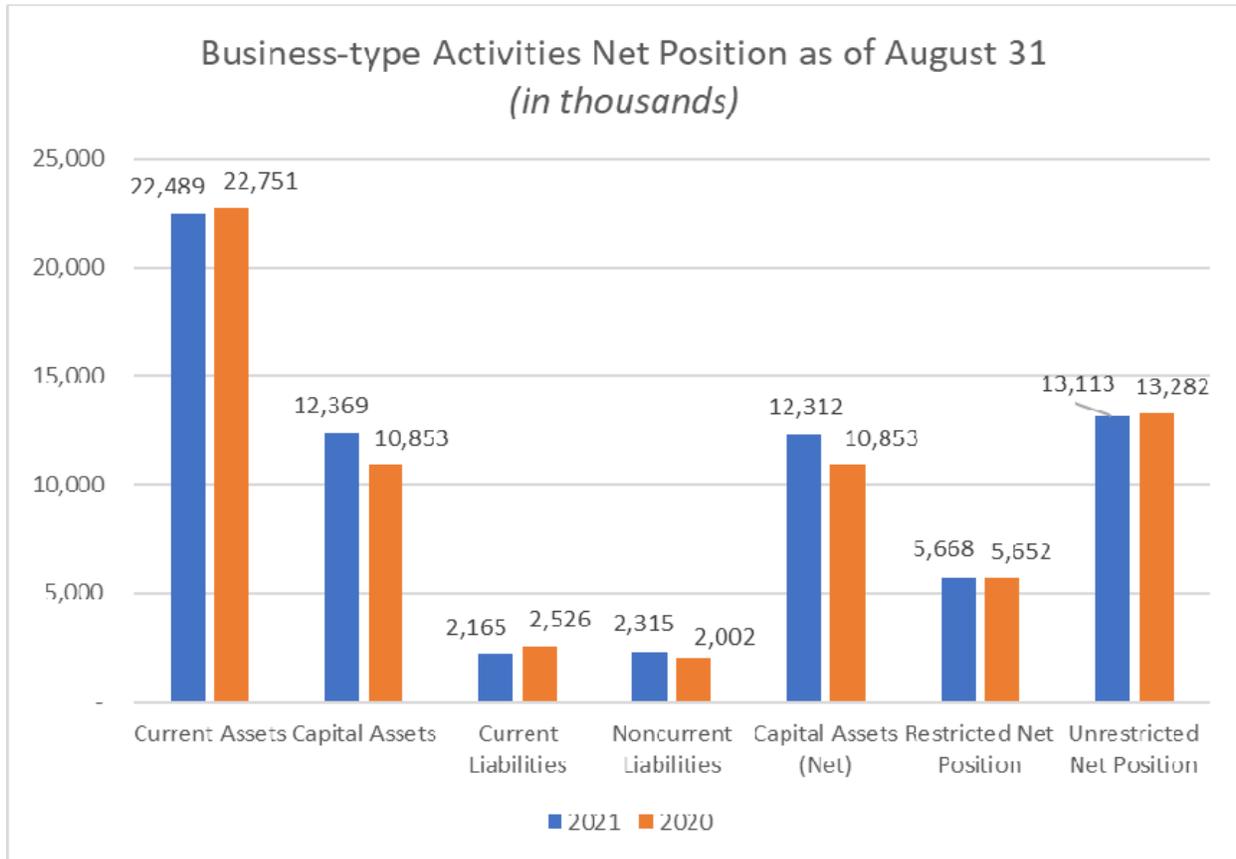
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current Assets	\$26,700	\$18,688	\$22,489	\$22,751	\$49,189	\$41,439
Capital Assets	65,459	63,796	12,369	10,853	77,827	74,649
Total Assets	92,159	82,484	34,858	33,604	127,016	116,088
Deferred Outflows of Resources	6,693	6,155	949	923	7,642	7,079
Current Liabilities	6,634	3,547	2,165	2,526	8,799	6,073
Noncurrent Liabilities	18,953	18,294	2,315	2,002	21,269	20,296
Total Liabilities	25,588	21,841	4,480	4,528	30,068	26,369
Deferred inflows of Resources	1,076	1,315	234	213	1,310	1,528
Net Investment in Capital Assets	65,152	62,577	12,312	10,853	77,464	73,430
Restricted Net Position	7,707	4,245	5,668	5,652	13,375	9,897
Unrestricted Net Position	(672)	(1,339)	13,113	13,282	12,441	11,943
Total Net Position	\$72,187	\$65,483	\$31,093	\$29,787	\$103,280	\$95,270

The largest portion of the City's net position as of August 31, 2021 (75%) 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:** Current assets increased by 25%, capital assets increased by 1%, restricted net position increased by 82%, and total net position increased by 10% over 2020.



**Business-Type:** Current assets decreased by 1%, capital assets increased by 14%, unrestricted net position decreased by 1%, and total net position increased by 4% over 2020.



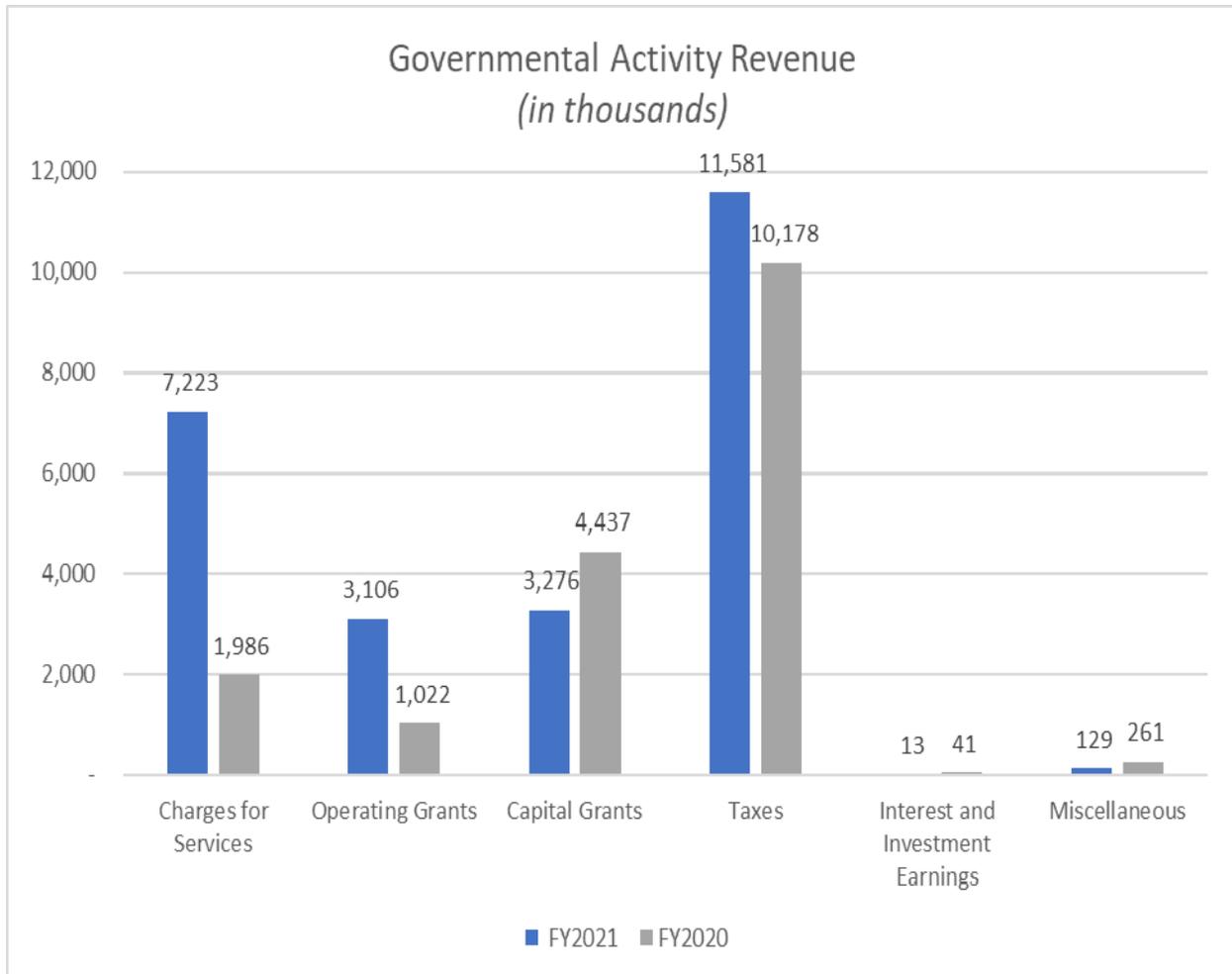
The restricted net position of the primary government, totaling \$13,374,865, is constrained by debt covenants or legal requirements and is therefore not available for day-to-day operations of the City. After subtracting restricted net position and net investment in capital assets, the remaining net position of \$12,441,007 is unrestricted and 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 \$13,112,707 at the end of the fiscal year.

The City's net position increased by about \$8MM during fiscal 2021. Governmental activities resulted in an increase in net position of \$6,703,736 while business-type activities resulted in an increase of net position of \$1,306,596. The following table was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the year.

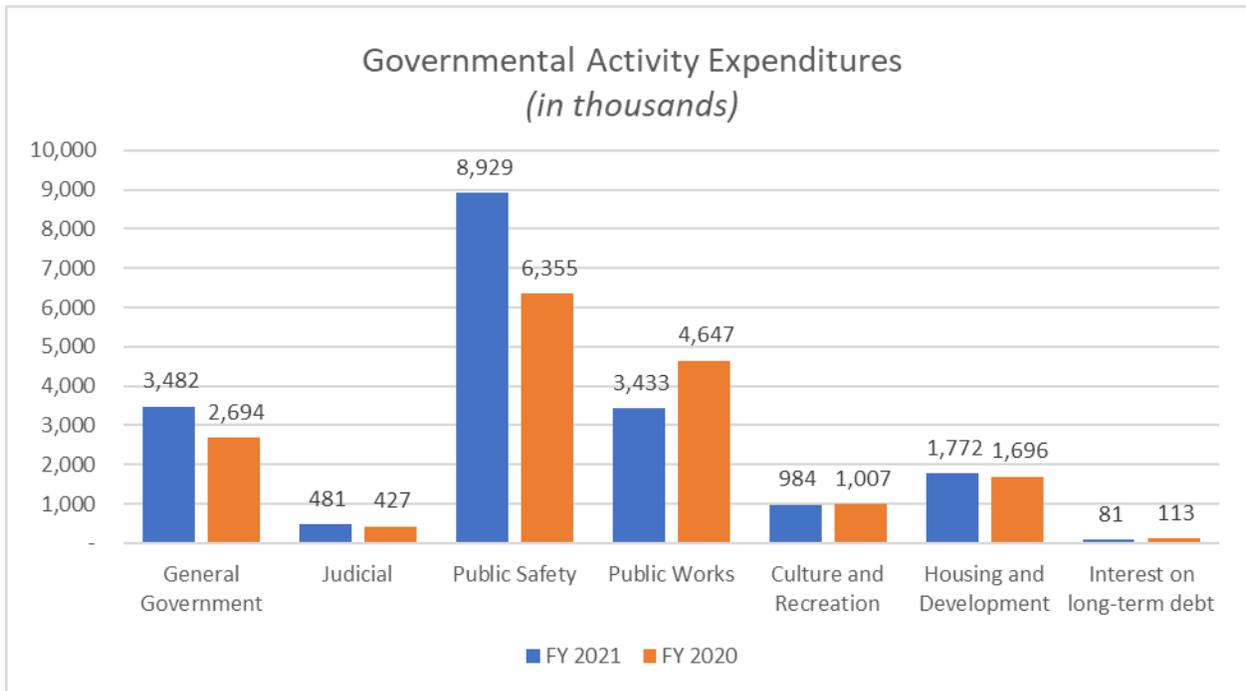
**City of Norcross**  
**Changes in Net Position for the Years ended August 31, 2021 and 2020**  
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	7,223	1,986	18,537	18,785	25,760	20,771
Operating Grants	3,106	1,022	-	-	3,106	1,022
Capital Grants	3,276	4,437	-	-	3,276	4,437
General Revenues:						
Taxes	11,581	9,178	-	-	11,581	10,178
Interest and Investment Earnings	13	41	11	264	24	305
Miscellaneous	129	261	35	26	165	287
<b>Total Revenues</b>	<b>25,327</b>	<b>17,925</b>	<b>18,584</b>	<b>19,075</b>	<b>43,911</b>	<b>37,000</b>
<b>Expenses:</b>						
General Government	3,482	2,694	-	-	3,482	2,694
Judicial	481	427	-	-	481	427
Public Safety	8,929	6,355	-	-	8,929	6,355
Public Works	3,433	4,647	-	-	3,433	4,647
Culture and Recreation	984	1,007	-	-	984	1,007
Housing and Development	1,772	1,696	-	-	1,772	1,696
Interest on long-term debt	81	113	-	-	81	113
Electric	-	-	12,376	11,506	12,376	11,506
Solid Waste	-	-	3,703	3,519	3,703	3,519
Storm Water	-	-	659	917	659	917
<b>Total Expenses</b>	<b>19,162</b>	<b>16,938</b>	<b>16,738</b>	<b>15,942</b>	<b>35,900</b>	<b>32,881</b>
<b>Increase in net position before special items and transfers</b>	<b>6,165</b>	<b>987</b>	<b>1,845</b>	<b>3,133</b>	<b>8,010</b>	<b>4,119</b>
Transfers	539	539	(539)	(539)	-	-
<b>Change in Net Position</b>	<b>6,704</b>	<b>1,526</b>	<b>1,307</b>	<b>3,050</b>	<b>8,010</b>	<b>4,119</b>
Net Position- Sept. 1	65,484	63,958	29,786	27,192	95,270	91,150
<b>Aug. 31 Net Position</b>	<b>72,187</b>	<b>65,484</b>	<b>31,093</b>	<b>29,786</b>	<b>103,280</b>	<b>95,270</b>

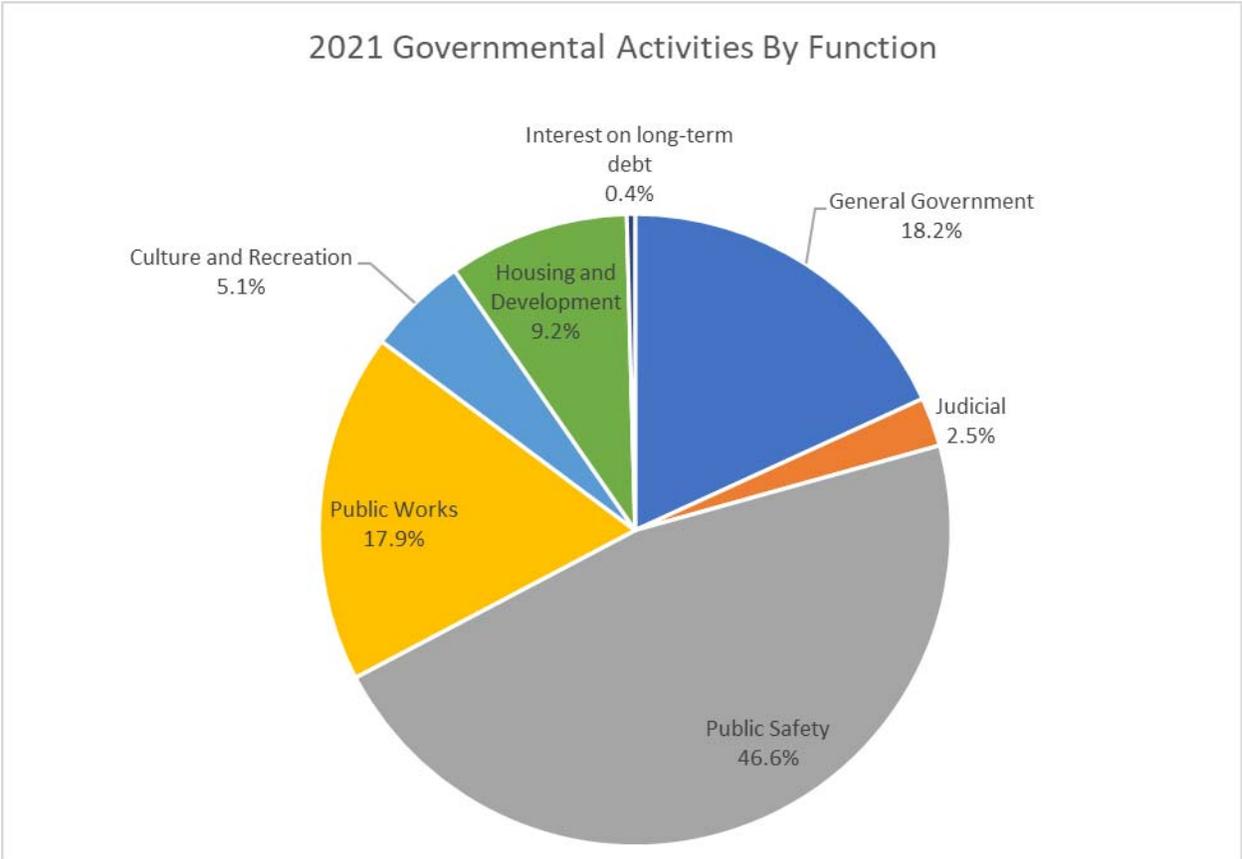
**Governmental Activities.** Governmental Activities increased the City's net position by \$6,703,736. Revenues for the City's governmental activities increased by 41% (about \$7.4MM) over 2020. This increase in revenue was due to the implementation of a photo enforcement program in school zones, as well as the recovery of property, hotel/motel, and franchise taxes from depressed 2020 collections. Governmental expenses were up by 13% over 2020, the result of an increase in capital outlay and management of the photo enforcement program in the Public Safety area and staffing changes in General Government. Expenditures in Public Works decreased as the pace of capital projects slowed during fiscal 2021.



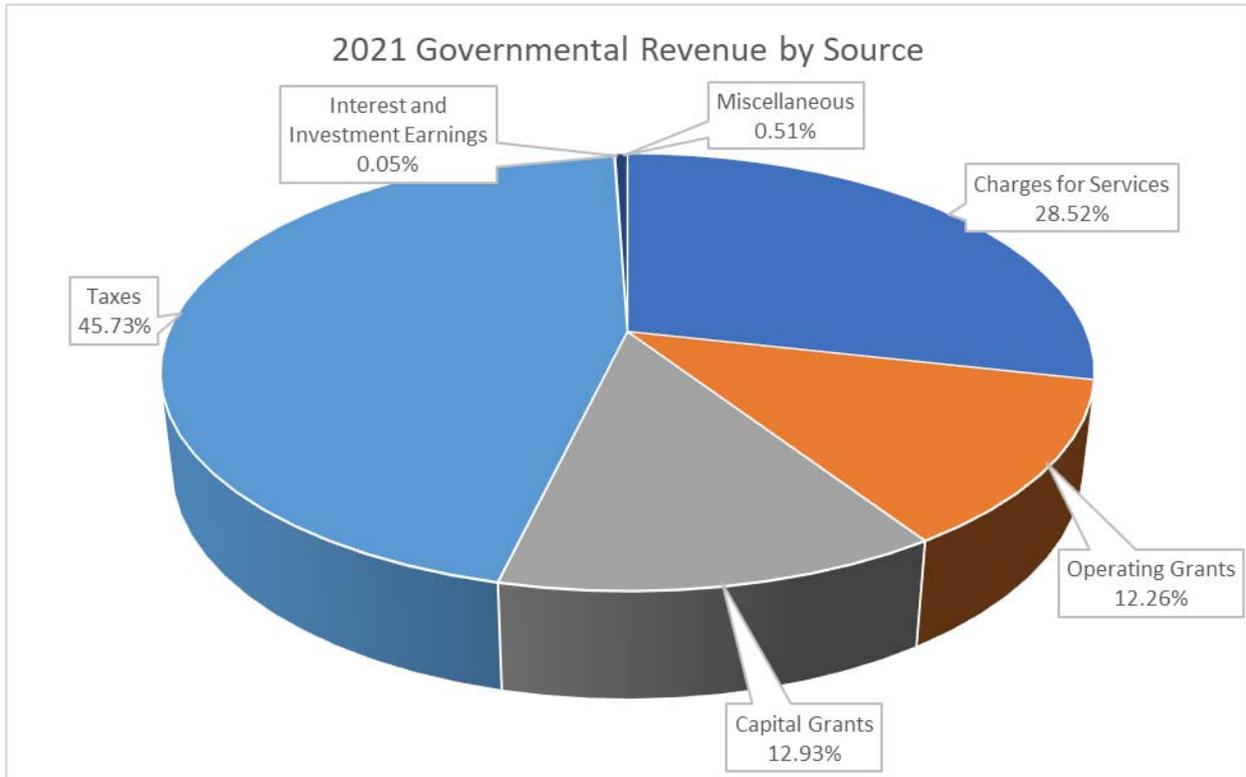
**Governmental Activities:** General Government expenditures increased by 29%, Public Safety increased 40%, Judicial increased 13%, Culture and Recreation decreased 2%, Public Works decreased 74%, Housing and Development increased 5%, and Interest on long term debt decreased 28%.



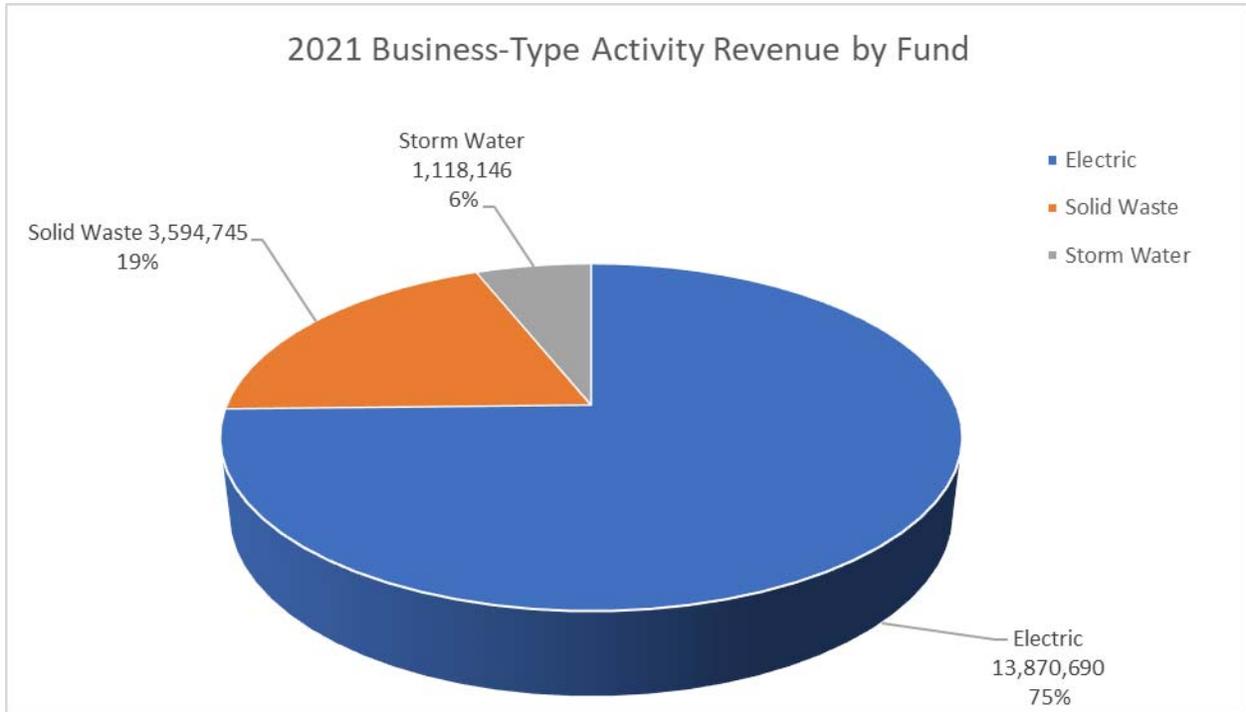
Expenditures for Governmental Activities were \$19.162 million, of which Public Safety accounted for 46.6%, Public Works 17.9%, General Government 18.2%, Housing and Development 9.2%, Judicial 2.5%, and Culture and Recreation 5.1%, Interest on long-term debt is less than 1% of expenditures.



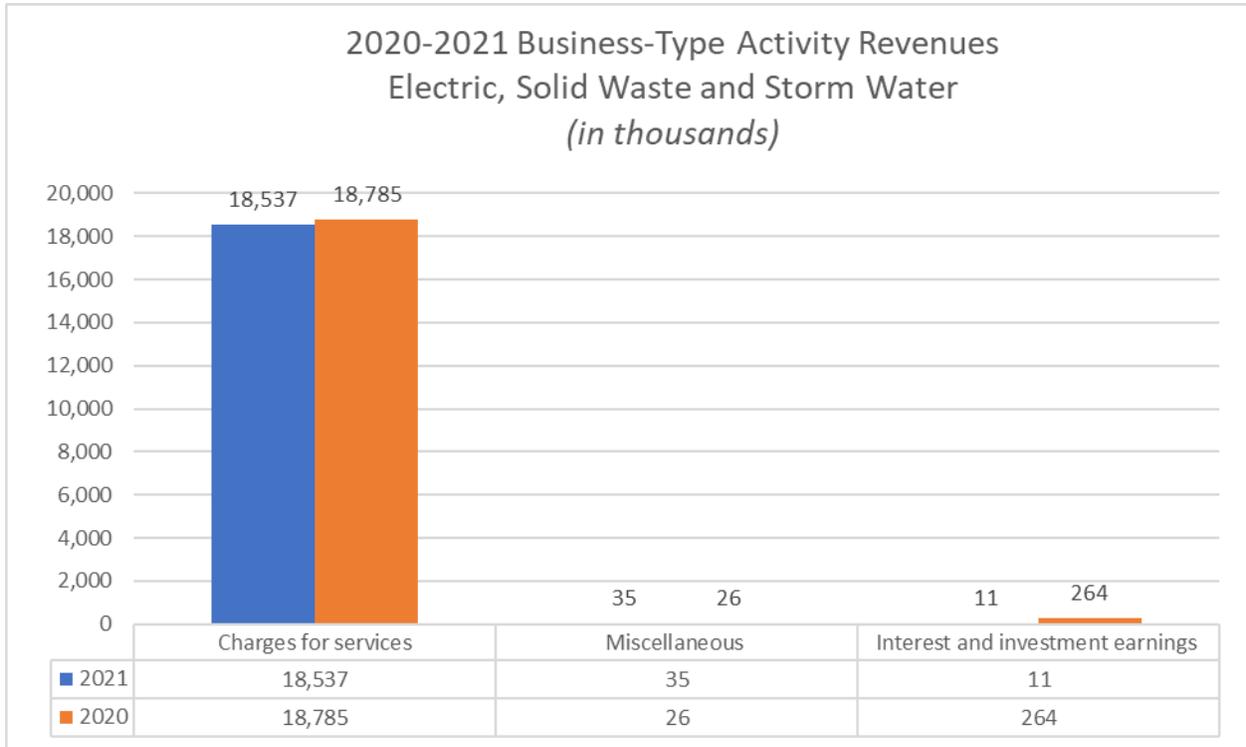
Revenue for governmental activities was \$25.3 million. The major revenue sources were taxes (46%), charges for services (28.5%), capital grants and contributions (13%), and operating grants and contributions (12%),



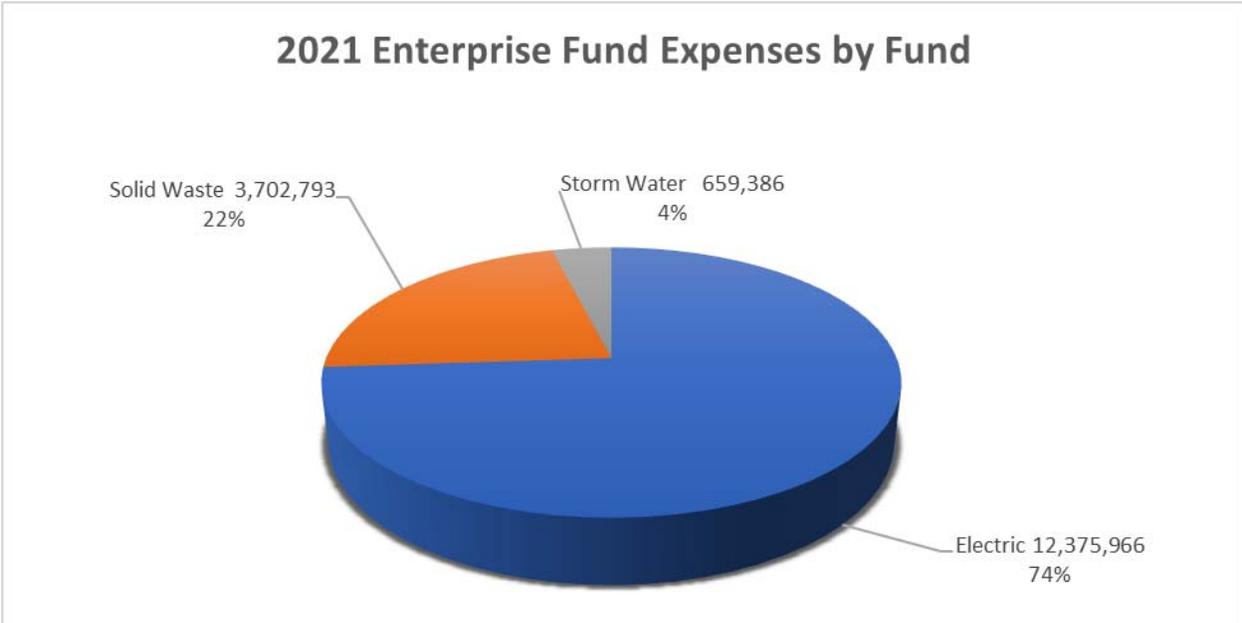
**Business-Type Activities.** Operations of business-type activities increased the City's net position by \$1,306,596. Key elements of changes in net position follow:



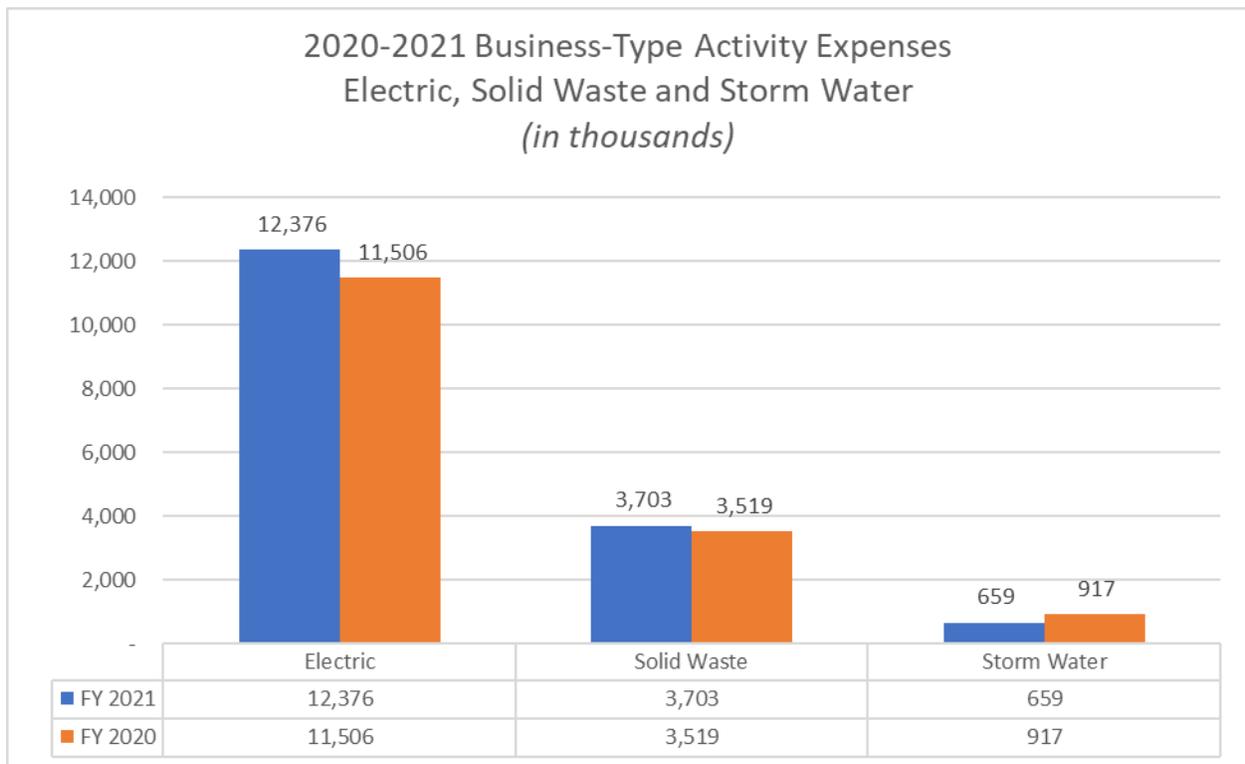
Total sales for Business-Type activities were \$18,537,327, a decrease of 1.3% from prior year sales of \$18,784,889. Miscellaneous revenue increased 35%, and Interest and Investment Earning decreased by 96%.



Expenses for the Business-type Activities were \$16.74 million, of which Electric accounted for 74%, Solid Waste 22%, and Storm Water 4%.



Electric fund expenses increased 8%, Solid Waste expenses increased 5%, and Storm Water expenses decreased 28%.



The Electric Utility Enterprise Fund net position increased by \$955,884 over 2020. This 3.65% increase in total net position was a smaller increase than the previous year.

The Solid Waste Utility Enterprise Fund net position decreased by \$108,048. This deficit was about \$50,000 larger than the previous year as expenses continue to increase faster than revenues.

The Storm Water Utility Fund net position increased by \$458,760, a surplus more than \$200,000 higher than the previous year as revenues were stable and expenses decreased.

Review pages 125-134 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.

### ***GENERAL FUND***

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 \$10,950,286, an increase of \$2,680,833 or 32% in comparison with the prior year. Approximately 81.8% of this amount (\$8,954,646) constitutes an unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is assigned, restricted, or nonspendable.

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 about 65% of total general fund expenditures for the current year.

Key factors in the increase of the General Fund balance of during the current year are:

- Tax revenues increased over \$1.3M, and intergovernmental revenue increased by over \$2M.
- Expenditures increased by less than \$2M, only partially offsetting the revenue increase.

Significant department-level changes in expenditures include:

- General Government expenditures increased by 19% (\$472,195).
- Public Safety expenditures increased by \$953,206 (17.8%).
- Culture and Recreation expenditures increased by 22% (\$143,516).

Review pages 99-104 for additional information on the General Fund.

### ***SPECIAL REVENUE FUNDS***

- Confiscated Assets/Photo Enforcement Fund: The City added a photo-enforcement program in school zones during FY21, resulting in about \$5.2M in additional revenue and \$1.95M in additional expenditures compared to the previous FY. The net result was an increase of \$3,272,560 in fund balance, for a year-end balance of \$3,294,095.
- American Rescue Plan Act Fund: The fund balance remains at \$0; a cash disbursement of approximately \$3.1M is reported as an unearned revenue liability until grant funds are expended on approved projects.
- Hotel/Motel Tax Fund: The fund balance for 2021 was \$624,110, an increase of \$205,721 over 2020 as tax revenue was higher than anticipated and expenditures decreased.
- Federal Seized Drug Fund: Fund balance increased by \$7,745 to a total of \$7,764 as forfeiture revenues were minimally offset by \$500 in expenditures during the year.

- Technology Surcharges Fund: The fund balance for 2021 was \$159,190, a decrease of \$1,158 from 2020 as expenditures of \$72,218 were slightly higher than dedicated fee revenues.
- Rental Motor Vehicle Excise Tax Fund: The fund balance for 2021 was \$442,288, a decrease of \$94,713 over the previous year as expenditures - primarily for vehicle replacement - outpaced tax revenues.

Review pages 105-116 for additional information on the Special Revenue Funds.

### ***CAPITAL PROJECTS FUNDS***

The City has three Special Purpose Local Option Sales Tax (SPLOST) funds devoted to capital projects. The tax levy and project categories were approved by the citizens of Norcross via referendum.

- 2009 SPLOST Fund: The fund balance for 2021 is \$10,536 with minimal activity during the year.
- 2014 SPLOST Fund: The fund balance for 2021 was \$1,715,684 and for 2020 was \$1,744,507. This is a decrease of \$28,823 as relatively small amounts were expended on projects.
- 2017 SPLOST Fund: The fund balance for 2021 was \$2,351,875, an increase of \$172,354 over the previous year as revenues were roughly equivalent to expenditures plus transfers.
- 2017 Revenue Bond: The fund balance for 2021 was \$2,390,452 a decrease of \$1,240,845 over 2020 as projects were completed. The final project funded with these bond proceeds is scheduled to begin construction in 2024.

Review pages 117-124 for additional information on the Capital Projects Funds.

### ***PROPRIETARY FUNDS***

Information about the city's proprietary funds is provided in the government-wide statements, but is separated by fund later in the following pages to provide more detail.

2021 net positions of the City's three proprietary funds are as follows:

Electric Utility	\$27,094,181
Solid Waste Utility	\$923,051
Storm Water Utility	\$3,075,615

Net position for the three combined funds increased by \$1,306,596 (4.4%) over 2020.

Review pages 125-134 for additional information on the Proprietary Funds.

### ***COMPONENT UNIT***

The City's Downtown Development Authority is reported as a component unit. Its 2021 Balance Sheet shows fund balance of \$934,665, a decrease of \$1,102,415 from the previous year.

Review pages 135-136 for additional information on the Component Unit.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund 2020-2021 adopted budget showed anticipated expenditures of \$13,833,877, balanced by anticipated revenues of \$12,795,037, a transfer of electric fund dividends of \$538,840, and use of prior fund balance amounting to \$500,000. Actual expenditures varied from the original budget by only 0.2% and from the final budget by 1.7%. Since actual revenues were almost 25% higher than projected and a planned \$1M transfer to create a Capital Projects Fund was deferred to the next fiscal year, the net effect to fund balance was about \$3.1M more positive than anticipated by the original budget.

## CAPITAL ASSETS 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, 2021, amounted to \$77,827,231 (net of accumulated depreciation), which is a 6.1% increase from 2020. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and distribution systems for electricity and storm water.

During the year ended August 31, 2021, the City invested \$5,641,789 in new capital assets while recording \$2,446,989 in depreciation for the year. Major capital asset events during the current year included the following:

Governmental Activities net additions: \$3,835,024

- (\$ 58,052) Construction in Progress (net)
- \$ 19,796 Buildings
- \$ 2,859,362 Infrastructure
- \$ 1,013,918 Vehicles and equipment
- (\$ 2,156,663) Depreciation

Business-type Activities additions: \$1,806,765

- \$ 235,880 Construction in Progress (net)
- \$ 1,530,553 Investment in the electrical, and storm water distribution systems
- \$ 40,332 Vehicles and equipment
- (\$ 290,326) Depreciation

More information on capital assets may be found in Note 9 on pages 62-63 of this report.

## ***DEBT ADMINISTRATION***

### **Primary Government:**

At the end of August 31, 2021 the City had a capital lease agreement with Dell with a balance of \$137,629; Revenue Bond with a balance of \$3,045,000; Contracts Payable with a balance of \$100,893.

### **Component Unit:**

The DDA issued Series 2018 Revenue Bonds in the amount of \$8,195,000 on December 27, 2018. The proceeds were issued for the purpose of financing the cost of a parking facility. On December 1, 2020, the DDA issued a \$9,665,000 Series 2020 Taxable Revenue Refunding Bond to advance refund the Series 2018 bond. The Series 2020 bond is secured by an intergovernmental agreement with the City of Norcross. At August 31, 2021, the balance of the Series 2020 bond remained at \$9,665,000.

More information on long-term debt may be found in notes 12, 13 and 14 on pages 64-68 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, 2021. Budget calculations were based on, but not limited to, the following factors:

- Funds from the American Rescue Plan allowed the city to budget relining or replacement of a significant portion of the city's storm water conveyance system.
- Special Purpose Local Option Sales Tax (SPLOST) proceeds are being received at an average monthly rate of about \$300,000. These funds are restricted for Roads and Streets, Recreation, Administration Facilities, and Parking Facilities, as well as paying debt service from projects completed earlier in the life of the SPLOST. During FY2022, the city will determine uses for any excess funds received before the SPLOST expires, as well as analyzing future needs to inform a potential future SPLOST referendum.

## **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 Director of Finance and Administrative Services, 65 Lawrenceville Street, Norcross GA, 30071.

***BASIC FINANCIAL STATEMENTS***

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**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**August 31, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 21,518,584	\$ 1,922,131	\$ 23,440,715	\$ 253,636
Investments	0	8,732,119	8,732,119	0
Restricted assets				
Cash and cash equivalents	3,036,142	201,036	3,237,178	630,398
Investments	0	6,169,637	6,169,637	0
Receivables (net)				
Accounts	5,037	4,317,091	4,322,128	0
Taxes	377,680	0	377,680	0
Fines	551,007	0	551,007	0
Intergovernmental	1,087,560	0	1,087,560	0
Notes	0	0	0	120,000
Interest	157	0	157	0
Prepaid items	124,163	43,343	167,506	0
Inventories	0	1,103,265	1,103,265	0
Total current assets	<u>26,700,330</u>	<u>22,488,622</u>	<u>49,188,952</u>	<u>1,004,034</u>
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	23,325,339	2,129,318	25,454,657	37,231
Depreciable (net)	42,132,899	10,239,675	52,372,574	6,997,448
Total noncurrent assets	<u>65,458,238</u>	<u>12,368,993</u>	<u>77,827,231</u>	<u>7,034,679</u>
<b>Total assets</b>	<u>92,158,568</u>	<u>34,857,615</u>	<u>127,016,183</u>	<u>8,038,713</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	0	0	0	1,152,618
Deferred outflows related to pension	1,048,499	149,922	1,198,421	0
Deferred outflows related to OPEB	5,644,406	799,148	6,443,554	0
Total deferred outflows of resources	<u>6,692,905</u>	<u>949,070</u>	<u>7,641,975</u>	<u>1,152,618</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	774,651	229,657	1,004,308	16,051
Intergovernmental	0	758,598	758,598	0
Sales tax	0	84,482	84,482	0
Customer deposits	0	0	0	53,320
Interest	13,094	0	13,094	23,759
Accrued salaries and payroll liabilities	218,286	37,705	255,991	0
Compensated absences	259,389	30,184	289,573	0
Unearned revenue	3,196,332	321,388	3,517,720	0
Other liabilities	446,369	0	446,369	0
Bonds payable	1,510,000	0	1,510,000	305,000
Contracts payable	100,893	0	100,893	0
Capital lease payable	115,077	0	115,077	0
Liabilities payable from restricted assets				
Customer deposits payable	0	703,027	703,027	0
Total current liabilities	<u>6,634,091</u>	<u>2,165,041</u>	<u>8,799,132</u>	<u>398,130</u>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**August 31, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>Noncurrent liabilities</b>				
Net pension liability	\$ 1,867,895	\$ 267,086	\$ 2,134,981	\$ 0
Net OPEB liability	15,528,509	2,047,619	17,576,128	0
Bonds payable	1,535,000	0	1,535,000	9,360,000
Capital lease payable	22,552	0	22,552	0
<b>Total noncurrent liabilities</b>	<b>18,953,956</b>	<b>2,314,705</b>	<b>21,268,661</b>	<b>9,360,000</b>
<b>Total liabilities</b>	<b>25,588,047</b>	<b>4,479,746</b>	<b>30,067,793</b>	<b>9,758,130</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension	422,761	60,450	483,211	0
Deferred inflows related to OPEB	653,380	173,642	827,022	0
<b>Total deferred inflows of resources</b>	<b>1,076,141</b>	<b>234,092</b>	<b>1,310,233</b>	<b>0</b>
<b>NET POSITION</b>				
Net investment in capital assets	65,151,766	12,312,494	77,464,260	(856,576)
Restricted for:				
General Government	159,190	0	159,190	0
Public Safety	3,301,859	0	3,301,859	0
Public Works	371,477	0	371,477	0
Housing and Development	442,288	0	442,288	0
MEAG generation projects	0	5,667,646	5,667,646	0
Capital projects	3,432,405	0	3,432,405	0
Unrestricted	(671,700)	13,112,707	12,441,007	289,777
<b>Total net position</b>	<b>\$ 72,187,285</b>	<b>\$ 31,092,847</b>	<b>\$ 103,280,132</b>	<b>\$ (566,799)</b>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended August 31, 2021

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	\$ 3,481,929	\$ 163,534	\$ 0	\$ 0	\$ (3,318,395)
Judicial	480,698	0	0	0	(480,698)
Public Safety	8,928,988	6,577,380	3,088,274	0	736,666
Public Works	3,433,072	0	0	2,264,578	(1,168,494)
Culture and Recreation	984,212	26,352	17,425	1,011,212	70,777
Housing and Development	1,772,036	455,476	0	0	(1,316,560)
Interest on long-term debt	81,235	0	0	0	(81,235)
Total governmental activities	19,162,170	7,222,742	3,105,699	3,275,790	(5,557,939)
Business-type activities					
Electric Utility	12,375,966	13,824,737	0	0	1,448,771
Solid Waste	3,702,793	3,594,444	0	0	(108,349)
Storm Water Utility	659,386	1,118,146	0	0	458,760
Total business-type activities	16,738,145	18,537,327	0	0	1,799,182
Total primary government	35,900,315	25,760,069	3,105,699	3,275,790	(3,758,757)
<b>Component Unit</b>					
Downtown Development Authority					
Housing and Development	916,822	371,359	0	0	(545,463)
<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	\$ (5,557,939)	\$ 1,799,182	\$ (3,758,757)	\$ (545,463)	
General revenues					
Taxes					
Property	7,586,581	0	7,586,581	0	
Franchise	919,500	0	919,500	0	
Intangibles	229,316	0	229,316	0	
Occupational	376,457	0	376,457	0	
Insurance premium	1,200,817	0	1,200,817	0	
Alcoholic beverage	375,937	0	375,937	0	
Hotel/Motel	736,700	0	736,700	0	
Other	155,507	0	155,507	0	
Interest and investment earnings	12,539	11,155	23,694	2,011	
Miscellaneous	129,481	35,099	164,580	0	
Transfers	538,840	(538,840)	0	0	
Total general revenues and transfers	12,261,675	(492,586)	11,769,089	2,011	
Change in net position	6,703,736	1,306,596	8,010,332	(543,452)	
Net position - beginning	65,483,549	29,786,251	95,269,800	(23,347)	
Net position - ending	\$ 72,187,285	\$ 31,092,847	\$ 103,280,132	\$ (566,799)	

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2021**

	<u>General</u>	<u>Confiscated Assets</u>	<u>American Rescue Plan Act</u>	<u>2017 SPLOST</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,845,219	\$ 2,855,389	\$ 3,098,028	\$ 834,300
Receivables (net)				
Accounts	5,037	0	0	0
Taxes	268,851	0	0	0
Fines	0	551,007	0	0
Intergovernmental	63,872	0	0	1,023,688
Interest	157	0	0	0
Prepaid items	124,163	0	0	0
Due from other funds	2,656	0	0	634,580
<b>Total assets</b>	<b>\$ 12,309,955</b>	<b>\$ 3,406,396</b>	<b>\$ 3,098,028</b>	<b>\$ 2,492,568</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 597,871	\$ 950	\$ 0	\$ 0
Accrued salaries and payroll liabilities	215,564	0	0	0
Unearned revenue	90,304	0	3,098,028	0
Other liabilities	337,518	108,851	0	0
Due to other funds	0	2,500	0	140,693
<b>Total liabilities</b>	<b>1,241,257</b>	<b>112,301</b>	<b>3,098,028</b>	<b>140,693</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- property tax	118,412	0	0	0
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	124,163	0	0	0
Restricted for:				
General Government	0	0	0	0
Public Safety	0	3,294,095	0	0
Public Works	371,477	0	0	0
Housing and Development	0	0	0	0
Capital outlay	0	0	0	2,351,875
Assigned for:				
Housing and Development	0	0	0	0
Capital outlay	1,000,000	0	0	0
Subsequent year's budget	500,000	0	0	0
Unassigned	8,954,646	0	0	0
<b>Total fund balances</b>	<b>10,950,286</b>	<b>3,294,095</b>	<b>0</b>	<b>2,351,875</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,309,955</b>	<b>\$ 3,406,396</b>	<b>\$ 3,098,028</b>	<b>\$ 2,492,568</b>

<b>2017 Revenue Bond</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
\$ 3,036,142	\$ 2,885,648	\$ 24,554,726
0	0	5,037
0	108,829	377,680
0	0	551,007
0	0	1,087,560
0	0	157
0	0	124,163
0	143,193	780,429
<u>\$ 3,036,142</u>	<u>\$ 3,137,670</u>	<u>\$ 27,480,759</u>
\$ 11,110	\$ 164,720	\$ 774,651
0	2,722	218,286
0	8,000	3,196,332
0	0	446,369
634,580	2,656	780,429
<u>645,690</u>	<u>178,098</u>	<u>5,416,067</u>
0	0	118,412
0	0	124,163
0	159,190	159,190
0	7,764	3,301,859
0	0	371,477
0	442,288	442,288
2,390,452	1,726,220	6,468,547
0	624,110	624,110
0	0	1,000,000
0	0	500,000
0	0	8,954,646
<u>2,390,452</u>	<u>2,959,572</u>	<u>21,946,280</u>
<u>\$ 3,036,142</u>	<u>\$ 3,137,670</u>	<u>\$ 27,480,759</u>

**CITY OF NORCROSS, GEORGIA  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
August 31, 2021**

**Total fund balance - total governmental funds** \$ 21,946,280

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	65,458,238
---	------------

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

These are:

Property taxes	118,412
----------------	---------

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

These are:

Capital leases payable	\$ (137,629)	
Interest payable	(13,094)	
Bonds payable	(3,045,000)	
Contracts payable	(100,893)	
Compensated absences	(259,389)	
Net pension liability	(1,867,895)	
Net OPEB liability	<u>(15,528,509)</u>	(20,952,409)

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	\$ 1,048,499
---------------------------------------	--------------

Deferred outflows related to OPEB	5,644,406
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Deferred inflows of resources:

Deferred inflows related to pensions	(422,761)
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Deferred inflows related to OPEB	<u>(653,380)</u>
----------------------------------	------------------

5,616,764

Net position of governmental activities

\$ 72,187,285

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**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the fiscal year ended August 31, 2021**

	<u>General</u>	<u>Confiscated Assets</u>	<u>American Rescue Plan Act</u>	<u>2017 SPLOST</u>
<b>REVENUES</b>				
Taxes	\$ 10,736,051	\$ 0	\$ 0	\$ 0
Licenses and permits	623,545	0	0	0
Fines, fees and forfeitures	1,219,616	5,229,472	0	0
Charges for services	75,805	0	0	0
Intergovernmental	3,088,275	0	0	3,231,555
Interest	10,920	118	0	159
Contributions	17,425	0	0	0
Other	129,481	0	0	0
<b>Total revenues</b>	<u>15,901,118</u>	<u>5,229,590</u>	<u>0</u>	<u>3,231,714</u>
<b>EXPENDITURES</b>				
Current				
General Government	2,901,130	0	0	0
Judicial	395,341	0	0	0
Public Safety	6,313,873	1,952,030	0	0
Public Works	2,147,960	0	0	0
Culture and Recreation	804,951	0	0	0
Housing and Development	915,137	0	0	0
Capital outlay	0	0	0	546,038
Debt service	322,500	0	0	1,562,916
<b>Total expenditures</b>	<u>13,800,892</u>	<u>1,952,030</u>	<u>0</u>	<u>2,108,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,100,226</u>	<u>3,277,560</u>	<u>0</u>	<u>1,122,760</u>
Other financing sources (uses)				
Transfers in	538,840	0	0	0
Transfers out	0	(5,000)	0	(950,406)
Sales of capital assets	41,767	0	0	0
<b>Total other financing sources (uses)</b>	<u>580,607</u>	<u>(5,000)</u>	<u>0</u>	<u>(950,406)</u>
Net change in fund balance	2,680,833	3,272,560	0	172,354
Fund balances, September 1	<u>8,269,453</u>	<u>21,535</u>	<u>0</u>	<u>2,179,521</u>
<b>Fund balances, August 31</b>	<u><u>\$ 10,950,286</u></u>	<u><u>\$ 3,294,095</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,351,875</u></u>

2017 Revenue Bond	Nonmajor Governmental Funds	Totals
\$ 0	\$ 892,205	\$ 11,628,256
0	0	623,545
0	74,304	6,523,392
0	0	75,805
43,999	0	6,363,829
1,500	79	12,776
0	0	17,425
0	0	129,481
45,499	966,588	25,374,509
0	72,218	2,973,348
0	0	395,341
0	500	8,266,403
0	0	2,147,960
0	0	804,951
0	781,197	1,696,334
2,236,750	28,900	2,811,688
0	0	1,885,416
2,236,750	882,815	20,981,441
(2,191,251)	83,773	4,393,068
950,406	5,000	1,494,246
0	0	(955,406)
0	0	41,767
950,406	5,000	580,607
(1,240,845)	88,773	4,973,675
3,631,297	2,870,799	16,972,605
\$ 2,390,452	\$ 2,959,572	\$ 21,946,280

**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, 2021**

**Net change in fund balances - total governmental funds** **\$ 4,973,675**

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	\$ 3,835,024	
Depreciation	<u>(2,156,663)</u>	1,678,361

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	\$ (100,353)	
Related accumulated depreciation	<u>84,153</u>	(16,200)

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. (47,443)

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	\$ 416,830	
Cost of benefits earned net of employee contributions	<u>(383,018)</u>	33,812

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	\$ 194,437	
Cost of benefits earned net of employee contributions	<u>(1,911,451)</u>	(1,717,014)

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	\$ 120,284	
Contract payments	192,512	
Bond payments	1,485,000	
Net change in interest payable	<u>6,385</u>	1,804,181

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>(5,636)</u>
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Change in net position of governmental activities		<u><u>\$ 6,703,736</u></u>
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**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, 2021**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES</b>				
Taxes	\$ 9,984,786	\$ 9,984,786	\$ 10,736,051	\$ 751,265
Licenses and permits	470,000	470,000	623,545	153,545
Fines, fees and forfeitures	1,202,000	1,202,000	1,219,616	17,616
Charges for services	89,800	89,800	75,805	(13,995)
Intergovernmental	852,386	852,386	3,088,275	2,235,889
Interest	60,000	60,000	10,920	(49,080)
Contributions	0	0	17,425	17,425
Other	136,065	136,065	129,481	(6,584)
<b>Total revenues</b>	<b>12,795,037</b>	<b>12,795,037</b>	<b>15,901,118</b>	<b>3,106,081</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Governing Body	610,528	556,332	499,992	56,340
Administration	566,414	642,839	641,887	952
City Clerk	209,289	216,039	214,162	1,877
Chief Executive	238,101	283,034	282,037	997
Information Technology	1,207,756	1,077,756	1,073,773	3,983
Human Resources	233,040	213,040	189,279	23,761
Judicial				
Municipal Court	432,178	412,178	395,341	16,837
Public Safety				
Police	5,759,428	5,679,428	5,640,911	38,517
E911 Communications	795,516	673,004	672,962	42
Public Works				
Public Works Administration	1,837,315	2,145,625	2,147,960	(2,335)
Culture and Recreation				
Parks and Recreation	802,565	804,565	804,951	(386)
Housing and Development				
Community Development	748,001	748,001	742,242	5,759
Economic Development	393,746	260,246	172,895	87,351
Debt Service				
General Government	0	130,000	129,988	12
Public Safety	0	192,512	192,512	0
<b>Total expenditures</b>	<b>13,833,877</b>	<b>14,034,599</b>	<b>13,800,892</b>	<b>233,707</b>
Excess (deficiency) of revenues over (under) expenditures	(1,038,840)	(1,239,562)	2,100,226	3,339,788
Other financing sources (uses)				
Transfers in	538,840	538,840	538,840	0
Transfers out	0	(1,000,000)	0	1,000,000
Sales of capital assets	0	0	41,767	41,767
<b>Total other financing sources (uses)</b>	<b>538,840</b>	<b>(461,160)</b>	<b>580,607</b>	<b>1,041,767</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(500,000)	(1,700,722)	2,680,833	4,381,555
Fund balances, September 1	500,000	1,700,722	8,269,453	6,568,731
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,950,286</b>	<b>\$ 10,950,286</b>

**CITY OF NORCROSS, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2021**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES</b>				
Fines and forfeitures	\$ 0	\$ 1,623,000	\$ 5,229,472	\$ 3,606,472
Interest	0	0	118	118
<b>Total revenues</b>	<u>0</u>	<u>1,623,000</u>	<u>5,229,590</u>	<u>3,606,590</u>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contract services	0	1,245,000	1,580,460	(335,460)
Supplies and materials	0	373,000	61,761	311,239
Capital outlay	0	0	309,809	(309,809)
<b>Total expenditures</b>	<u>0</u>	<u>1,618,000</u>	<u>1,952,030</u>	<u>(334,030)</u>
Excess (deficiency) of revenues over (under) expenditures	0	5,000	3,277,560	3,272,560
Other financing sources (uses)				
Transfers in (out)				
Transfers out	0	(5,000)	(5,000)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	0	0	3,272,560	3,272,560
Fund balances, September 1	<u>0</u>	<u>0</u>	<u>21,535</u>	<u>21,535</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 3,294,095</u></u>	<u><u>\$ 3,294,095</u></u>

**CITY OF NORCROSS, GEORGIA**  
**AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended August 31, 2021**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total revenues</b>	0	0	0	0
<b>EXPENDITURES</b>	0	0	0	0
<b>Total expenditures</b>	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, September 1	0	0	0	0
<b>Fund balances, August 31</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2021**

	Business-Type			Totals
	Electric Utility	Solid Waste	Storm Water Utility	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 382,285	\$ 439,926	\$ 1,099,920	\$ 1,922,131
Investments	8,732,119	0	0	8,732,119
Restricted assets				
Cash and cash equivalents	0	201,036	0	201,036
Investments	6,169,637	0	0	6,169,637
Accounts receivable (net)	2,942,464	534,427	840,200	4,317,091
Prepaid items	43,197	0	146	43,343
Inventories	1,103,265	0	0	1,103,265
<b>Total current assets</b>	<b>19,372,967</b>	<b>1,175,389</b>	<b>1,940,266</b>	<b>22,488,622</b>
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	2,129,318	0	0	2,129,318
Depreciable (net)	8,454,981	146,735	1,637,959	10,239,675
<b>Total noncurrent assets</b>	<b>10,584,299</b>	<b>146,735</b>	<b>1,637,959</b>	<b>12,368,993</b>
<b>Total assets</b>	<b>29,957,266</b>	<b>1,322,124</b>	<b>3,578,225</b>	<b>34,857,615</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	115,647	0	34,275	149,922
Deferred outflows of resources related to OPEB	619,923	0	179,225	799,148
<b>Total deferred outflows of resources</b>	<b>735,570</b>	<b>0</b>	<b>213,500</b>	<b>949,070</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	225,047	12	4,598	229,657
Intergovernmental	758,598	0	0	758,598
Sales tax	84,482	0	0	84,482
Accrued salaries and payroll liabilities	27,293	2,162	8,250	37,705
Compensated absences	22,273	0	7,911	30,184
Unearned revenue	125,525	195,863	0	321,388
Liabilities payable from restricted assets				
Customer deposits payable	501,991	201,036	0	703,027
<b>Total current liabilities</b>	<b>1,745,209</b>	<b>399,073</b>	<b>20,759</b>	<b>2,165,041</b>
<b>Noncurrent liabilities</b>				
Net pension liability	206,026	0	61,060	267,086
Net OPEB liability	1,536,154	0	511,465	2,047,619
<b>Total noncurrent liabilities</b>	<b>1,742,180</b>	<b>0</b>	<b>572,525</b>	<b>2,314,705</b>
<b>Total liabilities</b>	<b>3,487,389</b>	<b>399,073</b>	<b>593,284</b>	<b>4,479,746</b>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*August 31, 2021*

	<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	\$ 46,630	\$ 0	\$ 13,820	\$ 60,450
Deferred inflows of resources related to OPEB	64,636	0	109,006	173,642
<b>Total deferred inflows of resources</b>	<u>111,266</u>	<u>0</u>	<u>122,826</u>	<u>234,092</u>
<b>NET POSITION</b>				
Investment in capital assets	10,527,800	146,735	1,637,959	12,312,494
Restricted for:				
MEAG generation projects	5,667,646	0	0	5,667,646
Unrestricted	<u>10,898,735</u>	<u>776,316</u>	<u>1,437,656</u>	<u>13,112,707</u>
<b>Total net position</b>	<u>\$ 27,094,181</u>	<u>\$ 923,051</u>	<u>\$ 3,075,615</u>	<u>\$ 31,092,847</u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended August 31, 2021**

	<b>Business-Type</b>			<b>Totals</b>
	<b>Electric Utility</b>	<b>Solid Waste</b>	<b>Storm Water Utility</b>	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 13,824,737	\$ 3,594,444	\$ 1,118,146	\$ 18,537,327
Other	34,798	301	0	35,099
<b>Total operating revenues</b>	<b>13,859,535</b>	<b>3,594,745</b>	<b>1,118,146</b>	<b>18,572,426</b>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	10,735,384	3,627,124	314,408	14,676,916
Personal services	1,391,071	73,281	306,551	1,770,903
Depreciation	249,511	2,388	38,427	290,326
<b>Total operating expenses</b>	<b>12,375,966</b>	<b>3,702,793</b>	<b>659,386</b>	<b>16,738,145</b>
Operating income (loss)	1,483,569	(108,048)	458,760	1,834,281
Non-operating revenues (expenses)				
Investment revenue	11,155	0	0	11,155
Net income (loss) before transfers	1,494,724	(108,048)	458,760	1,845,436
Transfers in (out)				
Transfers out	(538,840)	0	0	(538,840)
Change in net position	955,884	(108,048)	458,760	1,306,596
Net position, September 1	26,138,297	1,031,099	2,616,855	29,786,251
<b>Net position, August 31</b>	<b>\$ 27,094,181</b>	<b>\$ 923,051</b>	<b>\$ 3,075,615</b>	<b>\$ 31,092,847</b>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended August 31, 2021

	<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	\$ 13,772,118	\$ 3,527,964	\$ 1,128,343	\$ 18,428,425
Payments to suppliers	(10,696,447)	(4,199,607)	(326,404)	(15,222,458)
Payments to employees	(1,119,070)	(71,119)	(262,734)	(1,452,923)
Other receipts	34,798	0	0	34,798
Net cash provided (used) by operating activities	<u>1,991,399</u>	<u>(742,762)</u>	<u>539,205</u>	<u>1,787,842</u>
<b>Cash flows from non-capital financing activities:</b>				
Receipts from other funds	0	53,508	100,000	153,508
Payments to other funds	(692,348)	0	0	(692,348)
Net cash provided (used) by non-capital financing activities	<u>(692,348)</u>	<u>53,508</u>	<u>100,000</u>	<u>(538,840)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(1,429,501)	(43,739)	(277,026)	(1,750,266)
<b>Cash flows from investing activities:</b>				
Interest received	11,155	0	0	11,155
Purchase of investment	(9,910)	0	0	(9,910)
Net cash provided (used) by investing activities	<u>1,245</u>	<u>0</u>	<u>0</u>	<u>1,245</u>
Net increase (decrease) in cash and cash equivalents	(129,205)	(732,993)	362,179	(500,019)
Cash and cash equivalents, September 1	<u>511,490</u>	<u>1,373,955</u>	<u>737,741</u>	<u>2,623,186</u>
<b>Cash and cash equivalents, August 31</b>	<u><u>\$ 382,285</u></u>	<u><u>\$ 640,962</u></u>	<u><u>\$ 1,099,920</u></u>	<u><u>\$ 2,123,167</u></u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended August 31, 2021

	<u>Business-Type</u>			<u>Totals</u>
	<u>Electric Utility</u>	<u>Solid Waste</u>	<u>Storm Water Utility</u>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 1,483,569	\$ (108,048)	\$ 458,760	\$ 1,834,281
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	249,511	2,388	38,427	290,326
(Increase) decrease in accounts receivable	(153,276)	(58,829)	10,198	(201,907)
(Increase) decrease in prepaid items	(18,173)	0	12	(18,161)
(Increase) decrease in inventories	(7,874)	0	0	(7,874)
(Increase) decrease in deferred outflows related to OPEB	(48,166)	0	19,701	(28,465)
(Increase) decrease in deferred outflows related to pension	(3,897)	0	6,627	2,730
Increase (decrease) in accounts payable	102,343	(572,481)	(12,009)	(482,147)
Increase (decrease) in intergovernmental payables	(37,358)	0	0	(37,358)
Increase (decrease) in unearned revenue	38,626	349	0	38,975
Increase (decrease) in deposits payable	73,469	(8,303)	0	65,166
Increase (decrease) in sales tax payable	(11,439)	0	0	(11,439)
Increase (decrease) in accrued payroll liabilities	7,187	2,162	472	9,821
Increase (decrease) in net OPEB liability	297,209	0	(61,008)	236,201
Increase (decrease) in deferred inflows related to pension	(16,321)	0	(1,911)	(18,232)
Increase (decrease) in deferred inflows related to OPEB	(43,162)	0	82,380	39,218
Increase (decrease) in net pension liability	79,151	0	(2,444)	76,707
Total adjustments	<u>507,830</u>	<u>(634,714)</u>	<u>80,445</u>	<u>(46,439)</u>
Net cash provided (used) by operating activities	<u>\$ 1,991,399</u>	<u>\$ (742,762)</u>	<u>\$ 539,205</u>	<u>\$ 1,787,842</u>
<b>Cash and cash equivalents reconciliation:</b>				
Cash and cash equivalents	\$ 382,285	\$ 439,926	\$ 1,099,920	\$ 1,922,131
Restricted assets				
Cash and cash equivalents	<u>0</u>	<u>201,036</u>	<u>0</u>	<u>201,036</u>
Total cash and cash equivalents	<u>\$ 382,285</u>	<u>\$ 640,962</u>	<u>\$ 1,099,920</u>	<u>\$ 2,123,167</u>

**Noncash capital and financing activities:**

Acquisition of capital assets through accounts payable totaled \$56,499.

**CITY OF NORCROSS, GEORGIA**  
**MUNICIPAL COURT CUSTODIAL FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
*August 31, 2021*

<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>289,905</u>
<b>LIABILITIES</b>	
Due to others	<u>65,934</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	<u><u>\$ 223,971</u></u>

**CITY OF NORCROSS, GEORGIA**  
**MUNICIPAL COURT CUSTODIAL FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the fiscal year ended August 31, 2021**

<b>ADDITIONS</b>	
Court fees collected for other agencies	\$ 661,249
Court individual cases	<u>313,682</u>
<b>Total additions</b>	<u>974,931</u>
<b>DEDUCTIONS</b>	
Court fees distributed to other agencies	661,249
Payments to others	<u>181,036</u>
<b>Total deductions</b>	<u>842,285</u>
Change in net position	132,646
Net position, October 1, restated	<u>91,325</u>
<b>Net position, September 30</b>	<u><u>\$ 223,971</u></u>

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

**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, 2021**

**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, 2021.

**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, 2021**

**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.

**Confiscated Assets Special Revenue 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. Also, this fund is used to account for cash receipts from civil penalties imposed through the use of speed detection devices in local school zones.

**American Rescue Plan Act Special Revenue Fund** – This fund is used to account for all revenues and expenditures related to the American Rescue Plan Act Grant.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

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

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

**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.

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).

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

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

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

**Fiduciary Fund Types**

**Custodial Funds** - These funds are custodial in nature and 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 Custodial Fund.

**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.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

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

**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.

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).

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2021*

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

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

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.

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.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2021*

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

**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.

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.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

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

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

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, 2021.

**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.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

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

**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.

**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.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2021*

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

**L. Capital Assets, continued**

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.

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 in Years</b>	<b>Capitalization 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, 2021**

**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 pension 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, 2021*

**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, 2021**

**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, 2021**

**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, 2021 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, or 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, 2021**

**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, 2021, 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, 2021*

**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. These 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. As of August 31, 2021, the average weighted maturity of the Intermediate, Intermediate Extended, and Short-term Portfolios were 41.2, 52.6, and 5.4 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. As of August 31, 2021, the City's balances in the Voluntary Flexible Operating Accounts were \$9,529,405, and in the Generation Trust Accounts were \$5,372,351.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2021*

**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 as of August 31, 2021, consist of the following:

<b>Investment Type</b>	<b>Fair Value</b>
Municipal Competitive Trust	
Short-term Portfolio	\$ 4,621,479
Intermediate Portfolio	4,881,862
Intermediate Extended Portfolio	5,398,415
Total Investments	\$ 14,901,756

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 AAAf 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 AAAf by Standard & Poor's. The weighted average maturity as of August 31, 2021, was 35 days. As of August 31, 2021, the City's balance in Georgia Fund 1 was \$50,045.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2021*

**4. Accounts Receivable**

Net accounts receivable at August 31, 2021 consist of the following:

**Primary Government:**

**Major Funds**

General Fund		\$ 5,037
Enterprise Funds		
Electric Utility	2,957,250	
Less: Allowances for Uncollectibles	(14,786)	
Solid Waste	537,113	
Less: Allowances for Uncollectibles	(2,686)	
Storm Water Utility	1,057,515	
Less: Allowances for Uncollectibles	(217,315)	
	4,317,091	
Total Primary Government		\$ 4,322,128

**5. Intergovernmental Receivables**

Intergovernmental receivables at August 31, 2021 consist of the following:

**Primary Government:**

**Major Funds**

General Fund		\$ 63,872
Capital Projects Funds		
2017 SPLOST		1,023,688
Total Primary Government		\$ 1,087,560

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2021*

**6. Taxes Receivable**

***Property Taxes***

Property taxes receivable at August 31, 2021 consist of the following:

Year of Levy	Amount
2020	\$ 175,381
2019	50,411
2018	24,375
2017	14,559
2016	18,809
2015	14,244
2014	8,901
	306,680
Less allowance for uncollectible	(106,928)
Total	\$ 199,752

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 2021, based upon the assessments of January 1, 2020, were billed on October 15, 2020, and due on January 15, 2021. Tax liens are issued 90 days after the due date. The tax rate of 6.749 mills was levied on August 3, 2020.

***Other Taxes***

\$36,292 of franchise taxes, \$95,055 of hotel/motel taxes, \$32,807 of alcohol excise taxes and \$13,774 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, 2021*

**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>
Nonmajor Governmental	2017 SPLOST	140,693
Nonmajor Governmental	Confiscated Assets	2,500
2017 SPLOST	2017 Revenue Bond	634,580
General	Nonmajor Governmental	<u>2,656</u>
Subtotal		<u><u>\$ 780,429</u></u>

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. 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”. There were no such balances at August 31, 2021.

**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
2017 SPLOST	2017 Revenue Bond	950,406
Confiscated Assets	Nonmajor Governmental	<u>5,000</u>
Subtotal		<u><u>\$ 1,494,246</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**  
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**9. Capital Assets**

Capital asset activity for the primary government for the year ended August 31, 2021 was as follows:

	<b>Balance 9/1/2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 8/31/2021</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 20,255,576	\$ 0	\$ 0	\$ 20,255,576
Construction in progress	3,127,815	2,803,337	(2,861,389)	3,069,763
Total nondepreciable assets	<u>23,383,391</u>	<u>2,803,337</u>	<u>(2,861,389)</u>	<u>23,325,339</u>
Depreciable assets				
Buildings	12,934,898	19,796	0	12,954,694
Infrastructure	63,060,698	2,859,362	0	65,920,060
Vehicles and equipment	5,210,412	1,013,918	(100,353)	6,123,977
Furniture and fixtures	3,524,365	0	0	3,524,365
Intangible assets	340,396	0	0	340,396
Total depreciable assets	<u>85,070,769</u>	<u>3,893,076</u>	<u>(100,353)</u>	<u>88,863,492</u>
Accumulated depreciation				
Buildings	(4,458,547)	(271,229)	0	(4,729,776)
Infrastructure	(33,378,035)	(1,211,978)	0	(34,590,013)
Vehicles and equipment	(4,278,303)	(444,047)	84,153	(4,638,197)
Furniture and fixtures	(2,428,502)	(212,464)	0	(2,640,966)
Intangible assets	(114,696)	(16,945)	0	(131,641)
Total accumulated depreciation	<u>(44,658,083)</u>	<u>(2,156,663)</u>	<u>84,153</u>	<u>(46,730,593)</u>
Total depreciable assets, net	<u>40,412,686</u>	<u>1,736,413</u>	<u>(16,200)</u>	<u>42,132,899</u>
Governmental activities capital assets, net	<u>\$ 63,796,077</u>	<u>\$ 4,539,750</u>	<u>\$ (2,877,589)</u>	<u>\$ 65,458,238</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Construction in progress	1,892,438	235,880	0	2,128,318
Total non-depreciable assets	<u>1,893,438</u>	<u>235,880</u>	<u>0</u>	<u>2,129,318</u>
Depreciable assets				
Distribution system	12,271,227	1,530,553	0	13,801,780
Vehicles and equipment	1,794,632	40,332	0	1,834,964
Total depreciable assets	<u>14,065,859</u>	<u>1,570,885</u>	<u>0</u>	<u>15,636,744</u>
Accumulated depreciation				
Distribution system	(3,650,705)	(246,020)	0	(3,896,725)
Vehicles and equipment	(1,456,038)	(44,306)	0	(1,500,344)
Total accumulated depreciation	<u>(5,106,743)</u>	<u>(290,326)</u>	<u>0</u>	<u>(5,397,069)</u>
Total depreciable assets, net	<u>8,959,116</u>	<u>1,280,559</u>	<u>0</u>	<u>10,239,675</u>
Business-type activities capital assets, net	<u>\$ 10,852,554</u>	<u>\$ 1,516,439</u>	<u>\$ 0</u>	<u>\$ 12,368,993</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, 2021 was as follows:

	<u>Balance 9/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 8/31/2021</u>
<b>Downtown Development Authority Component Unit</b>				
Non-depreciable assets				
Land	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Construction in progress	6,042,961	1,009,270	(7,019,000)	33,231
Total non-depreciable assets	<u>6,046,961</u>	<u>1,009,270</u>	<u>(7,019,000)</u>	<u>37,231</u>
Depreciable assets				
Buildings	104,055	0	0	104,055
Equipment	2,375	0	0	2,375
Infrastructure	30,264	7,019,000	0	7,049,264
Total depreciable assets	<u>136,694</u>	<u>7,019,000</u>	<u>0</u>	<u>7,155,694</u>
Accumulated depreciation				
Buildings	(4,749)	(2,081)	0	(6,830)
Equipment	(732)	(244)	0	(976)
Infrastructure	(9,455)	(140,985)	0	(150,440)
Total accumulated depreciation	<u>(14,936)</u>	<u>(143,310)</u>	<u>0</u>	<u>(158,246)</u>
Total depreciable assets, net	<u>121,758</u>	<u>6,875,690</u>	<u>0</u>	<u>6,997,448</u>
Downtown Development Authority capital assets, net	<u>\$ 6,168,719</u>	<u>\$ 7,884,960</u>	<u>\$ (7,019,000)</u>	<u>\$ 7,034,679</u>

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 246,036
Judicial	363
Public Safety	501,957
Public Works	1,105,911
Culture and Recreation	152,791
Housing and Development	149,605

Total depreciation expense for governmental activities \$ 2,156,663

**Business-type activities**

Electric Utility	\$ 249,511
Solid Waste Utility	2,388
Storm Water Utility	38,427

Total depreciation expense for business-type activities \$ 290,326

**DDA Component Unit**

\$ 143,310

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**11. Notes Receivable**

On October 27, 2020, the Downtown Development Authority entered into a lending agreement with a local developer to assist with environmental remediation costs associated with a development project located within the Authority’s district. The Authority determined that the project would further the revitalization and redevelopment of the City’s downtown. The Authority executed the promissory note, transferring \$120,000 to a third-party escrow agent to be disbursed to the developer in periodic draws. After the developer receives a notice of compliance from the Georgia Environmental Protection Division, the Authority will be refunded unspent loan proceeds, if any, from the escrow agent, with the remainder to be repaid by the developer.

The loan is to be repaid commencing on the earlier of January 1, 2023, or 12 months after the developer obtains its notice of compliance from the GA EPD. Payments are to be made in 15 annual installments of \$8,000, or a pro-rated amount of the outstanding principal at the time of repayment commencement. The interest rate on the Note is 0.00%. At August 31, 2021, the balance of the note receivable was \$120,000.

**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, 2021 total \$137,629 for governmental activities.

Total assets leased under capital leases are \$962,057 for governmental activities, consisting of:

	<b>Cost</b>	<b>Accumulated Depreciation</b>
Furniture and fixtures	\$ 663,997	\$ 334,051
Vehicles and equipment	298,060	212,900
Totals	\$ 962,057	\$ 546,951

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, 2021:

<b>Year Ending August 31,</b>	<b>Governmental activities</b>
2022	\$ 119,147
2023	21,942
2024	1,402
Total minimum lease payments	142,491
Less amounts representing interest	(4,862)
Present value of minimum lease payments	\$ 137,629

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, 2021, the balance of these bonds is \$3,045,000.

**CITY OF NORCROSS, GEORGIA**  
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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>
2022	\$ 1,510,000	\$ 52,374	\$ 1,562,374
2023	1,535,000	26,402	1,561,402
Totals	<u>\$ 3,045,000</u>	<u>\$ 78,776</u>	<u>\$ 3,123,776</u>

***Downtown Development Authority Component Unit***

On December 27, 2018, the Downtown Development Authority issued a \$8,195,000 Series 2018 Taxable Revenue Bond (Parking Facilities Project) with an effective interest rate of 5.0%. The 2018 Bond was issued for the purpose of financing the cost of a parking facilities project to be constructed by a local business. These bonds were refunded on December 1, 2020, with the below bond issuance.

On December 1, 2020, the Authority issued a \$9,665,000 Series 2020 Taxable Revenue Refunding Bond with an effective interest rate of 2.95%. The Bonds were issued to advance refund the Series 2018 Bond. The Series 2020 Bond will be repaid in semi-annual installments from February 28, 2022 to February 29, 2044. In an event of default, any outstanding principal and interest on the bonds may become immediately due and payable. The Series 2020 Bond is secured by an intergovernmental agreement with the City of Norcross. See Note 27 for additional information regarding the guarantee. As a result of the Series 2020 Bond issuance, the refunded bond is considered to be defeased in substance and the liability for the Series 2018 Bond has been removed from the financial statements. The reacquisition price exceeded the carrying amount of the Series 2018 Bond by \$1,202,731, which will be deferred and amortized as a component of interest expense over the life of the Series 2020 Bond. The advance refunding reduced the total debt service payments over the next 23 years by \$482,775 and resulted in an economic gain of \$384,340. At August 31, 2021, the Series 2020 Bond had a balance of \$9,665,000.

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

**Bonds from Direct Placements, continued**

The Downtown Development Authority's debt service requirement to maturity on the Series 2020 Bond is as follows:

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 305,000	\$ 280,619	\$ 585,619
2023	310,000	271,548	581,548
2024	320,000	262,255	582,255
2025	330,000	252,668	582,668
2026	335,000	242,859	577,859
2027-2031	1,840,000	1,056,985	2,896,985
2032-2036	2,130,000	764,788	2,894,788
2037-2041	2,450,000	427,750	2,877,750
2042-2044	1,645,000	73,676	1,718,676
Totals	<u>\$ 9,665,000</u>	<u>\$ 3,633,146</u>	<u>\$ 13,298,146</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 \$100,893 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, 2021, the balance of this contract is \$100,893.

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	<u>\$ 100,893</u>	<u>\$ 0</u>	<u>\$ 100,893</u>

**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, 2021:

	<u>Balance 9/1/2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 8/31/2021</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds from direct placements	\$ 4,530,000	\$ 0	\$ (1,485,000)	\$ 3,045,000	\$ 1,510,000
Contracts payable	293,405	0	(192,512)	100,893	100,893
Capital leases payable	257,913	0	(120,284)	137,629	115,077
Compensated absences	253,753	259,389	(253,753)	259,389	259,389
<b>Total Governmental Activities</b>	<u>\$ 5,335,071</u>	<u>\$ 259,389</u>	<u>\$ (2,051,549)</u>	<u>\$ 3,542,911</u>	<u>\$ 1,985,359</u>
<b>Business-type activities</b>					
Compensated absences	<u>\$ 29,848</u>	<u>\$ 30,184</u>	<u>\$ (29,848)</u>	<u>\$ 30,184</u>	<u>\$ 30,184</u>
<b>Downtown Development Authority Component Unit</b>					
Bonds from direct placements	<u>\$ 8,195,000</u>	<u>\$ 9,665,000</u>	<u>\$ (8,195,000)</u>	<u>\$ 9,665,000</u>	<u>\$ 305,000</u>

Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities of the governmental activities, such as compensated absences, were liquidated by the General and Special Revenue Funds.

Total interest incurred and expensed in the governmental activities and discretely presented component unit for the current fiscal year was \$81,235 and \$366,147, respectively.

**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, 2021:

	<b>General Fund</b>	<b>Confiscated Assets Fund</b>	<b>2017 SPLOST Fund</b>	<b>2017 Revenue Bond Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Restricted for:</b>						
General Government						
Technology equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 159,190	\$ 159,190
Public Safety						
Police department vehicles and equipment	0	3,294,095	0	0	7,764	3,301,859
Public Works						
Unspent LMIG proceeds	371,477	0	0	0	0	371,477
Housing and Development						
Trade and tourism	0	0	0	0	442,288	442,288
Capital projects	0	0	2,351,875	2,390,452	1,726,220	6,468,547
	<u>\$ 371,477</u>	<u>\$ 3,294,095</u>	<u>\$ 2,351,875</u>	<u>\$ 2,390,452</u>	<u>\$ 2,335,462</u>	<u>\$ 10,743,361</u>
<b>Assigned for:</b>						
Housing and Development						
Trade and tourism	\$ 0	\$ 0	\$ 0	\$ 0	\$ 624,110	\$ 624,110
Capital projects	1,000,000	0	0	0	0	1,000,000
Subsequent year's budget	500,000	0	0	0	0	500,000
	<u>\$ 1,500,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 624,110</u>	<u>\$ 2,124,110</u>

**16. Intradepartmental Billings**

Total operating revenues and total operating expenses in the General Fund, Electric Utility Enterprise Fund, and Solid Waste Enterprise Fund include \$377,381 of intradepartmental 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, 2021, the date of the most recent actuarial valuation, there were 199 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	39
Terminated vested participants entitled to but not yet receiving benefits	53
Active participants	107
Total number of participants	199

*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% for regular employees hired before November 1, 2011, and 1.60% for all other employee classifications. Benefits shall be considered 100% vested with 5 years of credited service.

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

*Contributions.* Regular employees hired after November 1, 2011, are required to contribute 3% of earnings, on a pre-tax basis, to the Plan. These contributions may not be withdrawn while Participants are actively employed by the City but may be withdrawn by both vested and unvested Participants upon termination for any reason other than death or retirement. 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, 2021 was \$540,411, or 8.54% of covered payroll.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At August 31, 2021, the City reported a net pension liability of \$2,134,981. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. For the fiscal year ended August 31, 2021, the City recognized pension expense of \$495,389. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

At August 31, 2021, 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	\$ 742,381	\$ (324,609)
Changes of assumptions	19,322	0
Difference between projected and actual earnings on pension plan investments (net)	0	(158,602)
City contributions subsequent to the measurement date	436,718	0
Totals	<u>\$ 1,198,421</u>	<u>\$ (483,211)</u>

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

The \$436,718 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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<u>Ending August 31</u>	
2022	\$ 97,295
2023	104,280
2024	49,716
2025	<u>27,201</u>
Totals	<u>\$ 278,492</u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2021 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 retiree and beneficiary mortality rates were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled participant mortality rates were based on the Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. Mortality rates for all other participant classes were based on the Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

The mortality and economic actuarial assumptions used in the January 1, 2021 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
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 9/30/2019</b>	\$ 14,524,387	\$ 12,372,814	\$ 2,151,573
<b>Changes for the year:</b>			
Service cost	315,905	0	315,905
Interest	1,072,813	0	1,072,813
Differences between expected and actual experience	417,458	0	417,458
Contributions—employer	0	555,093	(555,093)
Contributions—employee	0	104,338	(104,338)
Net investment income	0	1,195,427	(1,195,427)
Benefit payments, including refunds of employee contributions	(587,339)	(587,339)	0
Administrative expense	0	(32,090)	32,090
<b>Net changes</b>	<u>1,218,837</u>	<u>1,235,429</u>	<u>(16,592)</u>
<b>Balances at 9/30/2020</b>	<u>\$ 15,743,224</u>	<u>\$ 13,608,243</u>	<u>\$ 2,134,981</u>

Plan's fiduciary net position as a percentage of the total pension liability	86.44%
Covered payroll	\$ 5,840,999
Net pension liability as a percentage of covered payroll	36.55%

*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%	\$ 4,226,295
Current discount rate	7.375%	2,134,981
1% increase	8.375%	404,769

*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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

**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, 2021, the City contributed \$106,834 to the plans based on covered salaries of \$2,560,602. Plan members made voluntary contributions of \$271,160 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

**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 submission of Plan membership, 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, 2021 was \$365,856, or 6.11% 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, 2021*

**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, 2021, the City reported a net OPEB liability of \$17,576,128. The net OPEB liability was measured as of August 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined from actuarial valuations using data as of July 1, 2019. For the fiscal year ended August 31, 2021, the City recognized OPEB expense of \$2,161,094. For the Governmental Activities, the net OPEB Liability is liquidated by the General Fund.

The components of the net OPEB liability are as follows:

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 8/31/2019</b>	\$ 14,787,366	\$ 0	\$ 14,787,366
<b>Changes for the year:</b>			
Service cost	829,278	0	829,278
Interest	458,421	0	458,421
Differences between expected and actual experience	51,640	0	51,640
Contributions—employer	0	365,856	(365,856)
Changes in assumptions	1,815,279	0	1,815,279
Benefit payments, including refunds of member contributions	(365,856)	(365,856)	0
<b>Net changes</b>	<b>2,788,762</b>	<b>0</b>	<b>2,788,762</b>
<b>Balances at 8/31/2020</b>	<b>\$ 17,576,128</b>	<b>\$ 0</b>	<b>\$ 17,576,128</b>

Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	\$ 5,985,594
Plan net OPEB liability as a percentage of covered employee payroll	293.64%

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, 2021*

**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	\$ 4,074,430	\$ (610,512)
Difference between expected and actual experience in the total OPEB liability	2,084,512	(129,025)
Changes in participant fund allocation	87,485	(87,485)
Contributions subsequent to the measurement date	197,127	0
Totals	\$ 6,443,554	\$ (827,022)

The \$197,127 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, 2022. The changes in participant fund allocation will be amortized over the next 4 years and will have no net effect on OPEB expense. 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>	
2022	\$ 873,397
2023	873,397
2024	1,049,013
2025	1,178,448
2026	1,445,150
Totals	\$ 5,419,405

*Actuarial Assumptions.* The total OPEB liability was measured as of August 31, 2020 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	2.20%
Actuarial cost method	Entry age Level Percent of Pay
Healthcare cost trend rates	Medical and prescription drug rate: 7.00% trended down to 4.5% by 2030 and later
Mortality Rates	Sex-Distinct Pri-2012 head-count weighted Tables with rates multiplied by 1.25 for Healthy and Disabled Retirees. Active participants were based on Sex-Distinct Pri-2012 head-count weighted Employee Mortality Tables.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

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

The actuarial assumptions used in the August 31, 2021 valuation were based on the results of an actuarial experience study, conducted in November and December of 2019, 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 2.20%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of August 31, 2020.

*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 (1.20%) or one percentage point higher (3.20%) 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	1.20%	\$ 21,137,773
Current discount rate	2.20%	17,576,128
1% increase	3.20%	14,780,179
		<b>Net OPEB Liability</b>
<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 14,371,894
Current discount rate		17,576,128
1% increase		21,802,916

*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, 2021**

**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. Revenues were \$736,699 for the current fiscal year. Expenditures for the current fiscal year totaled \$530,978. As required by O.C.G.A 48-13-51, at least \$315,749 (42.86%) was expended for the promotion of tourism, conventions, and trade shows and \$105,201 (14.28%) was expended for tourism product development.

**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, 2021, the City of Norcross contributed to the DEA for personnel costs 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). 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, 2021***

**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. 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, 2021**

**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, 2021, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

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.

**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 2021, 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 \$7,742,092 from MEAG during the fiscal year ended August 31, 2021. 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.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

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

**Commitments, continued**

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 \$9,529,405. 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 \$5,372,351. This amount is included in restricted investments in the Electric Utility Fund.

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. 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.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2021*

**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.

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	20%	<u>35,578</u>

**26. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted**

During the year, the City incurred expenditures in the Confiscated Assets Fund of \$1,952,030, which were in excess of the amounts appropriated of \$1,618,000.

Management concurs with this finding. The City Finance Director will review the comparative financial statements on a periodic basis and recommend any necessary budget amendments to the City Council. This action was taken immediately upon receipt of the comment from our auditors.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2021**

**27. 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.

**28. 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.

On December 1, 2020, the City entered into an updated intergovernmental agreement with the Downtown Development Authority in response to the Authority's issuance of its Refunding Taxable Revenue Bond (Parking Facilities Project), Series 2020 (see Note 13), which defeased in advance the Series 2018 Bond. 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, 2021*

**29. Subsequent Events**

In December 2021, the City sold a 1.73-acre parcel of land, accounted for in the Governmental Activities, to a local developer for \$700,000. The land is to be used for a mixed-use development located near the City's downtown.

In March 2022, the City approved an amendment to its other post-employment benefits (see Note 19 for additional information regarding the City's OPEB). The amendment eliminates the City's obligation to subsidize post-retirement health insurance for employees hired on or after March 8, 2022.

In April 2022, the City entered into a Participation Agreement with the Georgia Municipal Employees Benefits System (GMEBS) to establish a tax-exempt irrevocable trust to prefund a portion of the City's OPEB liability. The trust is to be funded with an initial appropriation of \$1 million from the General Fund. The City will continue to fund the trust with future contributions as determined during the annual budget process.

**30. Changes in Beginning Balances**

*Fiduciary Funds*

**Municipal Court Custodial Fund**

In conjunction with the implementation of GASB Statement No. 84, *Fiduciary Activities*, the beginning fiduciary net position of the Municipal Court Custodial Fund was restated in the amount of \$91,325. The fund previously did not report fiduciary net position; therefore, the restatement increased beginning fiduciary net position by a total of \$91,325.

**31. New Accounting Standards**

During the current fiscal year, the City implemented GASB Statement No. 84, *Fiduciary Activities*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2019.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2021**  
**(Unaudited)**

	Fiscal Year End		
	2021	2020	2019
<b>Total pension liability</b>			
Service cost	\$ 315,906	\$ 337,236	\$ 164,741
Interest	1,072,813	1,069,088	503,420
Differences between expected and actual experience	417,458	(541,015)	321,430
Changes of assumptions	0	24,629	0
Changes of benefits terms	0	0	0
Benefit payments, including refunds of employee contributions	(587,339)	(565,654)	(263,275)
Other changes	0	0	0
	<u>1,218,838</u>	<u>324,284</u>	<u>726,316</u>
Net change in total pension liability			
Total pension liability - beginning	14,524,387	14,200,103	13,473,787
	<u>14,524,387</u>	<u>14,200,103</u>	<u>13,473,787</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 15,743,225</u>	<u>\$ 14,524,387</u>	<u>\$ 14,200,103</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 555,093	\$ 486,235	\$ 219,585
Contributions - employee	104,338	97,762	44,865
Net investment income	1,195,427	362,245	571,217
Benefit payments, including refunds of employee contributions	(587,339)	(565,654)	(263,275)
Administrative expense	(32,090)	(30,423)	(16,379)
	<u>1,235,429</u>	<u>350,165</u>	<u>556,013</u>
Net change in total pension liability			
Plan fiduciary net position - beginning	12,372,815	12,022,650	11,466,637
	<u>12,372,815</u>	<u>12,022,650</u>	<u>11,466,637</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 13,608,244</u>	<u>\$ 12,372,815</u>	<u>\$ 12,022,650</u>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<u>\$ 2,134,981</u>	<u>\$ 2,151,572</u>	<u>\$ 2,177,453</u>
Plan's fiduciary net position as a percentage of the total pension liability	86.44%	85.19%	84.67%
Covered payroll	\$ 5,840,999	\$ 5,853,882	\$ 6,168,363
Net pension liability as a percentage of covered payroll	36.55%	36.75%	35.30%

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

**Fiscal Year End**

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 326,020	\$ 303,187	\$ 261,349	\$ 311,706
910,650	876,775	825,040	793,291
825,660	(248,867)	49,762	(234,843)
15,146	0	0	0
(95,637)	0	0	0
(516,757)	(471,229)	(465,976)	(459,675)
0	0	0	2,333
1,465,082	459,866	670,175	412,812
12,008,705	11,548,839	10,878,664	10,465,852
<u>\$ 13,473,787</u>	<u>\$ 12,008,705</u>	<u>\$ 11,548,839</u>	<u>\$ 10,878,664</u>
\$ 497,740	\$ 675,679	\$ 426,124	\$ 563,073
81,838	66,757	52,468	45,321
1,264,471	1,126,953	27,244	764,683
(516,757)	(471,229)	(465,976)	(459,675)
(29,513)	(29,780)	(17,370)	(14,733)
1,297,779	1,368,380	22,490	898,669
10,168,858	8,800,478	8,777,988	7,879,319
<u>\$ 11,466,637</u>	<u>\$ 10,168,858</u>	<u>\$ 8,800,478</u>	<u>\$ 8,777,988</u>
<u>\$ 2,007,150</u>	<u>\$ 1,839,847</u>	<u>\$ 2,748,361</u>	<u>\$ 2,100,676</u>
85.10%	84.68%	76.20%	80.69%
\$ 5,836,525	\$ 5,024,965	\$ 4,694,327	\$ 4,403,174
34.39%	36.61%	58.55%	47.71%

See accompanying notes to the required supplementary information.

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2021**  
**(Unaudited)**

	<b>Fiscal Year End</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Actuarially determined contribution	\$ 540,411	\$ 476,420	\$ 582,360
Contributions in relation to the actuarially determined contribution	<u>(540,411)</u>	<u>(476,420)</u>	<u>(582,360)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 6,327,243	\$ 6,311,404	\$ 6,273,183
Contributions as a percentage of covered payroll	8.54%	7.55%	9.28%

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

**Fiscal Year End**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 534,188	\$ 514,845	\$ 484,598	\$ 557,197
<u>(534,188)</u>	<u>(514,845)</u>	<u>(532,037)</u>	<u>(667,308)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (47,439)</u>	<u>\$ (110,111)</u>
\$ 5,817,853	\$ 5,561,334	\$ 5,028,974	\$ 4,836,831
9.18%	9.26%	10.58%	13.80%

See accompanying notes to the required supplementary information.

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2021**  
**(Unaudited)**

	<b>Fiscal Year End</b>	
	<b>2021</b>	<b>2020</b>
<b>Total OPEB liability</b>		
Service cost	\$ 829,277	\$ 218,412
Interest	458,421	330,584
Change of benefit terms	0	(124,555)
Differences between expected and actual experience	51,640	2,856,353
Changes in assumptions	1,815,279	3,525,864
Benefit payments, including refunds of member contributions	<u>(365,856)</u>	<u>(297,900)</u>
Net change in total OPEB liability	2,788,761	6,508,758
Total OPEB liability - beginning	<u>14,787,367</u>	<u>8,278,609</u>
<b>Total OPEB liability - ending (a)</b>	<b><u>\$ 17,576,128</u></b>	<b><u>\$ 14,787,367</u></b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 365,856	\$ 297,900
Benefit payments, including refunds of member contributions	<u>(365,856)</u>	<u>(297,900)</u>
Net change in plan fiduciary net position	0	0
Plan fiduciary net position - beginning	<u>0</u>	<u>0</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>Net OPEB liability (asset) - ending : (a) - (b)</b>	<b><u>\$ 17,576,128</u></b>	<b><u>\$ 14,787,367</u></b>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 5,985,594	\$ 5,853,882
Plan net OPEB liability as a percentage of covered employee payroll	293.64%	252.61%

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

<b>Fiscal Year End</b>	
<b>2019</b>	<b>2018</b>
\$ 250,627	\$ 305,217
310,540	272,234
0	0
(236,936)	(31,671)
(539,668)	(1,022,025)
(205,213)	(209,992)
(420,650)	(686,237)
8,699,259	9,385,496
<b>\$ 8,278,609</b>	<b>\$ 8,699,259</b>
\$ 205,213	\$ 209,992
(205,213)	(209,992)
0	0
0	0
<b>\$ 0</b>	<b>\$ 0</b>
<b>\$ 8,278,609</b>	<b>\$ 8,699,259</b>
0.00%	0.00%
\$ 5,052,184	\$ 5,052,184
163.86%	172.19%

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2021**

**Pension Plan**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2021, 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, 2022.

**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 for retirees and beneficiaries were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled participant mortality rates were based on the Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. Active participant, terminated vested participant, and deferred beneficiary mortality rates were based on Sex-distinct Pri-2012 head-count weighted Employee Mortality Tables.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2021**

**Pension Plan (continued)**

**3. Changes in Benefits**

There have been no changes in benefits since the last valuation.

**4. Changes of Assumptions**

There have been no changes in assumptions since the last valuation.

**OPEB Plan**

**1. Valuation Date**

The actuarial valuation date was July 1, 2019, for the August 31, 2021 reporting date.

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

The City funds OPEB benefits on a pay-as-you-go basis. Consequently, there is no actuarially determined contribution.

**3. Changes in Benefits**

There have been no changes in plan benefit provisions since the last valuation.

**4. Changes of Assumptions**

- The impact of the ACA excise tax was removed as it was repealed in December 2019.
- The discount rate from the Bond Buyer 20-Bond GO Index for August 31, 2020, was 2.20%. For August 31, 2019, it was 2.97%.

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***COMBINING STATEMENTS***

*NONMAJOR GOVERNMENTAL FUNDS*

**CITY OF NORCROSS, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2021**

	<b>Special Revenue</b>			
	<b>Hotel/Motel Tax</b>	<b>Federal Seized Drug</b>	<b>Technology Surcharges</b>	<b>Rental Motor Vehicle Excise Tax</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 699,497	\$ 7,920	\$ 160,707	\$ 431,997
Receivables (net)				
Taxes receivable	95,055	0	0	13,774
Due from other funds	0	2,500	0	0
<b>Total assets</b>	<b>\$ 794,552</b>	<b>\$ 10,420</b>	<b>\$ 160,707</b>	<b>\$ 445,771</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 159,720	\$ 0	\$ 1,517	\$ 3,483
Accrued salaries and payroll liabilities	2,722	0	0	0
Unearned revenue	8,000	0	0	0
Due to other funds	0	2,656	0	0
<b>Total liabilities</b>	<b>170,442</b>	<b>2,656</b>	<b>1,517</b>	<b>3,483</b>
<b>Fund balances</b>				
Restricted for:				
General Government	0	0	159,190	0
Public Safety	0	7,764	0	0
Housing and Development	0	0	0	442,288
Capital Outlay	0	0	0	0
Assigned for:				
Housing and Development	624,110	0	0	0
<b>Total fund balances</b>	<b>624,110</b>	<b>7,764</b>	<b>159,190</b>	<b>442,288</b>
<b>Total liabilities and fund balances</b>	<b>\$ 794,552</b>	<b>\$ 10,420</b>	<b>\$ 160,707</b>	<b>\$ 445,771</b>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>2009 SPLOST</u>	<u>2014 SPLOST</u>	
\$ 10,536	\$ 1,574,991	\$ 2,885,648
0	0	108,829
0	140,693	143,193
<u>\$ 10,536</u>	<u>\$ 1,715,684</u>	<u>\$ 3,137,670</u>
\$ 0	\$ 0	\$ 164,720
0	0	2,722
0	0	8,000
0	0	2,656
<u>0</u>	<u>0</u>	<u>178,098</u>
0	0	159,190
0	0	7,764
0	0	442,288
10,536	1,715,684	1,726,220
<u>0</u>	<u>0</u>	<u>624,110</u>
<u>10,536</u>	<u>1,715,684</u>	<u>2,959,572</u>
<u>\$ 10,536</u>	<u>\$ 1,715,684</u>	<u>\$ 3,137,670</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, 2021**

	Special Revenue			Rental
	Hotel/Motel Tax	Federal Seized Drug	Technology Surcharges	Motor Vehicle Excise Tax
<b>REVENUES</b>				
Taxes	\$ 736,699	\$ 0	\$ 0	\$ 155,506
Fees, fines, and forfeitures	0	3,244	71,060	0
Interest	0	1	0	0
<b>Total revenues</b>	<b>736,699</b>	<b>3,245</b>	<b>71,060</b>	<b>155,506</b>
<b>EXPENDITURES</b>				
Current				
General Government	0	0	72,218	0
Public Safety	0	500	0	0
Housing and Development	530,978	0	0	250,219
Capital outlay	0	0	0	0
<b>Total expenditures</b>	<b>530,978</b>	<b>500</b>	<b>72,218</b>	<b>250,219</b>
Excess (deficiency) of revenues over (under) expenditures	205,721	2,745	(1,158)	(94,713)
Other financing sources (uses)				
Transfers in	0	5,000	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	205,721	7,745	(1,158)	(94,713)
Fund balances, September 1	418,389	19	160,348	537,001
<b>Fund balances, August 31</b>	<b>\$ 624,110</b>	<b>\$ 7,764</b>	<b>\$ 159,190</b>	<b>\$ 442,288</b>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>2009 SPLOST</u>	<u>2014 SPLOST</u>	
\$ 0	\$ 0	\$ 892,205
0	0	74,304
1	77	79
<u>1</u>	<u>77</u>	<u>966,588</u>
0	0	72,218
0	0	500
0	0	781,197
<u>0</u>	<u>28,900</u>	<u>28,900</u>
<u>0</u>	<u>28,900</u>	<u>882,815</u>
1	(28,823)	83,773
<u>0</u>	<u>0</u>	<u>5,000</u>
1	(28,823)	88,773
<u>10,535</u>	<u>1,744,507</u>	<u>2,870,799</u>
<u>\$ 10,536</u>	<u>\$ 1,715,684</u>	<u>\$ 2,959,572</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, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,845,219	\$ 9,029,726
Receivables (net)		
Accounts	5,037	15,969
Taxes	268,851	229,492
Intergovernmental	63,872	58,722
Interest	157	157
Prepaid items	124,163	102,492
Due from other funds	2,656	2,656
<b>Total assets</b>	<b>\$ 12,309,955</b>	<b>\$ 9,439,214</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 597,871	\$ 306,594
Accrued salaries and payroll liabilities	215,564	188,121
Unearned revenue	90,304	67,197
Other liabilities	337,518	441,993
<b>Total liabilities</b>	<b>1,241,257</b>	<b>1,003,905</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	118,412	165,856
<b>FUND BALANCES</b>		
Restricted for public works	371,477	158,927
Nonspendable prepaid items	124,163	102,492
Assigned for:		
Capital outlay	1,000,000	0
Subsequent year's budget	500,000	500,000
Unassigned	8,954,646	7,508,034
<b>Total fund balances</b>	<b>10,950,286</b>	<b>8,269,453</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,309,955</b>	<b>\$ 9,439,214</b>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the fiscal years ended August 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Taxes	\$ 10,736,051	\$ 9,378,689
Licenses and permits	623,545	580,527
Fines, fees and forfeitures	1,219,616	1,231,634
Charges for services	75,805	75,103
Intergovernmental	3,088,275	1,022,293
Interest	10,920	22,139
Contributions	17,425	0
Other	129,481	260,903
<b>Total revenues</b>	<u>15,901,118</u>	<u>12,571,288</u>
<b>EXPENDITURES</b>		
Current		
General Government	2,901,130	2,426,612
Judicial	395,341	402,881
Public Safety	6,313,873	5,360,667
Public Works	2,147,960	1,985,589
Culture and Recreation	804,951	661,435
Housing and Development	915,137	859,321
<b>Total Current</b>	<u>13,478,392</u>	<u>11,696,505</u>
Debt Service		
General Government	129,988	129,614
Public Safety	192,512	54,972
<b>Total Debt Service</b>	<u>322,500</u>	<u>184,586</u>
<b>Total expenditures</b>	<u>13,800,892</u>	<u>11,881,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,100,226</u>	<u>690,197</u>
Other financing sources (uses)		
Transfers in (out)		
Electric Utility Fund	538,840	538,840
2017 Revenue Bonds Fund	0	(14,541)
Issuance of long-term debt	0	7,846
Sale of capital assets	41,767	23,911
<b>Total other financing sources (uses)</b>	<u>580,607</u>	<u>556,056</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,680,833	1,246,253
Fund balances, September 1	<u>8,269,453</u>	<u>7,023,200</u>
<b>Fund balances, August 31</b>	<u><u>\$ 10,950,286</u></u>	<u><u>\$ 8,269,453</u></u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	2021			2020
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Property tax	\$ 6,801,286	\$ 6,834,691	\$ 33,405	\$ 5,952,536
Motor vehicle tax	400,000	789,639	389,639	522,388
Cost, penalties, and interest	15,000	9,694	(5,306)	14,769
Total general property taxes	7,216,286	7,634,024	417,738	6,489,693
Intangible tax	60,000	140,950	80,950	95,654
Real estate transfer tax	30,000	88,366	58,366	47,943
Franchise tax	1,020,000	919,500	(100,500)	937,993
Insurance premium tax	1,080,000	1,200,817	120,817	1,138,215
Occupational tax	353,500	376,457	22,957	347,791
Alcoholic beverage excise tax	225,000	375,937	150,937	321,400
Total taxes	9,984,786	10,736,051	751,265	9,378,689
<b>Licenses and permits</b>				
Alcohol licenses	130,000	153,325	23,325	141,825
Building permits	330,000	455,476	125,476	426,458
Other permits	10,000	14,744	4,744	12,244
Total licenses and permits	470,000	623,545	153,545	580,527
<b>Fines, fees and forfeitures</b>	1,202,000	1,219,616	17,616	1,231,634
<b>Charges for services</b>	89,800	75,805	(13,995)	75,103
<b>Intergovernmental</b>	852,386	3,088,275	2,235,889	1,022,293
<b>Interest</b>	60,000	10,920	(49,080)	22,139
<b>Contributions</b>	0	17,425	17,425	0
<b>Other</b>	136,065	129,481	(6,584)	260,903
<b>Total revenues</b>	<u>\$ 12,795,037</u>	<u>\$ 15,901,118</u>	<u>\$ 3,106,081</u>	<u>\$ 12,571,288</u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	2021			2020
	Final Budget	Actual	Variance	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Governing Body				
Personal services	\$ 82,108	\$ 103,572	\$ (21,464)	\$ 94,056
Contract services	345,075	395,385	(50,310)	306,905
Supplies and materials	2,500	1,035	1,465	2,323
Other	126,649	0	126,649	2,323
<b>Total Governing Body</b>	<b>556,332</b>	<b>499,992</b>	<b>56,340</b>	<b>405,607</b>
Administration				
Personal services	491,961	474,042	17,919	319,746
Contract services	137,478	159,126	(21,648)	113,615
Supplies and materials	13,400	8,719	4,681	8,336
<b>Total Administration</b>	<b>642,839</b>	<b>641,887</b>	<b>952</b>	<b>441,697</b>
City Clerk				
Personal services	165,425	180,076	(14,651)	146,257
Contract services	40,314	27,391	12,923	17,924
Supplies and materials	10,300	6,695	3,605	3,354
<b>Total City Clerk</b>	<b>216,039</b>	<b>214,162</b>	<b>1,877</b>	<b>167,535</b>
Chief Executive				
Personal services	194,118	206,663	(12,545)	143,893
Contract services	79,766	67,765	12,001	32,067
Supplies and materials	9,150	7,609	1,541	5,029
<b>Total Chief Executive</b>	<b>283,034</b>	<b>282,037</b>	<b>997</b>	<b>180,989</b>
Information Technology				
Personal services	154,992	174,903	(19,911)	78,308
Contract services	821,264	813,127	8,137	870,892
Supplies and materials	101,500	85,743	15,757	107,926
Capital outlay	0	0	0	7,846
<b>Total Information Technology</b>	<b>1,077,756</b>	<b>1,073,773</b>	<b>3,983</b>	<b>1,064,972</b>
Human Resources				
Personal services	131,526	115,290	16,236	127,056
Contract services	78,264	72,006	6,258	40,250
Supplies and materials	3,250	1,983	1,267	829
<b>Total Human Resources</b>	<b>213,040</b>	<b>189,279</b>	<b>23,761</b>	<b>168,135</b>
<b>Total General Government</b>	<b>2,989,040</b>	<b>2,901,130</b>	<b>87,910</b>	<b>2,428,935</b>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	2021			2020
	Final Budget	Actual	Variance	Actual
<b>Judicial</b>				
Municipal Court				
Personal services	\$ 259,826	\$ 245,171	\$ 14,655	\$ 282,301
Contract services	145,952	144,774	1,178	117,499
Supplies and materials	6,400	5,396	1,004	3,081
Total Judicial	412,178	395,341	16,837	402,881
<b>Public Safety</b>				
Police				
Personal services	4,454,213	4,524,792	(70,579)	4,249,697
Contract services	369,685	332,319	37,366	323,949
Supplies and materials	293,120	314,448	(21,328)	157,524
Capital outlay	562,410	469,352	93,058	3,422
Total Police	5,679,428	5,640,911	38,517	4,734,592
E-911 Communications				
Personal services	546,548	530,059	16,489	556,476
Contract services	121,260	139,629	(18,369)	68,037
Supplies and materials	5,196	3,274	1,922	1,562
Total E-911 Communications	673,004	672,962	42	626,075
Total Public Safety	6,352,432	6,313,873	38,559	5,360,667
<b>Public Works</b>				
Public Works Administration				
Personal services	691,862	611,331	80,531	528,027
Contract services	1,078,141	1,119,685	(41,544)	1,130,819
Supplies and materials	355,622	394,246	(38,624)	326,743
Capital outlay	20,000	22,698	(2,698)	0
Total Public Works Administration	2,145,625	2,147,960	(2,335)	1,985,589
<b>Culture and Recreation</b>				
Parks and Recreation				
Personal services	381,351	347,310	34,041	348,050
Contract services	342,659	308,937	33,722	254,645
Supplies and materials	59,340	98,704	(39,364)	58,740
Capital outlay	21,215	50,000	(28,785)	0
Total Culture and Recreation	804,565	804,951	(386)	661,435

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	2021			2020
	Final Budget	Actual	Variance	Actual
<b>Housing and Development</b>				
Community Development				
Personal services	\$ 421,511	\$ 342,972	\$ 78,539	\$ 393,043
Contract services	318,740	396,168	(77,428)	243,168
Supplies and materials	7,750	3,102	4,648	4,375
Total Community Development	748,001	742,242	5,759	640,586
Economic Development				
Personal services	95,346	121,976	(26,630)	91,706
Contract services	164,200	50,498	113,702	126,534
Supplies and materials	700	421	279	495
Total Economic Development	260,246	172,895	87,351	218,735
Total Housing and Development	1,008,247	915,137	93,110	859,321
Total Current	13,585,438	13,478,392	107,046	11,696,505
<b>Debt Service</b>				
<b>General Government</b>				
Information Technology	130,000	129,988	12	129,614
<b>Public Safety</b>				
E-911 Communications	192,512	192,512	0	54,972
Total Debt Service	322,512	322,500	12	184,586
<b>Total expenditures</b>	<b>\$ 13,907,950</b>	<b>\$ 13,800,892</b>	<b>\$ 107,058</b>	<b>\$ 11,881,091</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. Also, this fund is used to account for cash receipts from civil penalties imposed through the use of speed detection devices in local school zones.

American Rescue Plan Act Fund - This fund is used to account for all revenues and expenditures related to the American Rescue Plan Act Grant.

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, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,855,389	\$ 132,886
Fines receivable	551,007	0
<b>Total assets</b>	<b>\$ 3,406,396</b>	<b>\$ 132,886</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 950	\$ 0
Other liabilities	108,851	108,851
Due to other funds	2,500	2,500
Total liabilities	112,301	111,351
<b>FUND BALANCES</b>		
Restricted for Public Safety	3,294,095	21,535
<b>Total liabilities and fund balances</b>	<b>\$ 3,406,396</b>	<b>\$ 132,886</b>

**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, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	<b>2021</b>			<b>2020</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ 1,623,000	\$ 5,229,472	\$ 3,606,472	\$ 23,460
Interest	0	118	118	8
Other	0	0	0	60
<b>Total revenues</b>	<b>1,623,000</b>	<b>5,229,590</b>	<b>3,606,590</b>	<b>23,528</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contract services	1,245,000	1,580,460	(335,460)	0
Supplies and materials	373,000	61,761	311,239	0
Capital outlay	0	309,809	(309,809)	0
<b>Total expenditures</b>	<b>1,618,000</b>	<b>1,952,030</b>	<b>(334,030)</b>	<b>0</b>
Excess (deficiency) of revenues over (under) expenditures	5,000	3,277,560	3,272,560	23,528
Other financing sources (uses)				
Transfers in (out)				
Federal Seized Drug SRF	(5,000)	(5,000)	0	(2,500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	0	3,272,560	3,272,560	21,028
Fund balances, September 1	0	21,535	21,535	507
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 3,294,095</b>	<b>\$ 3,294,095</b>	<b>\$ 21,535</b>

**CITY OF NORCROSS, GEORGIA**  
**AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**August 31, 2021**

**ASSETS**

Cash and cash equivalents	<u>\$ 3,098,028</u>
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**LIABILITIES AND FUND BALANCES**

**Liabilities**

Unearned revenue	<u>\$ 3,098,028</u>
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**CITY OF NORCROSS, GEORGIA**  
**AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
*For the fiscal year ended August 31, 2021*

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Intergovernmental	\$ 0	\$ 0	\$ 0
<b>Total revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0
Fund balances, September 1	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CITY OF NORCROSS, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 699,497	\$ 379,225
Taxes receivable	95,055	111,483
<b>Total assets</b>	<b>\$ 794,552</b>	<b>\$ 490,708</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 159,720	\$ 64,319
Accrued salaries and payroll liabilities	2,722	0
Unearned revenue	8,000	8,000
Total liabilities	170,442	72,319
 <b>FUND BALANCES</b>		
Assigned for Housing and Development	624,110	418,389
<b>Total liabilities and fund balances</b>	<b>\$ 794,552</b>	<b>\$ 490,708</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, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	<b>2021</b>			<b>2020</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Hotel/Motel taxes	\$ 902,199	\$ 736,699	\$ (165,500)	\$ 595,076
<b>Total revenues</b>	<u>902,199</u>	<u>736,699</u>	<u>(165,500)</u>	<u>595,076</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Personal services	165,332	107,900	57,432	148,060
Contract services	<u>822,404</u>	<u>423,078</u>	<u>399,326</u>	<u>514,854</u>
<b>Total expenditures</b>	<u>987,736</u>	<u>530,978</u>	<u>456,758</u>	<u>662,914</u>
Excess (deficiency) of revenues over (under) expenditures	(85,537)	205,721	291,258	(67,838)
Fund balances, September 1	<u>85,537</u>	<u>418,389</u>	<u>332,852</u>	<u>486,227</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 624,110</u></u>	<u><u>\$ 624,110</u></u>	<u><u>\$ 418,389</u></u>

**CITY OF NORCROSS, GEORGIA**  
**FEDERAL SEIZED DRUG SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,920	\$ 175
Due from other funds	2,500	2,500
<b>Total assets</b>	<b>\$ 10,420</b>	<b>\$ 2,675</b>
<b>LIABILITIES</b>		
Due to other funds	\$ 2,656	\$ 2,656
<b>FUND BALANCES</b>		
Restricted for Public Safety	7,764	19
<b>Total liabilities and fund balances</b>	<b>\$ 10,420</b>	<b>\$ 2,675</b>

**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, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	2021			2020
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Fees, fines and forfeitures	\$ 500	\$ 3,244	\$ 2,744	\$ 1,000
Interest	0	1	1	17
<b>Total revenues</b>	<b>500</b>	<b>3,245</b>	<b>2,745</b>	<b>1,017</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Supplies and materials	0	0	0	35,413
Capital outlay	500	500	0	66,600
<b>Total expenditures</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>102,013</b>
Excess (deficiency) of revenues over (under) expenditures	0	2,745	2,745	(100,996)
Other financing sources (uses)				
Transfers in (out)				
Confiscated Assets SRF	0	5,000	5,000	2,500
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	7,745	7,745	(98,496)
Fund balances, September 1	0	19	19	98,515
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 7,764</b>	<b>\$ 7,764</b>	<b>\$ 19</b>

**CITY OF NORCROSS, GEORGIA**  
**TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 160,707	\$ 173,383
<b>LIABILITIES</b>		
Accounts payable	\$ 1,517	\$ 13,035
<b>FUND BALANCES</b>		
Restricted for General Government	159,190	160,348
<b>Total liabilities and fund balances</b>	\$ 160,707	\$ 173,383

**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, 2021**  
*(with comparative actual amounts for the year ended August 31, 2020)*

	2021			2020
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Fees, fines and forfeitures	\$ 91,000	\$ 71,060	\$ (19,940)	\$ 73,810
<b>Total revenues</b>	91,000	71,060	(19,940)	73,810
<b>EXPENDITURES</b>				
Current				
General Government				
Contract services	45,500	29,627	15,873	73,793
Supplies and materials	45,500	42,591	2,909	17,150
<b>Total expenditures</b>	91,000	72,218	18,782	90,943
Excess (deficiency) of revenues over (under) expenditures	0	(1,158)	(1,158)	(17,133)
Fund balances, September 1	0	160,348	160,348	177,481
<b>Fund balances, August 31</b>	\$ 0	\$ 159,190	\$ 159,190	\$ 160,348

**CITY OF NORCROSS, GEORGIA**  
**RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 431,997	\$ 537,013
Taxes receivable	13,774	13,549
<b>Total assets</b>	<b>\$ 445,771</b>	<b>\$ 550,562</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,483	\$ 13,561
<b>FUND BALANCES</b>		
Restricted for Housing and Development	442,288	537,001
<b>Total liabilities and fund balances</b>	<b>\$ 445,771</b>	<b>\$ 550,562</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, 2021**  
*(with comparative actual amounts for the fiscal year ended August 31, 2020)*

	<u>2021</u>			<u>2020</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Taxes	\$ 251,000	\$ 155,506	\$ (95,494)	\$ 123,591
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	16,000	15,962	38	56,348
Capital outlay	235,000	234,257	743	45,000
<b>Total expenditures</b>	<u>251,000</u>	<u>250,219</u>	<u>781</u>	<u>101,348</u>
Excess (deficiency) of revenues over (under) expenditures	0	(94,713)	(94,713)	22,243
Fund balances, September 1	<u>0</u>	<u>537,001</u>	<u>537,001</u>	<u>514,758</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 442,288</u></u>	<u><u>\$ 442,288</u></u>	<u><u>\$ 537,001</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, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,536	\$ 10,535
<b>FUND BALANCES</b>		
Restricted for capital outlay	\$ 10,536	\$ 10,535

**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, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Interest	\$ 1	\$ 4
<b>EXPENDITURES</b>		
Capital outlay	0	0
Excess (deficiency) of revenues over (under) expenditures	1	4
Fund balances, September 1	10,535	10,531
<b>Fund balances, August 31</b>	<b>\$ 10,536</b>	<b>\$ 10,535</b>

**CITY OF NORCROSS, GEORGIA**  
**2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,574,991	\$ 1,603,814
Due from other funds	140,693	140,693
<b>Total assets</b>	<b>\$ 1,715,684</b>	<b>\$ 1,744,507</b>
<b>FUND BALANCES</b>		
Restricted for capital outlay	\$ 1,715,684	\$ 1,744,507

**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, 2021 and 2020*

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Interest	\$ 77	\$ 329
<b>EXPENDITURES</b>		
Capital outlay		
General Government	17,900	61
Public Works	11,000	0
<b>Total expenditures</b>	28,900	61
Excess (deficiency) of revenues over (under) expenditures	(28,823)	268
Fund balances, September 1	1,744,507	1,744,239
<b>Fund balances, August 31</b>	<b>\$ 1,715,684</b>	<b>\$ 1,744,507</b>

**CITY OF NORCROSS, GEORGIA**  
**2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 834,300	\$ 1,340,955
Intergovernmental receivable	1,023,688	842,962
Due from other funds	<u>634,580</u>	<u>313,538</u>
<b>Total assets</b>	<u>\$ 2,492,568</u>	<u>\$ 2,497,455</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 0	\$ 154,869
Retainages payable	0	22,372
Due to other funds	<u>140,693</u>	<u>140,693</u>
<b>Total liabilities</b>	140,693	317,934
<b>FUND BALANCES</b>		
Restricted for capital outlay	<u>2,351,875</u>	<u>2,179,521</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,492,568</u>	<u>\$ 2,497,455</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, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Intergovernmental	\$ 3,231,555	\$ 4,100,157
Interest	159	675
	<u>3,231,714</u>	<u>4,100,832</u>
<b>Total revenues</b>		
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	546,038	2,172,260
Recreation	0	81,346
Debt Service	1,562,916	1,511,514
	<u>2,108,954</u>	<u>3,765,120</u>
<b>Total expenditures</b>		
Excess (deficiency) of revenues over (under) expenditures	1,122,760	335,712
Other financing sources (uses)		
Transfers in (out)		
2017 Revenue Bond Fund	<u>(950,406)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	172,354	335,712
Fund balances, September 1	<u>2,179,521</u>	<u>1,843,809</u>
<b>Fund balances, August 31</b>	<u><u>\$ 2,351,875</u></u>	<u><u>\$ 2,179,521</u></u>

**CITY OF NORCROSS, GEORGIA**  
**2017 REVENUE BOND**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,036,142	\$ 4,039,455
Intergovernmental receivable	0	65,875
<b>Total assets</b>	<b>\$ 3,036,142</b>	<b>\$ 4,105,330</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 11,110	\$ 160,495
Due to other funds	634,580	313,538
<b>Total liabilities</b>	645,690	474,033
<b>FUND BALANCES</b>		
Restricted for capital outlay	2,390,452	3,631,297
<b>Total liabilities and fund balances</b>	<b>\$ 3,036,142</b>	<b>\$ 4,105,330</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, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Intergovernmental	\$ 43,999	\$ 336,320
Interest	1,500	18,707
	<u>45,499</u>	<u>355,027</u>
<b>EXPENDITURES</b>		
Capital outlay		
Culture and Recreation	2,236,750	2,776,543
Debt Service	0	51,514
	<u>2,236,750</u>	<u>2,828,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,191,251)</u>	<u>(2,473,030)</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	0	14,541
2017 SPLOST Capital Projects Fund	950,406	0
	<u>950,406</u>	<u>14,541</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,240,845)</u>	<u>(2,458,489)</u>
Fund balances, September 1	<u>3,631,297</u>	<u>6,089,786</u>
<b>Fund balances, August 31</b>	<u><u>\$ 2,390,452</u></u>	<u><u>\$ 3,631,297</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 382,285	\$ 511,490
Investments	8,732,119	8,811,457
Accounts receivable (net)	2,942,464	2,789,188
Prepaid items	43,197	25,024
Inventories	1,103,265	1,095,391
Total current assets	<u>13,203,330</u>	<u>13,232,550</u>
<b>Restricted assets</b>		
MEAG Generation Trust		
Investments	5,667,646	5,651,867
Customer Deposits		
Investments	501,991	428,522
Total restricted assets	<u>6,169,637</u>	<u>6,080,389</u>
<b>Capital assets</b>		
Land	1,000	1,000
Electric system	12,065,535	10,815,415
Vehicles and equipment	1,285,620	1,285,620
Construction in progress	2,128,318	1,892,438
Accumulated depreciation	(4,896,174)	(4,646,663)
Total capital assets (net of accumulated depreciation)	<u>10,584,299</u>	<u>9,347,810</u>
<b>Total assets</b>	<u>29,957,266</u>	<u>28,660,749</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	115,647	111,750
Deferred outflows of resources related to OPEB	619,923	571,758
<b>Total deferred outflows of resources</b>	<u>735,570</u>	<u>683,508</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	225,047	66,206
Intergovernmental	758,598	795,956
Sales tax	84,482	95,921
Accrued salaries and payroll liabilities	27,293	22,557
Compensated absences	22,273	19,822
Unearned revenue	125,525	86,899
Due to other funds	0	153,508
Total current liabilities	<u>1,243,218</u>	<u>1,240,869</u>
<b>Current liabilities payable from restricted assets</b>		
Customer deposits	<u>501,991</u>	<u>428,522</u>

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Noncurrent liabilities</b>		
Net pension liability	\$ 206,026	\$ 126,875
Net OPEB liability	1,536,154	1,238,945
Total noncurrent liabilities	1,742,180	1,365,820
<b>Total liabilities</b>	<b>3,487,389</b>	<b>3,035,211</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	46,630	62,951
Deferred inflows of resources related to OPEB	64,636	107,798
<b>Total deferred inflows of resources</b>	<b>111,266</b>	<b>170,749</b>
<b>NET POSITION</b>		
Investment in capital assets	10,527,800	9,347,810
Restricted for MEAG generation projects	5,667,646	5,651,867
Unrestricted	10,898,735	11,138,620
<b>Total net position</b>	<b>\$ 27,094,181</b>	<b>\$ 26,138,297</b>

**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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Electric sales	\$ 13,824,737	\$ 14,162,165
Other	34,798	26,162
	<u>13,859,535</u>	<u>14,188,327</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	10,735,384	9,861,352
Personal services	1,391,071	1,365,905
Depreciation	249,511	278,522
	<u>12,375,966</u>	<u>11,505,779</u>
Operating income (loss)	1,483,569	2,682,548
Non-operating revenues (expenses)		
Investment revenue	11,155	263,749
	<u>1,494,724</u>	<u>2,946,297</u>
Net income (loss) before transfers	1,494,724	2,946,297
Transfers in (out)		
General Fund	(538,840)	(538,840)
	<u>955,884</u>	<u>2,407,457</u>
Change in net position	955,884	2,407,457
Net position, September 1	<u>26,138,297</u>	<u>23,730,840</u>
<b>Net position, August 31</b>	<u><u>\$ 27,094,181</u></u>	<u><u>\$ 26,138,297</u></u>

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 13,772,118	\$ 14,164,883
Payments to suppliers	(10,696,447)	(9,967,710)
Payments to employees	(1,119,070)	(1,294,731)
Other receipts	34,798	26,162
Net cash provided (used) by operating activities	1,991,399	2,928,604
<b>Cash flows from non-capital financing activities</b>		
Payments to other funds	(692,348)	(1,205,284)
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(1,429,501)	(158,952)
<b>Cash flows from investing activities:</b>		
Interest received	11,155	263,749
Receipts on notes receivable	0	405,955
Purchase of investments	(9,910)	(1,722,582)
Net cash provided (used) by investing activities	1,245	(1,052,878)
Net increase (decrease) in cash and cash equivalents	(129,205)	511,490
Cash and cash equivalents, September 1	511,490	0
<b>Cash and cash equivalents, August 31</b>	<b>\$ 382,285</b>	<b>\$ 511,490</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 1,483,569	\$ 2,682,548
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	249,511	278,522
(Increase) decrease in accounts receivable	(153,276)	23,802
(Increase) decrease in prepaid items	(18,173)	8,676
(Increase) decrease in inventories	(7,874)	(102,395)
(Increase) decrease in deferred outflows related to OPEB	(48,166)	(566,391)
(Increase) decrease in deferred outflows related to pension	(3,897)	13,514
Increase (decrease) in accounts payable	102,343	(15,185)
Increase (decrease) in intergovernmental payables	(37,358)	2,546
Increase (decrease) in deposits payable	73,469	(19,409)
Increase (decrease) in sales tax payable	(11,439)	(1,675)
Increase (decrease) in accrued payroll liabilities	7,187	(64)
Increase (decrease) in unearned revenue	38,626	0
Increase (decrease) in net OPEB liability	297,209	675,299
Increase (decrease) in deferred inflows related to pension	(16,321)	(18,065)
Increase (decrease) in deferred inflows related to OPEB	(43,162)	(30,505)
Increase (decrease) in net pension liability	79,151	(2,614)
Total adjustments	507,830	246,056
Net cash provided (used) by operating activities	<b>\$ 1,991,399</b>	<b>\$ 2,928,604</b>

**Noncash capital and financing activities:**

Acquisition of capital assets through accounts payable totaled \$56,499 and \$0 for the fiscal years ended August 31, 2021 and 2020, respectively.

**CITY OF NORCROSS, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 439,926	\$ 1,164,616
Accounts receivable (net)	534,427	475,598
Due from other funds	0	53,508
Total current assets	974,353	1,693,722
<b>Restricted assets</b>		
Customer deposits		
Cash and cash equivalents	201,036	209,339
<b>Capital assets</b>		
Vehicles and equipment, net	146,735	105,384
<b>Total assets</b>	1,322,124	2,008,445
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	12	572,493
Accrued salaries and payroll liabilities	2,162	0
Unearned revenue	195,863	195,514
Total current liabilities	198,037	768,007
<b>Current liabilities payable from restricted assets</b>		
Customer deposits	201,036	209,339
<b>Total liabilities</b>	399,073	977,346
<b>NET POSITION</b>		
Investment in capital assets	146,735	105,384
Unrestricted	776,316	925,715
<b>Total net position</b>	\$ 923,051	\$ 1,031,099

**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, 2021 and 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation fees	\$ 3,594,444	\$ 3,461,181
Other	301	0
	3,594,745	3,461,181
<b>Total operating revenues</b>	<b>3,594,745</b>	<b>3,461,181</b>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	3,627,124	3,347,684
Personal services	73,281	168,849
Depreciation	2,388	2,217
	3,702,793	3,518,750
<b>Total operating expenses</b>	<b>3,702,793</b>	<b>3,518,750</b>
Operating income (loss)	(108,048)	(57,569)
Net position, September 1	1,031,099	1,088,668
<b>Net position, August 31</b>	<b>\$ 923,051</b>	<b>\$ 1,031,099</b>

**CITY OF NORCROSS, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 3,527,964	\$ 3,439,712
Payments to suppliers	(4,199,607)	(3,044,398)
Payments to employees	(71,119)	(168,849)
	<u>(742,762)</u>	<u>226,465</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	53,508	0
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(43,739)	(1,200)
Net increase (decrease) in cash and cash equivalents	(732,993)	225,265
Cash and cash equivalents, September 1	<u>1,373,955</u>	<u>1,148,690</u>
<b>Cash and cash equivalents, August 31</b>	<u><u>\$ 640,962</u></u>	<u><u>\$ 1,373,955</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (108,048)	\$ (57,569)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,388	2,217
(Increase) decrease in accounts receivable	(58,829)	(19,425)
Increase (decrease) in accounts payable	(572,481)	303,286
Increase (decrease) in accrued salaries and payroll liabilities	2,162	0
Increase (decrease) in unearned revenue	349	451
Increase (decrease) in deposits payable	(8,303)	(2,495)
	<u>(634,714)</u>	<u>284,034</u>
Total adjustments	<u>(634,714)</u>	<u>284,034</u>
Net cash provided by operating activities	<u><u>\$ (742,762)</u></u>	<u><u>\$ 226,465</u></u>
<b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 439,926	\$ 1,164,616
Customer deposits		
Cash and cash equivalents	<u>201,036</u>	<u>209,339</u>
Total cash and cash equivalents	<u><u>\$ 640,962</u></u>	<u><u>\$ 1,373,955</u></u>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,099,920	\$ 737,741
Accounts receivable (net)	840,200	850,398
Prepaid items	146	158
Due from other funds	0	100,000
Total current assets	1,940,266	1,688,297
<b>Capital assets</b>		
Storm water system	1,736,243	1,459,217
Vehicles and equipment	393,572	393,572
Accumulated depreciation	(491,856)	(453,429)
Total capital assets (net of accumulated depreciation)	1,637,959	1,399,360
<b>Total assets</b>	3,578,225	3,087,657
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	34,275	40,902
Deferred outflows of resources related to OPEB	179,225	198,926
<b>Total deferred outflows of resources</b>	213,500	239,828
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	4,598	16,607
Accrued salaries and payroll liabilities	8,250	5,663
Compensated absences	7,911	10,026
Total current liabilities	20,759	32,296
<b>Noncurrent liabilities</b>		
Net pension liability	61,060	63,504
Net OPEB liability	511,465	572,473
Total noncurrent liabilities	572,525	635,977
<b>Total liabilities</b>	593,284	668,273
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	13,820	15,731
Deferred inflows of resources related to OPEB	109,006	26,626
<b>Total deferred inflows of resources</b>	122,826	42,357
<b>NET POSITION</b>		
Investment in capital assets	1,637,959	1,399,360
Unrestricted	1,437,656	1,217,495
<b>Total net position</b>	\$ 3,075,615	\$ 2,616,855

**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, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Storm water fees	\$ 1,118,146	\$ 1,161,543
<b>OPERATING EXPENSES</b>		
Costs of sales and services	314,408	315,095
Personal services	306,551	566,980
Depreciation	38,427	34,897
<b>Total operating expenses</b>	<b>659,386</b>	<b>916,972</b>
Operating income (loss)	458,760	244,571
Net position, September 1	2,616,855	2,372,284
<b>Net position, August 31</b>	<b>\$ 3,075,615</b>	<b>\$ 2,616,855</b>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 1,128,343	\$ 1,046,190
Payments to suppliers	(326,404)	(311,425)
Payments to employees	(262,734)	(529,296)
	<u>539,205</u>	<u>205,469</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	100,000	0
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(277,026)	(198,911)
Net increase (decrease) in cash and cash equivalents	362,179	6,558
Cash and cash equivalents, September 1	<u>737,741</u>	<u>731,183</u>
<b>Cash and cash equivalents, August 31</b>	<u><u>\$ 1,099,920</u></u>	<u><u>\$ 737,741</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 458,760	\$ 244,571
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	38,427	34,897
(Increase) decrease in accounts receivable	10,198	(115,353)
(Increase) decrease in prepaid items	12	1,443
(Increase) decrease in deferred outflows related to pension	6,627	722
(Increase) decrease in deferred outflows related to OPEB	19,701	(198,926)
Increase (decrease) in accounts payable	(12,009)	2,227
Increase (decrease) in payroll liabilities	472	2,626
Increase (decrease) in net OPEB liability	(61,008)	247,515
Increase (decrease) in deferred inflows related to pension	(1,911)	(2,270)
Increase (decrease) in deferred inflows related to OPEB	82,380	(11,093)
Increase (decrease) in net pension liability	(2,444)	(890)
	<u>80,445</u>	<u>(39,102)</u>
Total adjustments		
Net cash provided by operating activities	<u><u>\$ 539,205</u></u>	<u><u>\$ 205,469</u></u>

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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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 253,636	\$ 580,934
Notes receivable	120,000	0
Restricted assets		
Cash and cash equivalents	<u>630,398</u>	<u>1,464,779</u>
<b>Total assets</b>	<u><u>\$ 1,004,034</u></u>	<u><u>\$ 2,045,713</u></u>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 16,049	\$ 6,813
Customer deposits	<u>53,320</u>	<u>1,820</u>
<b>Total liabilities</b>	<u>69,369</u>	<u>8,633</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Notes Receivable	120,000	0
Restricted for Housing and Development	<u>814,665</u>	<u>2,037,080</u>
<b>Total fund balances</b>	<u>934,665</u>	<u>2,037,080</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 1,004,034</u></u>	<u><u>\$ 2,045,713</u></u>

**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, 2021**  
**(With comparative actual amounts for the fiscal year ended August 31, 2020)**

	<u>2021</u>			<u>2020</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Charges for service	424,339	0	(424,339)	201,171
Interest	6,795	2,011	(4,784)	57,992
Rent	128,814	371,359	242,545	119,109
Other	0	0	0	95
<b>Total revenues</b>	<u>559,948</u>	<u>373,370</u>	<u>(186,578)</u>	<u>378,367</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	140,975	108,704	32,271	116,067
Supplies and materials	11,700	10,620	1,080	14,073
Capital outlay	1,037,000	1,009,270	27,730	6,042,961
Debt service	734,750	682,752	51,998	417,752
<b>Total expenditures</b>	<u>1,924,425</u>	<u>1,811,346</u>	<u>113,079</u>	<u>6,590,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,364,477)</u>	<u>(1,437,976)</u>	<u>(73,499)</u>	<u>(6,212,486)</u>
Other financing sources (uses)				
Proceeds from bond refunding	1,325,000	9,665,000	8,340,000	0
Proceeds from property held for resale	50,000	0	(50,000)	181,252
Payment to bond escrow agent	0	(9,329,439)	(9,329,439)	0
Contingency	(10,523)	0	10,523	0
<b>Total other financing sources (uses)</b>	<u>1,364,477</u>	<u>335,561</u>	<u>(1,028,916)</u>	<u>181,252</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>(1,102,415)</u>	<u>(1,102,415)</u>	<u>(6,031,234)</u>
Fund balances, September 1 (original)	0	2,037,080	2,037,080	8,041,497
Prior period adjustments	0	0	0	26,817
Fund balances, September 1 (restated)	<u>0</u>	<u>2,037,080</u>	<u>2,037,080</u>	<u>8,068,314</u>
<b>Fund balances, August 31</b>	<u>\$ 0</u>	<u>\$ 934,665</u>	<u>\$ 934,665</u>	<u>\$ 2,037,080</u>

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***OTHER REPORTING SECTION***

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***SINGLE AUDIT SECTION***

This section contains reports required by 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, 2021, 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 May 13, 2022.

**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.

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 have not been identified. However, as described below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

## **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 the noncompliance or other matters described in the accompanying schedule of findings and questioned costs as item 2021-003 that is 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.

*Rushton, LLC*

Certified Public Accountants

Gainesville, Georgia  
May 13, 2022

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

Honorable Mayor and Members  
of the City Council  
City of 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, 2021. 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, 2021.

## 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.

*Rushton, LLC*

Certified Public Accountants

Gainesville, Georgia  
May 13, 2022

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the fiscal year ended August 31, 2021*

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing 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>500</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	7,671 <u>43,999</u>
Total U.S. Department of Transportation			<u>51,670</u>
<b><u>U.S. Department of Treasury</u></b>			
Passed through Gwinnett County: COVID-19 Coronavirus Relief Fund	21.019	G-0389-000001-0011	<u>2,180,092</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,232,262</u></b>

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, 2021**

**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, 2021. 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, 2021*

**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?	Yes
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:	
21.019 COVID-19 Coronavirus Relief Fund	
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, 2021**

**2. Financial Statement Findings**

**A. Current Year Audit Findings**

**Comment 2021-001**

*Condition:* The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. This included material adjustments during the audit process.

*Criteria:* Internal Controls should be in place to ensure the City can perform timely and accurate year-end close procedures for the City to be able to produce its annual financial statements timely.

*Cause:* Various posting and classification errors led to account balances not agreeing to subsidiary ledgers.

*Effect:* Failure to properly design and implement internal controls over year-end close procedures may lead to financial statements that are materially misstated and lead to delays in financial reporting.

*Recommendation:* We recommend that the City's Finance Department implement and/or strengthen internal controls over the year-end closeout process.

*Management Response:* Management concurs with the finding. Management will ensure that proper internal controls over the year-end close process are designed and implemented.

**Comment 2021-002**

*Condition:* While performing audit procedures over cash receipts related to alcohol licenses, we noted instances where deposits were not made timely. We noted that 6 of the 12 (50%) receipts tested were held for more than seven days before being deposited.

*Criteria:* Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

*Cause:* Staff is not depositing receipts at least once per week.

*Effect:* Failure to deposit cash receipts in a timely manner exposes the City to greater risk of loss due to fraud.

*Recommendation:* At a minimum, deposits should be made weekly.

*Management Response:* Management has provided a copy of this finding to the appropriate Department Head and they concur with this finding. This action was taken immediately upon receipt of the comment from our auditors.

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended August 31, 2021**

**2. Financial Statement Findings**

**A. Current Year Audit Findings**

**Comment 2021-003**

*Condition:* The City incurred expenditures in the Confiscated Assets Fund of \$1,952,030, which were in excess of the amounts appropriated of \$1,618,000.

*Criteria:* OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

*Effect:* Failure to approve and maintain expenditures within the balanced budget for the General Fund, special revenue funds, and debt service funds will place the City in violation of state law.

*Cause:* The City did not amend their budget for the Confiscated Assets Fund for increases in revenue and expenditures during the fiscal year.

*Recommendation:* The City should adopt a plan to more closely monitor budgets during the fiscal year.

*Management Response:* Management concurs with this finding. The City Finance Director will review the comparative financial statements on a periodic basis and recommend any necessary budget amendments to the City Council. This action was taken immediately upon receipt of the comment from our auditors.

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

**Comment 2020-001**

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

Corrected

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the fiscal year ended August 31, 2021*

**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, 2021**

<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	\$ 2,468,311	\$ 11,000	\$ 2,479,311
Recreational Facilities and Equipment	590,393	590,393	1,570,669	0	1,570,669
Administrative Facilities	1,377,583	1,377,583	0	17,900	17,900
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>\$ 5,251,725</b>	<b>\$ 28,900</b>	<b>\$ 5,280,625</b>

<b>2017 SPLOST Referendum</b>					
Transportation (roads, streets, bridges, and related facilities and equipment)	\$ 6,098,265	\$ 6,098,265	\$ 3,747,065	\$ 1,203,231	\$ 4,950,296
Recreational Facilities and Equipment	4,573,698	4,573,698	1,016,800	409,797	1,426,597
Parking Facilities	4,573,698	4,573,698	2,219,695	1,438,661	3,658,356
<b>Total</b>	<b>\$ 15,245,661</b>	<b>\$ 15,245,661</b>	<b>\$ 6,983,560</b>	<b>\$ 3,051,689</b>	<b>\$ 10,035,249</b>

Total expenditures and transfers out of 2017 SPLOST	\$ 3,059,360
Expenditures financed through other revenue sources for Transportation	(7,671)
	<u>\$ 3,051,689</u>

Note: The prior years actual numbers per category above have been restated for the 2017 SPLOST for misallocation of project debt payments.

The prior years actual numbers have been restated for the 2014 SPLOST to remove amounts that were paid by other revenue sources.

\* 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.