

CITY OF NORCROSS, GEORGIA

Annual Financial Report

For the fiscal year ended August 31, 2022

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CITY OF NORCROSS, GEORGIA
ANNUAL FINANCIAL REPORT
For the year ended August 31, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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 year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norcross, Georgia, as of August 31, 2022, and the respective changes in 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 year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 22 and 90 through 98 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Norcross, Georgia's basic financial statements for the year ended August 31, 2021, which are not presented with the accompanying financial statements. In our report dated May 13, 2022, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That 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 as a whole. The combining and individual fund financial statements and schedules related to the 2021 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules related to the 2021 financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2021 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023, 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 and 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 the 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.

Rushon, LLC

Certified Public Accountants

Gainesville, Georgia
February 20, 2023



Paul Hanebuth

Director of Finance and Administrative Services

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Norcross, Georgia 30071

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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, 2022. 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 \$107,877,623 (reported as "net position"). \$13,282,033 of this net position is unrestricted, of which (\$653,452) is Governmental Activities and \$13,935,485 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 \$5,641,450.
- The City's governmental funds reported combined ending fund balances of \$25,280,901. Approximately 36 percent of this amount - \$9,310,224 - 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 \$32,183,441 at year end, an increase of \$1,595,127 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 23-24), 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 25), 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 99.

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 25-30 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 35-39 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 Custodial 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 40-41.

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 42-89 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 28 and 31 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

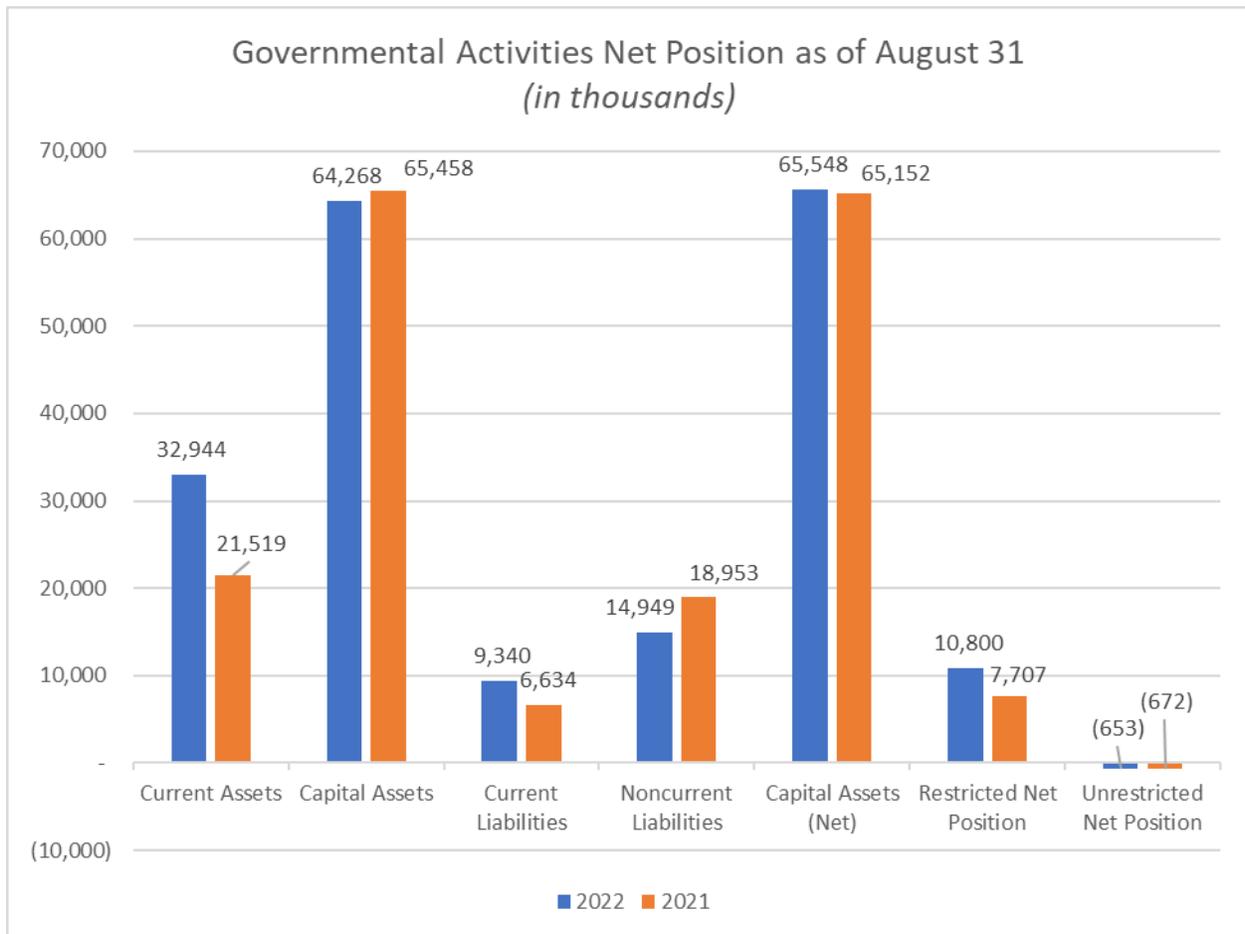
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by \$107,877,623 as of August 31, 2022. The following table provides a summary of the City's governmental and business-type net position for the year ending August 31, 2022 and for the period ending August 31, 2021.

City of Norcross Net Position as of August 31, 2022 and 2021 (in Thousands)

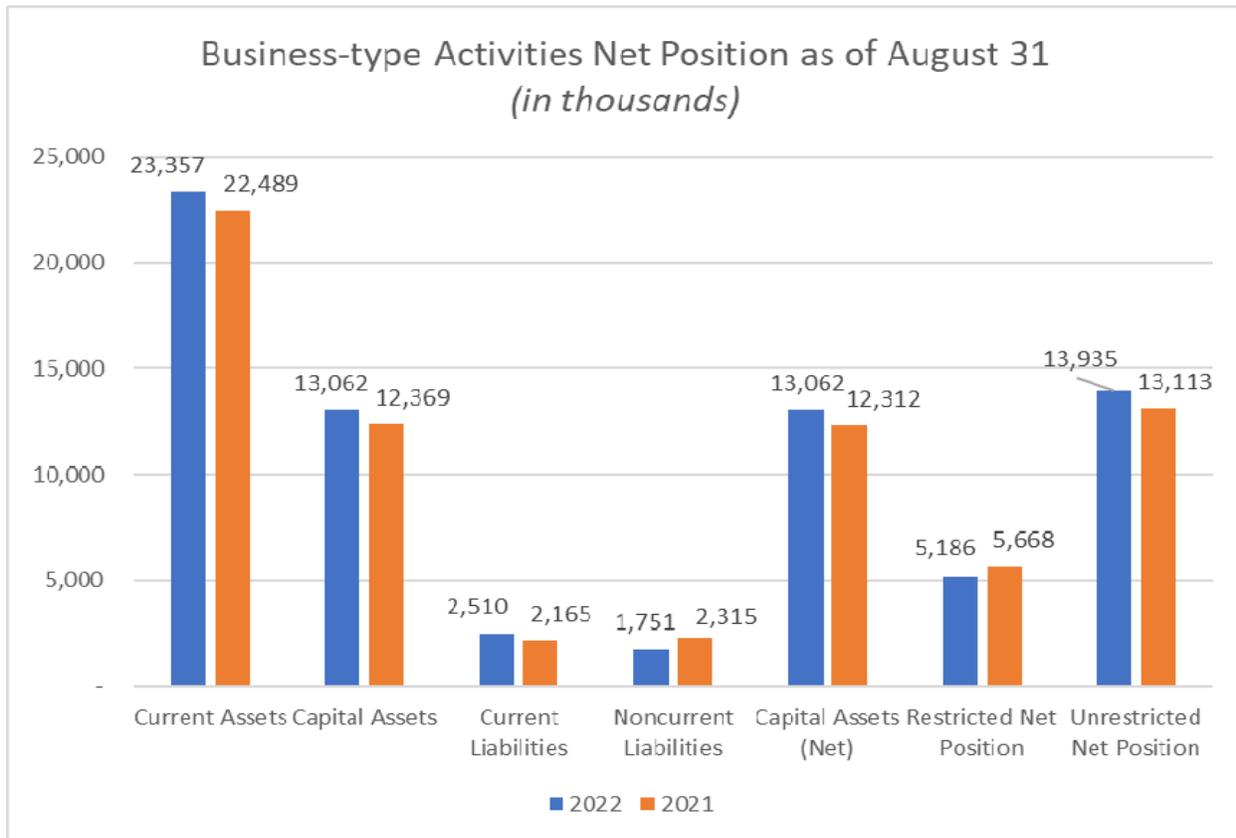
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current Assets	\$32,944	\$21,519	\$23,357	\$22,489	\$56,301	\$49,189
Capital Assets	64,268	65,458	13,062	12,369	77,328	77,827
Other Noncurrent Assets	65	0	10	0	75	0
Total Assets	<u>97,277</u>	<u>92,159</u>	<u>36,429</u>	<u>34,858</u>	<u>133,706</u>	<u>127,016</u>
Deferred Outflows of Resources	<u>6,423</u>	<u>6,693</u>	<u>632</u>	<u>949</u>	<u>7,056</u>	<u>7,642</u>
Current Liabilities	9,340	6,634	2,510	2,165	11,849	8,799
Noncurrent Liabilities	14,949	18,953	1,751	2,315	16,699	21,269
Total Liabilities	<u>24,289</u>	<u>25,588</u>	<u>4,260</u>	<u>4,480</u>	<u>28,549</u>	<u>30,068</u>
Deferred inflows of Resources	<u>3,718</u>	<u>1,076</u>	<u>617</u>	<u>234</u>	<u>4,335</u>	<u>1,310</u>
Net Investment in Capital Assets	65,548	65,152	13,062	12,312	78,610	77,464
Restricted Net Position	10,800	7,707	5,186	5,668	15,986	13,375
Unrestricted Net Position	(653)	(672)	13,935	13,113	13,282	12,441
Total Net Position	<u>\$75,694</u>	<u>\$72,187</u>	<u>\$32,183</u>	<u>\$31,093</u>	<u>\$107,878</u>	<u>\$103,280</u>

The largest portion (71%) of the City's net position as of August 31, 2022 reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, streets, 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 53%, capital assets decreased by 2%, restricted net position increased by 40%, and total net position increased by 4% over 2021.



Business-Type: Current assets increased by 4%, capital assets increased by 6%, unrestricted net position increased by 6%, and total net position increased by 3% over 2021.



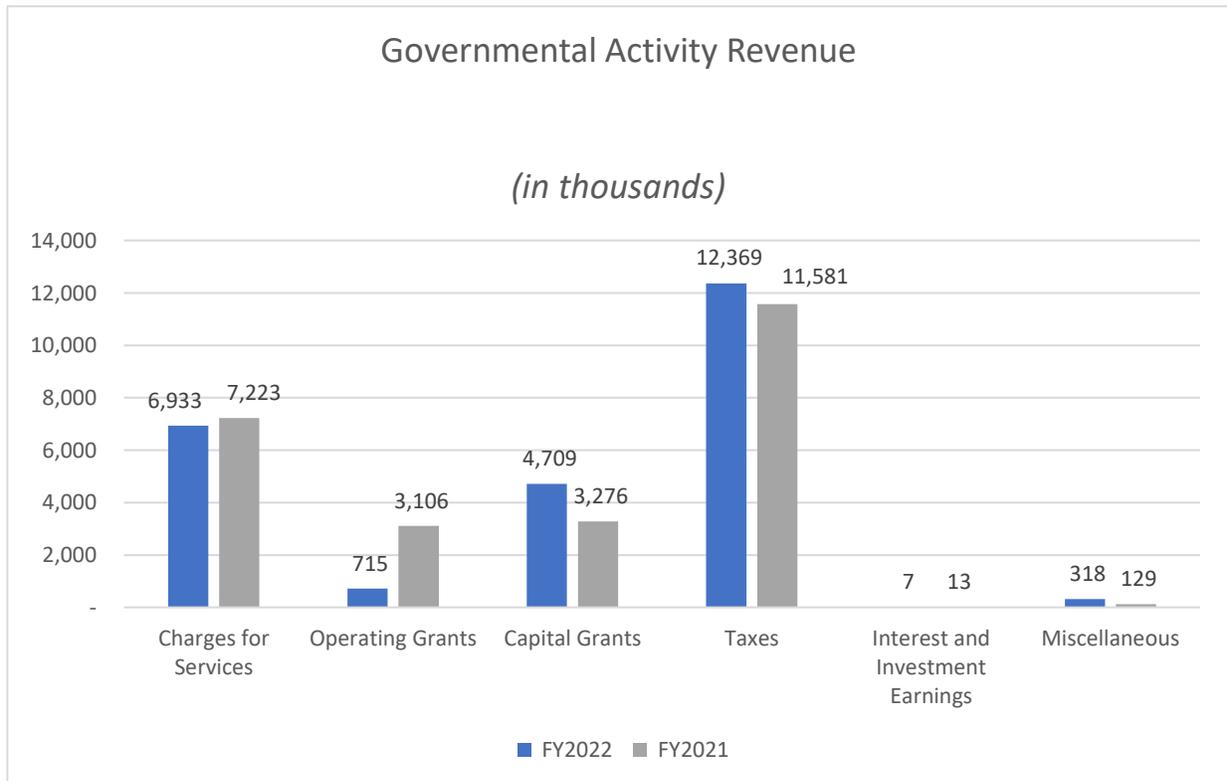
The restricted net position of the primary government, totaling \$15,985,852, is constrained by debt covenants or legal requirements and is therefore not available for day-to-day operations of the City. After subtracting restricted net position and net investment in capital assets, the remaining net position of \$13,282,033 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 \$13,935,485 at the end of the fiscal year.

The City's net position increased by about \$5.6M during fiscal 2022. Governmental activities resulted in an increase in net position of \$4,046,323 while business-type activities resulted in an increase of net position of \$1,595,127. The following table was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the year.

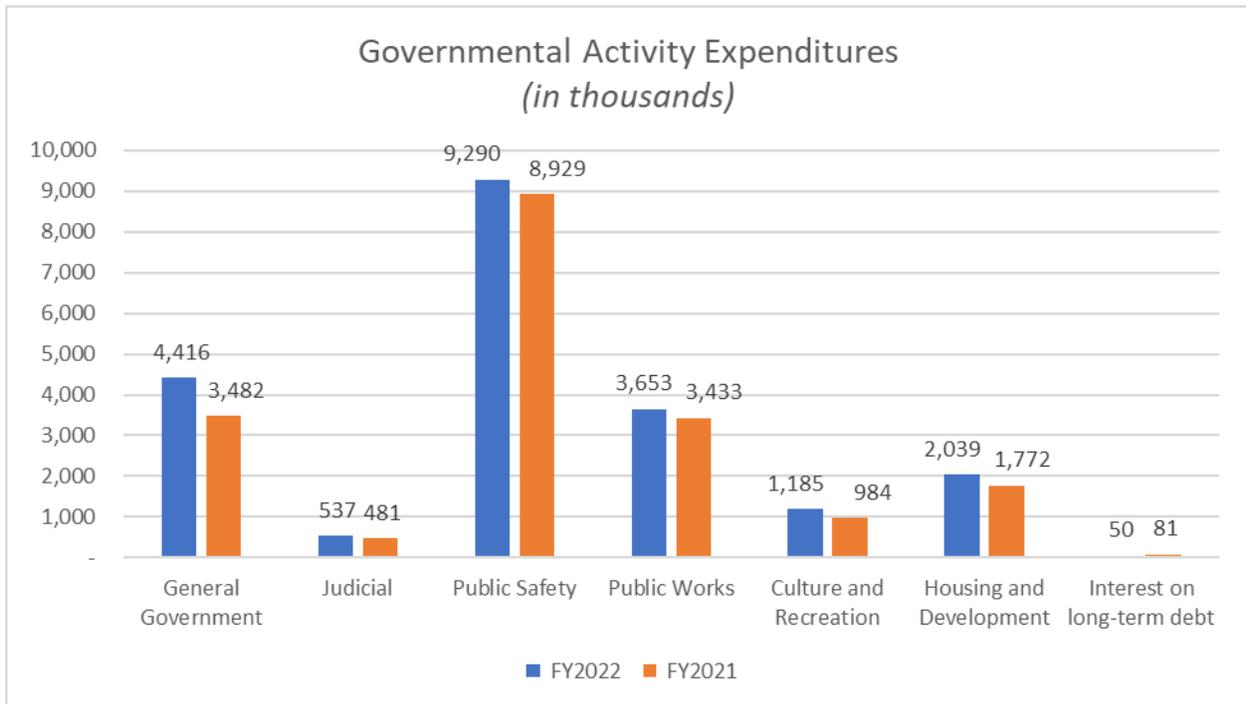
City of Norcross
Changes in Net Position for the Years ended August 31, 2022 and 2021
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	6,933	7,223	19,259	18,537	26,192	25,760
Operating Grants	715	3,106	-	-	715	3,106
Capital Grants	4,709	3,276	-	-	4,709	3,276
General Revenues:						
Taxes	12,369	11,581	-	-	12,369	11,581
Interest and Investment Earnings	7	13	(771)	11	(764)	24
Miscellaneous	318	129	102	35	420	165
Total Revenues	25,051	25,327	18,590	18,584	43,641	43,911
Expenses:						
General Government	4,416	3,482	-	-	4,416	3,482
Judicial	537	481	-	-	537	481
Public Safety	9,290	8,929	-	-	9,290	8,929
Public Works	3,653	3,433	-	-	3,653	3,433
Culture and Recreation	1,185	984	-	-	1,185	984
Housing and Development	2,039	1,772	-	-	2,039	1,772
Interest on long-term debt	50	81	-	-	50	81
Electric	-	-	12,294	12,376	12,294	12,376
Solid Waste	-	-	3,885	3,703	3,885	3,703
Storm Water	-	-	650	659	650	659
Total Expenses	21,170	19,162	16,829	16,738	37,999	35,900
Increase in net position before special items and transfers	3,881	6,165	1,761	1,845	5,642	8,010
Transfers	166	539	(166)	(539)	-	-
Change in Net Position	4,047	6,704	1,595	1,307	5,642	8,010
Net Position- Sept. 1	72,187	65,484	31,093	29,786	103,280	95,270
Prior period adjustments	(539)	-	(505)	-	(1,044)	-
Aug. 31 Net Position	75,694	72,187	32,183	31,093	107,878	103,280

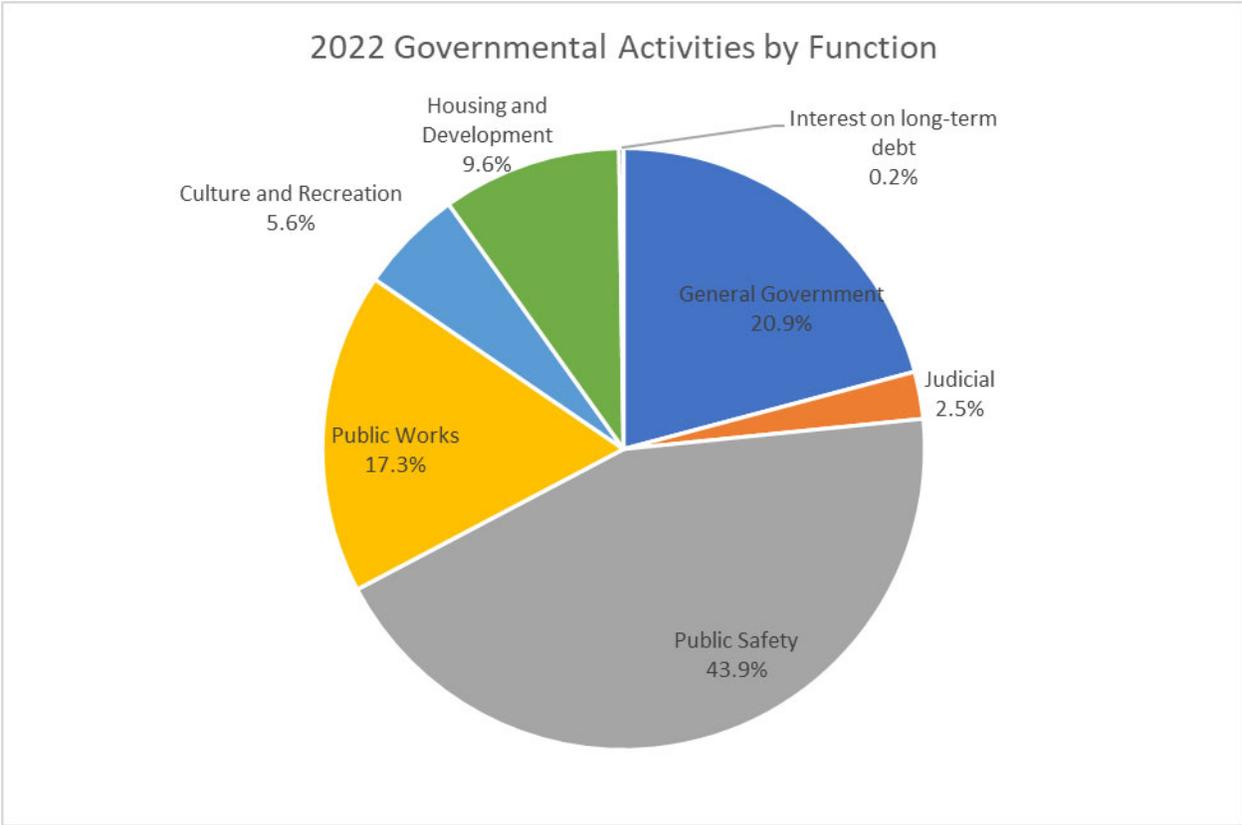
Governmental Activities. Governmental Activities increased the City's net position by \$4,046,323. Revenues for the City's governmental activities decreased by about 1% over 2021 as increases in tax revenues and capital grants were overshadowed by decreases in charges for services and operating grant funding. Governmental expenses were up by 10.5% over 2021, largely as a result of a \$1M contribution to establish additional funding for Other Post-Employment Benefits. A compensation study implemented during the fiscal year and fuller staffing levels also contributed to the increase.



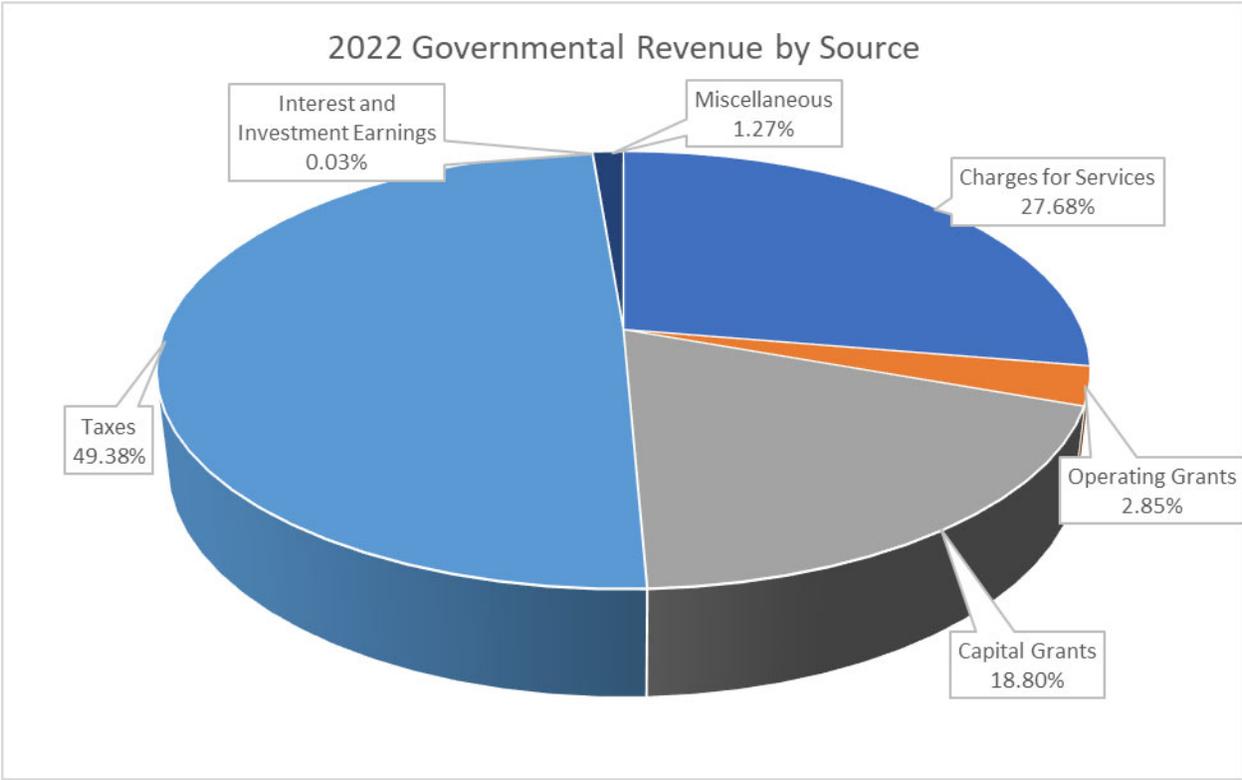
Governmental Activities: General Government expenditures increased by 26%, Public Safety increased 4%, Judicial increased 11%, Culture and Recreation increased 20%, Public Works increased 6%, Housing and Development increased 15%, and Interest on long term debt decreased 39%.



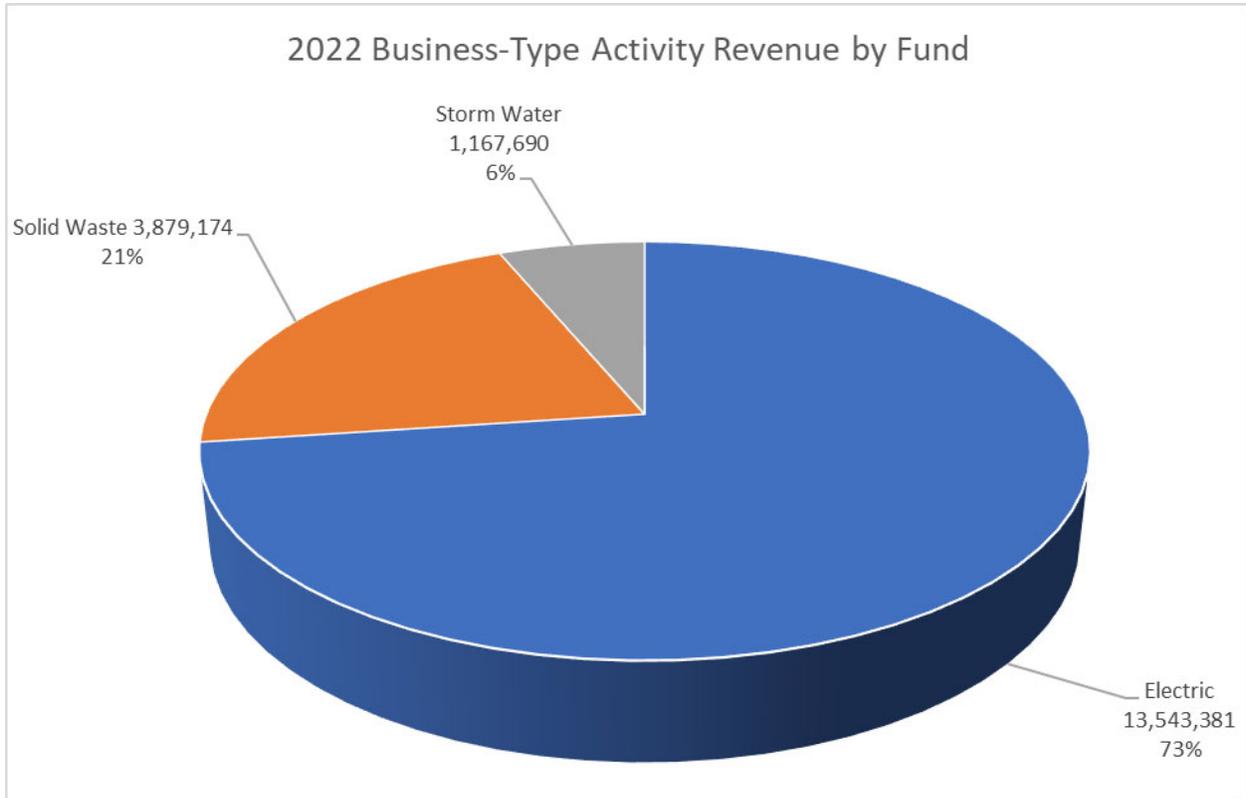
Expenditures for Governmental Activities were \$21.170 million, of which Public Safety accounted for 43.9%, Public Works 17.3%, General Government 20.9%, Housing and Development 9.6%, Judicial 2.5%, and Culture and Recreation 5.6%, Interest on long-term debt was 0.2% of expenditures.



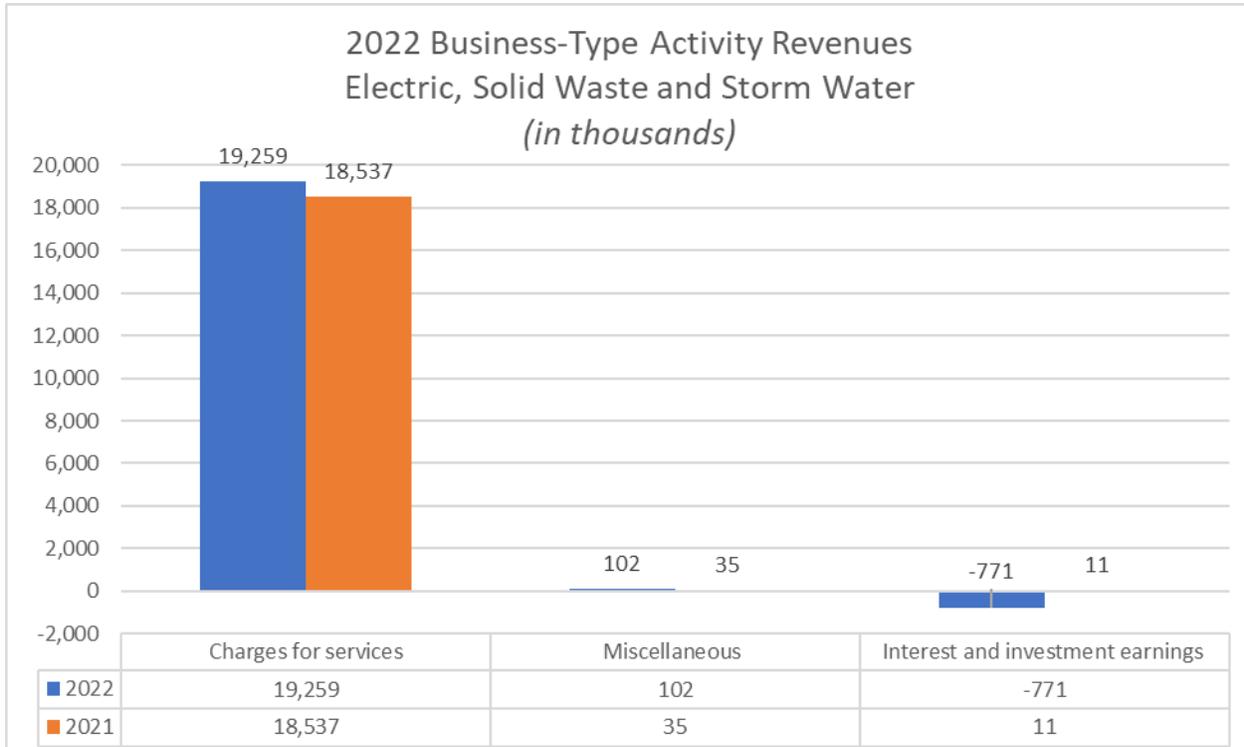
Revenue for governmental activities was \$25.05 million. The major revenue sources were taxes (49%), charges for services (27.7%), capital grants and contributions (19%), and operating grants and contributions (3%),



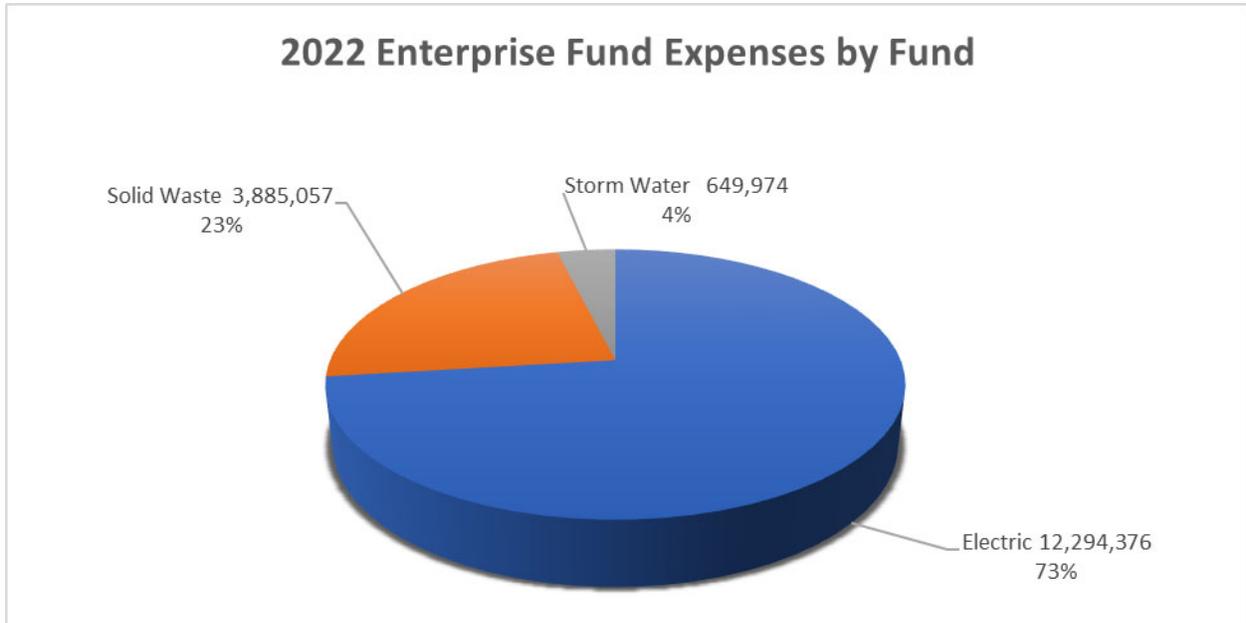
Business-Type Activities. Operations of business-type activities increased the City's net position by \$1,595,127. Key elements of changes in net position follow:



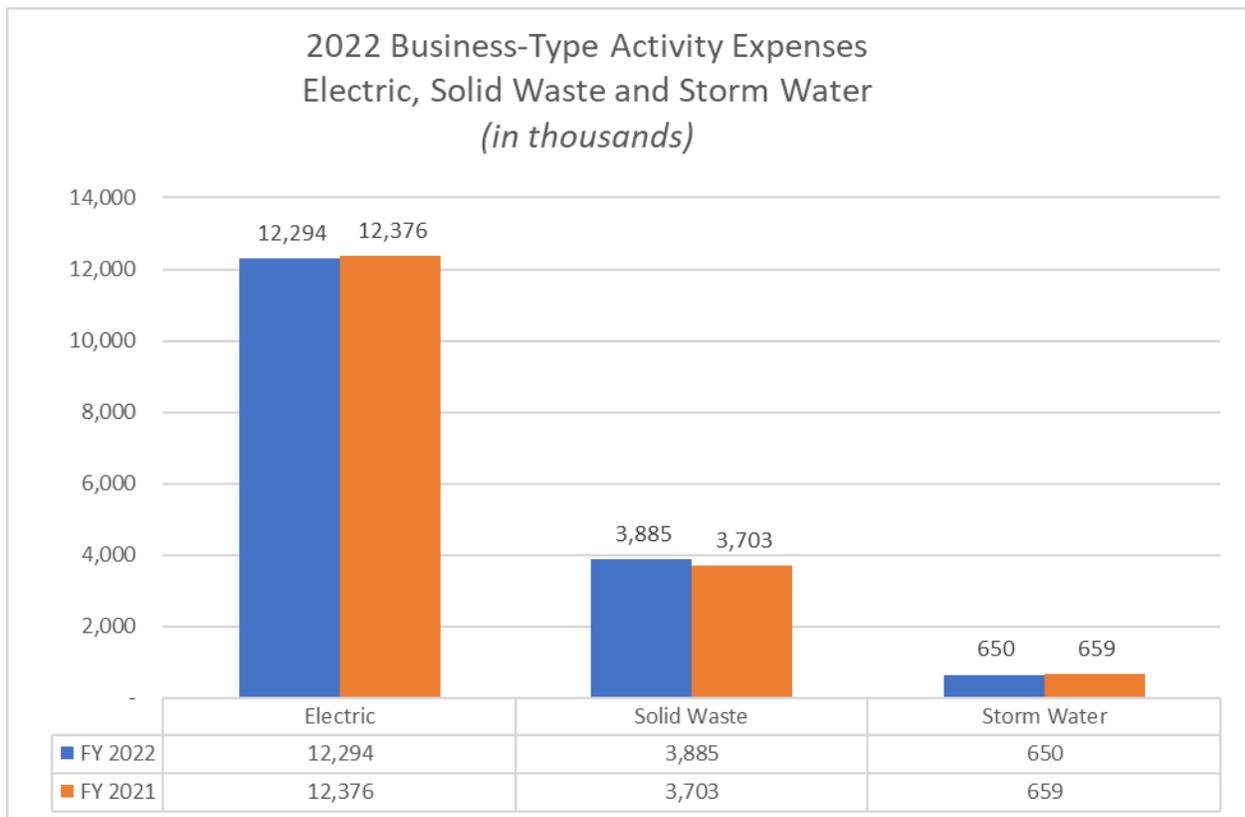
Total sales for Business-Type activities were \$19,258,565, an increase of 3.9% from prior year sales of \$18,537,327. Miscellaneous revenue increased 192%, and Interest and Investment Earnings saw a loss of nearly \$771,000 due to market conditions, as opposed to a small gain in 2021.



Expenses for the Business-type Activities were \$16.83 million, of which Electric accounted for 73%, Solid Waste 23%, and Storm Water 4%.



Electric fund expenses decreased less than 1%, Solid Waste expenses increased 5%, and Storm Water expenses decreased about 1.5%.



The Electric Utility Enterprise Fund net position increased by \$460,205 over 2021. This increase in total net position was a smaller increase than the previous year.

The Solid Waste Utility Enterprise Fund net position decreased by \$5,883. This decrease in net position has reduced for three years; though expenses continued to increase, revenues from higher margin activities increased faster in 2022.

The Storm Water Utility Fund net position increased by \$1,140,805, a surplus substantial increase over the previous year.

Review pages 131-140 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 \$10,924,127, a decrease of \$26,159, or 0.24% in comparison with the prior year. Approximately 85% of this amount (\$9,310,224) 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 58.5% of total general fund expenditures for the current year.

Significant year-over-year changes in the General Fund include:

- Tax revenues increased by roughly \$400,000, and Fines, Fees, and Forfeitures increased by roughly \$300,000.
- These increases were more than offset by a decrease of about \$2,350,000 in intergovernmental revenue as 2021 CARES act grant funds had no equivalent during 2022.

Significant department-level changes in expenditures include:

- General Government expenditures increased by 59% (\$1,715,865). This includes the establishment of a \$1M Other Post-Employment Benefits fund.
- Judicial expenditures increased by \$77,205 (19.5%).
- Culture and Recreation expenditures increased by 19.5% (\$156,731).

Review pages 103-108 for additional information on the General Fund.

SPECIAL REVENUE FUNDS

- Confiscated Assets/Photo Enforcement Fund: The photo-enforcement program in school zones generated about \$4.16M in revenue, of which about \$2.1M was expended on law enforcement initiatives. The net result was an increase of \$2,022,687 in fund balance, for a year-end balance of \$5,297,357.
- American Rescue Plan Act Fund: The fund balance remains at \$0 as revenue is recorded in conjunction with approved expenditures.
- Hotel/Motel Tax Fund: The fund balance for 2022 was \$646,860, an increase of \$22,750 over 2021 as tax revenue was slightly higher than anticipated.
- Federal Seized Drug Fund: Fund balance increased by \$29,779 to a total of \$37,543 as forfeiture revenues were minimally offset by \$2,733 in expenditures during the year.

- Technology Surcharges Fund: The fund balance for 2022 was \$165,059, an increase of \$5,869 from 2021 as expenditures of \$76,417 were slightly lower than dedicated fee revenues.
- Rental Motor Vehicle Excise Tax Fund: The fund balance for 2022 was \$495,977, an increase of \$53,689 over the previous year as expenditures - primarily for vehicle replacement - were about half of tax revenues.

Review pages 109-120 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. The city also established a general Capital Projects Fund during fiscal 2022, which is used for projects outside the SPLOST expenditure categories.

- 2009 SPLOST Fund: The fund balance for 2022 is \$10,537 with minimal activity during the year.
- 2014 SPLOST Fund: The fund balance for 2022 was \$1,665,348 and for 2021 was \$1,715,684. This is a decrease of \$50,336 as relatively small amounts were expended on projects.
- 2017 SPLOST Fund: The fund balance for 2022 was \$4,374,562, an increase of \$2,022,687 over the previous year as few projects were completed during the year.
- 2017 Revenue Bond: The fund balance for 2022 was \$1,609,290, a decrease of \$781,682 over 2021 as projects were completed. The final project funded with these bond proceeds is scheduled to begin construction in 2024.
- Capital Projects Fund: This fund ended the year with a balance of \$54,241. \$1M assigned to capital projects in the General Fund will be transferred to the Capital Projects Fund during FY23.

Review pages 121-130 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.

2022 net positions of the City's three proprietary funds are as follows:

Electric Utility	\$27,543,695
Solid Waste Utility	\$1,113,031
Storm Water Utility	\$3,526,715

Total net position for the three funds increased by \$1,595,127 (5.2%) over 2021.

Review pages 131-140 for additional information on the Proprietary Funds.

COMPONENT UNIT

The City's Downtown Development Authority is reported as a component unit. Its 2022 Balance Sheet shows fund balance of \$1,056,220, an increase of \$114,245 from the previous year.

Review pages 141-142 for additional information on the Component Unit.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final adopted budget for fiscal 2022 showed anticipated expenditures of \$16,485,400, balanced by anticipated revenues of \$14,570,300, a transfer of electric fund dividends of \$765,600, a transfer of Hotel/Motel taxes of \$424,600 and use of prior fund balance. Actual expenditures varied from the original budget by 5% and revenues varied by 0.6%. Since actual expenditures were about \$850,000 lower 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 almost \$2M more positive than anticipated by the 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, 2022, amounted to \$77,330,542 (net of accumulated depreciation), which is a 0.6% decrease from 2021. 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, 2022, the City invested \$2,882,521 in new capital assets while recording \$2,776,437 in depreciation for the year. Major capital asset events during the current year included the following:

Governmental Activities net change in capital assets: (\$650,372)

- (\$2,198,787) Construction in Progress (net)
- \$ 3,517,605 Infrastructure
- \$ 523,312 Vehicles and equipment (net)
- (\$ 2,445,849) Depreciation

Business-type Activities additions: \$709,804

- \$ 548,211 Construction in Progress (net)
- \$ 186,993 Investment in the electrical and storm water distribution systems
- \$ 305,188 Vehicles and equipment
- (\$ 330,588) Depreciation

More information on capital assets may be found in Note 9 on pages 63-65 of this report.

DEBT ADMINISTRATION

Primary Government:

At the end of August 31, 2022 the City had an agreement with Dell with a balance of \$115,078; Revenue Bond with a balance of \$1,510,000; Contracts Payable with a balance of \$100,893.

Component Unit:

The DDA issued Series 2019 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, 2022, the balance of the Series 2020 bond was \$9,360,000.

More information on long-term debt may be found in notes 12 and 13 on pages 67-70 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, 2022. 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 FY2023, the SPLOST authorized in 2017 will be replaced by one authorized in late 2022, which is dedicated to similar capital improvement projects.

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.

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BASIC FINANCIAL STATEMENTS

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CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
August 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 27,448,289	\$ 4,148,026	\$ 31,596,315	\$ 200,329
Investments	0	8,337,272	8,337,272	0
Restricted assets				
Cash and cash equivalents	3,131,558	200,868	3,332,426	777,636
Investments	0	5,793,743	5,793,743	0
Receivables (net)				
Accounts	165,622	3,630,930	3,796,552	24,454
Taxes	439,524	0	439,524	0
Fines	375,459	0	375,459	0
Intergovernmental	1,045,694	0	1,045,694	0
Notes	0	0	0	120,000
Leases	0	0	0	109,739
Prepaid items	338,020	26,682	364,702	0
Inventories	0	1,219,316	1,219,316	0
Total current assets	32,944,166	23,356,837	56,301,003	1,232,158
Noncurrent assets				
Capital assets				
Non-depreciable	21,126,552	2,677,529	23,804,081	37,231
Depreciable (net)	43,141,888	10,384,573	53,526,461	6,852,982
Leases	0	0	0	73,819
Net pension asset	64,816	9,908	74,724	0
Total noncurrent assets	64,333,256	13,072,010	77,405,266	6,964,032
Total assets	97,277,422	36,428,847	133,706,269	8,196,190
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	0	0	0	1,102,504
Deferred outflows related to pension	830,885	127,018	957,903	0
Deferred outflows related to OPEB	5,592,545	505,096	6,097,641	0
Total deferred outflows of resources	6,423,430	632,114	7,055,544	1,102,504
LIABILITIES				
Current liabilities				
Payables				
Accounts	1,165,757	543,795	1,709,552	12,881
Retainage	62,306	0	62,306	0
Intergovernmental	0	820,482	820,482	0
Sales tax	0	98,858	98,858	0
Customer deposits	0	0	0	53,320
Interest	6,602	0	6,602	23,009
Accrued salaries and payroll liabilities	331,800	32,827	364,627	0
Compensated absences	314,011	27,307	341,318	0
Unearned revenue	5,428,012	177,580	5,605,592	0
Other liabilities	475,212	0	475,212	0
Notes payable	21,176	0	21,176	0
Bonds payable	1,535,000	0	1,535,000	310,000
Liabilities payable from restricted assets				
Customer deposits payable	0	808,757	808,757	0
Total current liabilities	9,339,876	2,509,606	11,849,482	399,210

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
August 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Net OPEB liability	\$ 14,947,488	\$ 1,750,607	\$ 16,698,095	\$ 0
Notes payable	1,375	0	1,375	0
Bonds payable	0	0	0	9,050,000
Total noncurrent liabilities	<u>14,948,863</u>	<u>1,750,607</u>	<u>16,699,470</u>	<u>9,050,000</u>
Total liabilities	<u>24,288,739</u>	<u>4,260,213</u>	<u>28,548,952</u>	<u>9,449,210</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	1,810,356	276,750	2,087,106	0
Deferred inflows related to OPEB	1,907,575	340,557	2,248,132	0
Deferred inflows related to leases	0	0	0	183,558
Total deferred inflows of resources	<u>3,717,931</u>	<u>617,307</u>	<u>4,335,238</u>	<u>183,558</u>
NET POSITION				
Net investment in capital assets	65,547,636	13,062,102	78,609,738	(589,647)
Restricted for:				
General Government	165,059	0	165,059	0
Public Safety	5,334,900	0	5,334,900	0
Public Works	275,883	0	275,883	0
Housing and Development	495,977	0	495,977	0
MEAG generation projects	0	5,185,854	5,185,854	0
Capital projects	4,528,179	0	4,528,179	0
Unrestricted	<u>(653,452)</u>	<u>13,935,485</u>	<u>13,282,033</u>	<u>255,573</u>
Total net position	<u>\$ 75,694,182</u>	<u>\$ 32,183,441</u>	<u>\$ 107,877,623</u>	<u>\$ (334,074)</u>

CITY OF NORCROSS, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended August 31, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 4,415,773	\$ 279,742	\$ 7,149	\$ 70,000	\$ (4,058,882)
Judicial	536,786	0	0	0	(536,786)
Public Safety	9,290,050	5,839,334	707,737	62,500	(2,680,479)
Public Works	3,653,310	0	0	3,350,516	(302,794)
Culture and Recreation	1,185,452	188,888	0	1,225,831	229,267
Housing and Development	2,039,255	625,479	0	0	(1,413,776)
Interest on long-term debt	50,166	0	0	0	(50,166)
Total governmental activities	21,170,792	6,933,443	714,886	4,708,847	(8,813,616)
Business-type activities					
Electric Utility	12,294,376	14,211,701	0	0	1,917,325
Solid Waste	3,885,057	3,879,174	0	0	(5,883)
Storm Water Utility	649,947	1,167,690	0	0	517,743
Total business-type activities	16,829,380	19,258,565	0	0	2,429,185
Total primary government	38,000,172	26,192,008	714,886	4,708,847	(6,384,431)
Component Unit					
Downtown Development Authority					
Housing and Development	619,358	803,881	0	0	184,523
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Unit	
Change in net assets					
Net (expense) revenue	\$ (8,813,616)	\$ 2,429,185	\$ (6,384,431)	\$ 184,523	
General revenues					
Taxes					
Property	8,022,374	0	8,022,374	0	
Franchise	977,263	0	977,263	0	
Intangibles	226,425	0	226,425	0	
Occupational	358,246	0	358,246	0	
Insurance premium	1,240,465	0	1,240,465	0	
Alcoholic beverage	385,266	0	385,266	0	
Hotel/Motel	1,043,582	0	1,043,582	0	
Other	115,227	0	115,227	1,416	
Interest and investment earnings (loss)	7,062	(770,741)	(763,679)	1,690	
Gain on sale of assets	79,437	0	79,437	0	
Miscellaneous	238,854	102,421	341,275	37,786	
Transfers	165,738	(165,738)	0	0	
Total general revenues and transfers	12,859,939	(834,058)	12,025,881	40,892	
Change in net position	4,046,323	1,595,127	5,641,450	225,415	
Net position - beginning (restated)	71,647,859	30,588,314	102,236,173	(559,489)	
Net position - ending	\$ 75,694,182	\$ 32,183,441	\$ 107,877,623	\$ (334,074)	

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2022

	General	Confiscated Assets	American Rescue Plan Act	2017 SPLOST
ASSETS				
Cash and cash equivalents	\$ 11,143,148	\$ 5,250,457	\$ 5,714,774	\$ 2,379,915
Receivables (net)				
Accounts	165,622	0	0	0
Taxes	304,034	0	0	0
Fines	0	375,459	0	0
Intergovernmental	310,936	28,116	0	636,642
Prepaid items	338,020	0	0	0
Due from other funds	2,656	5,000	0	1,522,268
Total assets	\$ 12,264,416	\$ 5,659,032	\$ 5,714,774	\$ 4,538,825
LIABILITIES				
Accounts payable	\$ 432,561	\$ 101,236	\$ 242,942	\$ 23,570
Retainage payable	0	0	62,306	0
Accrued salaries and payroll liabilities	322,399	0	0	0
Unearned revenue	10,486	0	5,409,526	0
Other liabilities	369,665	105,547	0	0
Due to other funds	5,000	154,892	0	140,693
Total liabilities	1,140,111	361,675	5,714,774	164,263
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- property tax	200,178	0	0	0
FUND BALANCES				
Nonspendable:				
Prepaid items	338,020	0	0	0
Restricted for:				
General Government	0	0	0	0
Public Safety	0	5,297,357	0	0
Public Works	275,883	0	0	0
Housing and Development	0	0	0	0
Capital outlay	0	0	0	4,374,562
Assigned for:				
Housing and Development	0	0	0	0
Capital outlay	1,000,000	0	0	0
Unassigned	9,310,224	0	0	0
Total fund balances	10,924,127	5,297,357	0	4,374,562
Total liabilities, deferred inflows of resources and fund balances	\$ 12,264,416	\$ 5,659,032	\$ 5,714,774	\$ 4,538,825

2017 Revenue Bond	Nonmajor Governmental Funds	Totals
\$ 3,131,558	\$ 2,959,995	\$ 30,579,847
0	0	165,622
0	135,490	439,524
0	0	375,459
0	70,000	1,045,694
0	0	338,020
0	295,585	1,825,509
<u>\$ 3,131,558</u>	<u>\$ 3,461,070</u>	<u>\$ 34,769,675</u>
\$ 0	\$ 365,448	\$ 1,165,757
0	0	62,306
0	9,401	331,800
0	8,000	5,428,012
0	0	475,212
1,522,268	2,656	1,825,509
<u>1,522,268</u>	<u>385,505</u>	<u>9,288,596</u>
0	0	200,178
0	0	338,020
0	165,059	165,059
0	37,543	5,334,900
0	0	275,883
0	495,977	495,977
1,609,290	1,675,885	7,659,737
0	646,860	646,860
0	54,241	1,054,241
0	0	9,310,224
<u>1,609,290</u>	<u>3,075,565</u>	<u>25,280,901</u>
<u>\$ 3,131,558</u>	<u>\$ 3,461,070</u>	<u>\$ 34,769,675</u>

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CITY OF NORCROSS, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
August 31, 2022

Total fund balance - total governmental funds \$ 25,280,901

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	\$ 64,268,440	
Net pension asset	<u>64,816</u>	64,333,256

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

These are:

Property taxes		200,178
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Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

Interest payable	\$ (6,602)	
Notes payable	(22,551)	
Bonds payable	(1,535,000)	
Compensated absences	(314,011)	
Net OPEB liability	<u>(14,947,488)</u>	(16,825,652)

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	\$ 830,885	
Deferred outflows related to OPEB	5,592,545	

Deferred inflows of resources:

Deferred inflows related to pensions	(1,810,356)	
Deferred inflows related to OPEB	<u>(1,907,575)</u>	<u>2,705,499</u>

Net position of governmental activities		<u>\$ 75,694,182</u>
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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, 2022

	<u>General</u>	<u>Confiscated Assets</u>	<u>American Rescue Plan Act</u>	<u>2017 SPLOST</u>
REVENUES				
Taxes	\$ 11,128,269	\$ 0	\$ 0	\$ 0
Licenses and permits	782,675	0	0	0
Fines, fees and forfeitures	1,513,611	4,161,987	0	0
Charges for services	360,375	0	0	0
Intergovernmental	732,750	37,486	786,530	3,662,232
Interest	5,632	407	0	205
Contributions	7,149	0	0	0
Other	238,854	0	0	0
Total revenues	<u>14,769,315</u>	<u>4,199,880</u>	<u>786,530</u>	<u>3,662,437</u>
EXPENDITURES				
Current				
General Government	4,616,995	0	163,468	0
Judicial	472,546	0	0	0
Public Safety	6,319,075	2,095,725	0	0
Public Works	2,334,397	0	0	0
Culture and Recreation	961,682	0	0	0
Housing and Development	995,473	0	0	0
Capital outlay	0	0	0	77,376
Debt service	220,255	0	0	26,187
Total expenditures	<u>15,920,423</u>	<u>2,095,725</u>	<u>163,468</u>	<u>103,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,151,108)</u>	<u>2,104,155</u>	<u>623,062</u>	<u>3,558,874</u>
Other financing sources (uses)				
Transfers in	1,318,959	0	0	0
Transfers out	(320,100)	(100,893)	(623,062)	(1,536,187)
Sales of capital assets	126,090	0	0	0
Total other financing sources (uses)	<u>1,124,949</u>	<u>(100,893)</u>	<u>(623,062)</u>	<u>(1,536,187)</u>
Net change in fund balance	(26,159)	2,003,262	0	2,022,687
Fund balances, September 1	10,950,286	3,294,095	0	2,351,875
Fund balances, August 31	<u>\$ 10,924,127</u>	<u>\$ 5,297,357</u>	<u>\$ 0</u>	<u>\$ 4,374,562</u>

2017 Revenue Bond	Nonmajor Governmental Funds	Totals
\$ 0	\$ 1,158,809	\$ 12,287,078
0	0	782,675
0	114,797	5,790,395
0	0	360,375
127,100	70,000	5,416,098
1,022	75	7,341
0	0	7,149
0	0	238,854
128,122	1,343,681	24,889,965
0	138,527	4,918,990
0	43,895	516,441
0	2,733	8,417,533
0	229,744	2,564,141
0	0	961,682
0	653,214	1,648,687
909,284	50,409	1,037,069
1,536,187	0	1,782,629
2,445,471	1,118,522	21,847,172
(2,317,349)	225,159	3,042,793
1,536,187	320,100	3,175,246
0	(429,266)	(3,009,508)
0	0	126,090
1,536,187	(109,166)	291,828
(781,162)	115,993	3,334,621
2,390,452	2,959,572	21,946,280
\$ 1,609,290	\$ 3,075,565	\$ 25,280,901

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, 2022

Net change in fund balances - total governmental funds \$ 3,334,621

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	\$ 1,842,130	
Depreciation	<u>(2,445,849)</u>	(603,719)

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	\$ (317,192)	
Related accumulated depreciation	<u>270,539</u>	(46,653)

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. 81,766

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	\$ 446,029	
Cost of benefits earned net of employee contributions	<u>(118,527)</u>	327,502

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	\$ 1,000,000	
Cost of benefits earned net of employee contributions	<u>(1,725,036)</u>	(725,036)

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.

Notes payments	\$ 115,078	
Contract payments	100,893	
Bond payments	1,510,000	
Net change in interest payable	<u>6,493</u>	1,732,464

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>(54,622)</u>
Change in net position of governmental activities		<u><u>\$ 4,046,323</u></u>

CITY OF NORCROSS, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended August 31, 2022

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 11,179,676	\$ 11,303,700	\$ 11,128,269	\$ (175,431)
Licenses and permits	562,250	817,900	782,675	(35,225)
Fines, fees and forfeitures	1,321,900	1,476,300	1,513,611	37,311
Charges for services	112,990	158,600	360,375	201,775
Intergovernmental	666,907	428,600	732,750	304,150
Interest	9,600	3,700	5,632	1,932
Contributions	0	0	7,149	7,149
Other	144,062	381,500	238,854	(142,646)
Total revenues	13,997,385	14,570,300	14,769,315	199,015
EXPENDITURES				
Current				
General Government				
Governing Body	678,967	458,300	402,626	55,674
Administration	1,214,880	1,906,100	1,930,343	(24,243)
City Clerk	251,155	239,600	226,485	13,115
Chief Executive	230,389	435,969	432,773	3,196
Information Technology	1,289,381	1,358,576	1,358,248	328
Human Resources	240,020	282,800	266,520	16,280
Judicial				
Municipal Court	574,550	488,500	472,546	15,954
Public Safety				
Police	5,524,459	5,940,300	5,674,112	266,188
E911 Communications	720,560	701,900	644,963	56,937
Public Works				
Public Works Administration	2,414,787	2,392,300	2,334,397	57,903
Culture and Recreation				
Parks and Recreation	875,242	1,000,800	961,682	39,118
Housing and Development				
Community Development	858,693	746,100	704,052	42,048
Economic Development	410,996	313,900	291,421	22,479
Debt Service				
General Government	0	119,362	119,362	0
Public Safety	0	100,893	100,893	0
Total expenditures	15,284,079	16,485,400	15,920,423	564,977
Excess (deficiency) of revenues over (under) expenditures	(1,286,694)	(1,915,100)	(1,151,108)	763,992
Other financing sources (uses)				
Transfers in	923,065	1,190,200	1,318,959	128,759
Transfers out	0	(320,100)	(320,100)	0
Sales of capital assets	0	45,000	126,090	81,090
Contingency	(136,371)	0	0	0
Total other financing sources (uses)	786,694	915,100	1,124,949	209,849
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(500,000)	(1,000,000)	(26,159)	973,841
Fund balances, September 1	500,000	1,000,000	10,950,286	9,950,286
Fund balances, August 31	\$ 0	\$ 0	\$ 10,924,127	\$ 10,924,127

See accompanying notes to the financial statements.

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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 2,000,000	\$ 4,532,800	\$ 4,161,987	\$ (370,813)
Intergovernmental	0	38,000	37,486	(514)
Interest	0	300	407	107
Total revenues	<u>2,000,000</u>	<u>4,571,100</u>	<u>4,199,880</u>	<u>(371,220)</u>
EXPENDITURES				
Current				
Public Safety				
Contract services	42,300	2,076,592	1,514,687	561,905
Supplies and materials	1,648,692	1,775,100	207,319	1,567,781
Capital outlay	309,008	719,408	373,719	345,689
Total expenditures	<u>2,000,000</u>	<u>4,571,100</u>	<u>2,095,725</u>	<u>2,475,375</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	2,104,155	2,104,155
Other financing sources (uses)				
Transfers in (out)				
Transfers out	0	0	(100,893)	100,893
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	0	0	2,003,262	2,003,262
Fund balances, September 1	<u>0</u>	<u>0</u>	<u>3,294,095</u>	<u>3,294,095</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 5,297,357</u></u>	<u><u>\$ 5,297,357</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, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 0	\$ 750,000	\$ 786,530	\$ 36,530
Total revenues	0	750,000	786,530	36,530
EXPENDITURES				
Current				
General Government				
Payment to others	0	750,000	163,468	586,532
Total expenditures	0	750,000	163,468	586,532
Excess (deficiency) of revenues over (under) expenditures	0	0	623,062	623,062
Other financing sources (uses)				
Transfers in (out)				
Transfers out	0	0	(623,062)	623,062
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	0	0	0	0
Fund balances, September 1	0	0	0	0
Fund balances, August 31	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2022

	Business-Type			Totals
	Electric Utility	Solid Waste	Storm Water Utility	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,947,764	\$ 673,969	\$ 1,526,293	\$ 4,148,026
Investments	8,337,272	0	0	8,337,272
Restricted assets				
Cash and cash equivalents	0	200,868	0	200,868
Investments	5,793,743	0	0	5,793,743
Accounts receivable (net)	2,805,901	645,493	179,536	3,630,930
Prepaid items	26,536	0	146	26,682
Inventories	1,219,316	0	0	1,219,316
Total current assets	20,130,532	1,520,330	1,705,975	23,356,837
Noncurrent assets				
Capital assets				
Non-depreciable	2,054,467	0	623,062	2,677,529
Depreciable (net)	8,521,601	143,472	1,719,500	10,384,573
Net pension asset	7,308	0	2,600	9,908
Total noncurrent assets	10,583,376	143,472	2,345,162	13,072,010
Total assets	30,713,908	1,663,802	4,051,137	36,428,847
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	93,683	0	33,335	127,018
Deferred outflows of resources related to OPEB	384,600	0	120,496	505,096
Total deferred outflows of resources	478,283	0	153,831	632,114
LIABILITIES				
Current liabilities				
Payables				
Accounts	186,965	348,269	8,561	543,795
Intergovernmental	820,482	0	0	820,482
Sales tax	98,858	0	0	98,858
Accrued salaries and payroll liabilities	21,585	1,634	9,608	32,827
Compensated absences	12,543	0	14,764	27,307
Unearned revenue	177,580	0	0	177,580
Liabilities payable from restricted assets				
Customer deposits payable	607,889	200,868	0	808,757
Total current liabilities	1,925,902	550,771	32,933	2,509,606
Noncurrent liabilities				
Net OPEB liability	1,346,621	0	403,986	1,750,607
Total liabilities	3,272,523	550,771	436,919	4,260,213

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2022

	<u>Business-Type</u>			<u>Totals</u>
	<u>Electric Utility</u>	<u>Solid Waste</u>	<u>Storm Water Utility</u>	
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	\$ 204,119	\$ 0	\$ 72,631	\$ 276,750
Deferred inflows of resources related to OPEB	171,854	0	168,703	340,557
Total deferred inflows of resources	<u>375,973</u>	<u>0</u>	<u>241,334</u>	<u>617,307</u>
NET POSITION				
Investment in capital assets	10,576,068	143,472	2,342,562	13,062,102
Restricted for:				
MEAG generation projects	5,185,854	0	0	5,185,854
Unrestricted	11,781,773	969,559	1,184,153	13,935,485
Total net position	<u>\$ 27,543,695</u>	<u>\$ 1,113,031</u>	<u>\$ 3,526,715</u>	<u>\$ 32,183,441</u>

CITY OF NORCROSS, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2022

	Business-Type			Totals
	Electric Utility	Solid Waste	Storm Water Utility	
OPERATING REVENUES				
Charges for sales and services	\$ 14,211,701	\$ 3,879,174	\$ 1,167,690	\$ 19,258,565
Other	102,421	0	0	102,421
Total operating revenues	14,314,122	3,879,174	1,167,690	19,360,986
OPERATING EXPENSES				
Costs of sales and services	10,695,454	3,779,307	163,353	14,638,114
Personal services	1,328,124	102,487	430,067	1,860,678
Depreciation	270,798	3,263	56,527	330,588
Total operating expenses	12,294,376	3,885,057	649,947	16,829,380
Operating income (loss)	2,019,746	(5,883)	517,743	2,531,606
Non-operating revenues (expenses)				
Investment loss	(770,741)	0	0	(770,741)
Net income (loss) before transfers	1,249,005	(5,883)	517,743	1,760,865
Transfers in (out)				
Transfers in	0	0	623,062	623,062
Transfers out	(788,800)	0	0	(788,800)
Total transfers in (out)	(788,800)	0	623,062	(165,738)
Change in net position	460,205	(5,883)	1,140,805	1,595,127
Net position, September 1 (restated)	27,083,490	1,118,914	2,385,910	30,588,314
Net position, August 31	\$ 27,543,695	\$ 1,113,031	\$ 3,526,715	\$ 32,183,441

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2022

	Business-Type			Totals
	Electric Utility	Solid Waste	Storm Water Utility	
Cash flows from operating activities:				
Receipts from customers	\$ 14,520,593	\$ 3,767,940	\$ 1,144,653	\$ 19,433,186
Payments to suppliers	(10,771,043)	(3,431,050)	(159,390)	(14,361,483)
Payments to employees	(1,224,434)	(103,015)	(414,818)	(1,742,267)
Other receipts	102,421	0	0	102,421
Net cash provided (used) by operating activities	<u>2,627,537</u>	<u>233,875</u>	<u>570,445</u>	<u>3,431,857</u>
Cash flows from non-capital financing activities:				
Receipts from other funds	0	0	623,062	623,062
Payments to other funds	(788,800)	0	0	(788,800)
Net cash provided (used) by non-capital financing activities	<u>(788,800)</u>	<u>0</u>	<u>623,062</u>	<u>(165,738)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(273,258)	0	(767,134)	(1,040,392)
Net increase (decrease) in cash and cash equivalents	1,565,479	233,875	426,373	2,225,727
Cash and cash equivalents, September 1	<u>382,285</u>	<u>640,962</u>	<u>1,099,920</u>	<u>2,123,167</u>
Cash and cash equivalents, August 31	<u><u>\$ 1,947,764</u></u>	<u><u>\$ 874,837</u></u>	<u><u>\$ 1,526,293</u></u>	<u><u>\$ 4,348,894</u></u>

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended August 31, 2022

	Business-Type			Totals
	Electric Utility	Solid Waste	Storm Water Utility	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,019,746	\$ (5,883)	\$ 517,743	\$ 2,531,606
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	270,798	3,263	56,527	330,588
(Increase) decrease in accounts receivable	136,563	(111,066)	(23,037)	2,460
(Increase) decrease in prepaid items	16,661	0	0	16,661
(Increase) decrease in inventories	(116,051)	0	0	(116,051)
(Increase) decrease in net pension asset	(7,308)	0	(2,600)	(9,908)
(Increase) decrease in deferred outflows related to OPEB	235,324	0	58,729	294,053
(Increase) decrease in deferred outflows related to pension	21,964	0	940	22,904
Increase (decrease) in accounts payable	(38,083)	348,257	3,963	314,137
Increase (decrease) in intergovernmental payables	61,884	0	0	61,884
Increase (decrease) in unearned revenue	52,055	0	0	52,055
Increase (decrease) in deposits payable	105,898	(168)	0	105,730
Increase (decrease) in sales tax payable	14,376	0	0	14,376
Increase (decrease) in accrued payroll liabilities	(15,438)	(528)	8,211	(7,755)
Increase (decrease) in net OPEB liability	(189,533)	0	(107,479)	(297,012)
Increase (decrease) in deferred inflows related to pension	157,489	0	58,811	216,300
Increase (decrease) in deferred inflows related to OPEB	107,218	0	59,697	166,915
Increase (decrease) in net pension liability	(206,026)	0	(61,060)	(267,086)
Total adjustments	607,791	239,758	52,702	900,251
Net cash provided (used) by operating activities	\$ 2,627,537	\$ 233,875	\$ 570,445	\$ 3,431,857
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 1,947,764	\$ 673,969	\$ 1,526,293	\$ 4,148,026
Restricted assets				
Cash and cash equivalents	0	200,868	0	200,868
Total cash and cash equivalents	\$ 1,947,764	\$ 874,837	\$ 1,526,293	\$ 4,348,894

CITY OF NORCROSS, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2022

ASSETS	
Cash and cash equivalents	\$ <u>706,933</u>
LIABILITIES	
Due to others	<u>136,493</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ 570,440</u></u>

CITY OF NORCROSS, GEORGIA
MUNICIPAL COURT CUSTODIAL FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the fiscal year ended August 31, 2022

ADDITIONS	
Court fees collected for other agencies	\$ 1,181,136
Court individual cases	1,787,179
	2,968,315
Total additions	
	2,968,315
DEDUCTIONS	
Court fees distributed to other agencies	2,338,240
Payments to others	283,606
	2,621,846
Total deductions	
	2,621,846
Change in net position	346,469
Net position, October 1	223,971
	223,971
Net position, September 30	\$ 570,440

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

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, 2022

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 31st 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, 2022.

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, 2022

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, 2022

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

2017 SPLOST 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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022.

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, 2022

2. Summary of Significant Accounting Policies (continued)

I. Leases Receivable

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

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

J. 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.

K. 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.

L. 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.

M. 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.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

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

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

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:

	Useful Life in Years	Capitalization Threshold
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

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

2. Summary of Significant Accounting Policies (continued)

M. Capital Assets, continued

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.

N. 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 of 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, OPEB plan and long-term leases.

O. 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.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

2. Summary of Significant Accounting Policies (continued)

P. 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.

Q. 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.

R. 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.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

2. Summary of Significant Accounting Policies (continued)

S. 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.

T. 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.

U. 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, 2022 by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

2. Summary of Significant Accounting Policies (continued)

U. Fund Balances – Governmental Funds, continued

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.

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.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy but follows State of Georgia requirements that all deposits be federally insured or fully collateralized. At August 31, 2022, 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.

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.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

3. Deposit and Investment Risk (continued)

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, 2022, the average weighted maturity of the Intermediate, Intermediate Extended, and Short-term Portfolios were 36.5, 54.6, and 5.9 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, 2022, the City's balances in the Voluntary Flexible Operating Accounts were \$9,213,501 and in the Generation Trust Accounts were \$4,917,514.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

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, 2022, consist of the following:

Investment Type	Fair Value
Municipal Competitive Trust	
Short-term Portfolio	\$ 4,611,515
Intermediate Portfolio	4,586,608
Intermediate Extended Portfolio	4,932,892
Total Investments	\$ 14,131,015

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/S1 by Fitch. The weighted average maturity as of August 31, 2022, was 41 days. As of August 31, 2022, the City's balance in Georgia Fund 1 was \$50,311.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

4. Accounts Receivable

Net accounts receivable at August 31, 2022 consist of the following:

Primary Government:

Major Funds

General Fund		\$ 165,622
Enterprise Funds		
Electric Utility	2,822,665	
Less: Allowances for Uncollectibles	(16,764)	
Solid Waste	648,736	
Less: Allowances for Uncollectibles	(3,243)	
Storm Water Utility	315,394	
Less: Allowances for Uncollectibles	<u>(135,858)</u>	<u>3,630,930</u>
Total Primary Government		<u><u>\$ 3,796,552</u></u>

5. Intergovernmental Receivables

Intergovernmental receivables at August 31, 2022 consist of the following:

Primary Government:

Major Funds

General Fund		\$ 310,936
Confiscated Assets Fund		28,116
2017 SPLOST Fund		636,642
Nonmajor Governmental Funds		<u>70,000</u>
Total Primary Government		<u><u>\$ 1,045,694</u></u>

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

6. Taxes Receivable

Property Taxes

Property taxes receivable at August 31, 2022 consist of the following:

Year of Levy	Amount
2021	\$ 277,988
2020	12,146
2019	6,231
2018	22,202
2017	14,081
2016	18,752
2015	14,184
2014	8,839
2013	28,605
2012	21,619
	424,647
Less allowance for uncollectible	(163,396)
Total	\$ 261,251

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 2022, based upon the assessments of January 1, 2021, were billed on September 15, 2021, and due on November 15, 2021. Tax liens are issued 90 days after the due date. The tax rate of 6.749 mills was levied on August 1, 2021.

Other Taxes

\$8,408 of franchise taxes, \$126,359 of hotel/motel taxes, \$34,375 of alcohol excise taxes and \$9,131 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, 2022

7. Interfund Receivables and Payables

A summary of interfund receivables and payables is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	2017 SPLOST	\$ 140,693
Nonmajor Governmental	Confiscated Assets	154,892
2017 SPLOST	2017 Revenue Bond	1,522,268
Confiscated Assets	General	5,000
General	Nonmajor Governmental	2,656
Subtotal		<u><u>\$ 1,825,509</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, 2022.

8. Interfund Transfers

A summary of interfund transfers is as follows:

Transfer Out Fund	Transfer In Fund	Amount
Electric Utility	General	\$ 788,800
American Rescue Plan Act	Strom Water	623,062
Confiscated Assets	General	100,893
Nonmajor Governmental	General	429,266
2017 SPLOST	2017 Revenue Bond	1,536,187
General	Nonmajor Governmental	320,100
Subtotal		<u><u>\$ 3,798,308</u></u>

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

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

9. Capital Assets

Capital asset activity for the primary government for the year ended August 31, 2022 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Governmental activities				
Non-depreciable assets				
Land	\$ 20,255,576	\$ 0	\$ 0	\$ 20,255,576
Construction in progress	3,069,763	1,043,903	(3,242,690)	870,976
Total nondepreciable assets	<u>23,325,339</u>	<u>1,043,903</u>	<u>(3,242,690)</u>	<u>21,126,552</u>
Depreciable assets				
Buildings	12,954,694	0	0	12,954,694
Infrastructure	65,901,259	3,517,605	0	69,418,864
Vehicles and equipment	6,099,332	523,312	(317,192)	6,305,452
Furniture and fixtures	3,544,449	0	0	3,544,449
Intangible assets	340,396	0	0	340,396
Total depreciable assets	<u>88,840,130</u>	<u>4,040,917</u>	<u>(317,192)</u>	<u>92,563,855</u>
Accumulated depreciation				
Buildings	(4,779,948)	(278,420)	0	(5,058,368)
Infrastructure	(34,990,608)	(1,478,120)	0	(36,468,728)
Vehicles and equipment	(4,579,790)	(455,841)	270,539	(4,765,092)
Furniture and fixtures	(2,708,248)	(209,695)	0	(2,917,943)
Intangible assets	(188,063)	(23,773)	0	(211,836)
Total accumulated depreciation	<u>(47,246,657)</u>	<u>(2,445,849)</u>	<u>270,539</u>	<u>(49,421,967)</u>
Total depreciable assets, net	<u>41,593,473</u>	<u>1,595,068</u>	<u>(46,653)</u>	<u>43,141,888</u>
Governmental activities capital assets, net	<u>\$ 64,918,812</u>	<u>\$ 2,638,971</u>	<u>\$ (3,289,343)</u>	<u>\$ 64,268,440</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Construction in progress	2,128,318	644,965	(96,754)	2,676,529
Total non-depreciable assets	<u>2,129,318</u>	<u>644,965</u>	<u>(96,754)</u>	<u>2,677,529</u>
Depreciable assets				
Distribution system	13,956,352	186,993	0	14,143,345
Vehicles and equipment	1,680,392	305,188	0	1,985,580
Total depreciable assets	<u>15,636,744</u>	<u>492,181</u>	<u>0</u>	<u>16,128,925</u>
Accumulated depreciation				
Distribution system	(3,867,049)	(281,016)	0	(4,148,065)
Vehicles and equipment	(1,546,715)	(49,572)	0	(1,596,287)
Total accumulated depreciation	<u>(5,413,764)</u>	<u>(330,588)</u>	<u>0</u>	<u>(5,744,352)</u>
Total depreciable assets, net	<u>10,222,980</u>	<u>161,593</u>	<u>0</u>	<u>10,384,573</u>
Business-type activities capital assets, net	<u>\$ 12,352,298</u>	<u>\$ 806,558</u>	<u>\$ (96,754)</u>	<u>\$ 13,062,102</u>

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

9. Capital Assets (continued)

Decreases in governmental activities and business-type activities capital assets include \$3,242,690 and 96,754 of completed projects placed into service, respectively.

Beginning balances of governmental activities and business-type activities capital assets have been restated by \$539,426 and \$16,695, respectively.

Capital asset activity for the Downtown Development Authority Component Unit for fiscal year ending August 31, 2022 was as follows:

	<u>Balance Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Ending</u>
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Construction in progress	33,231	0	0	33,231
Total non-depreciable assets	<u>37,231</u>	<u>0</u>	<u>0</u>	<u>37,231</u>
Depreciable assets				
Buildings	104,055	0	0	104,055
Equipment	2,375	0	(2,375)	0
Infrastructure	7,049,264	0	0	7,049,264
Total depreciable assets	<u>7,155,694</u>	<u>0</u>	<u>(2,375)</u>	<u>7,153,319</u>
Accumulated depreciation				
Buildings	(6,830)	(2,081)	0	(8,911)
Equipment	(976)	(244)	1,219	(1)
Infrastructure	(150,440)	(140,985)	0	(291,425)
Total accumulated depreciation	<u>(158,246)</u>	<u>(143,310)</u>	<u>1,219</u>	<u>(300,337)</u>
Total depreciable assets, net	<u>6,997,448</u>	<u>(143,310)</u>	<u>(1,156)</u>	<u>6,852,982</u>
Downtown Development Authority capital assets, net	<u>\$ 7,034,679</u>	<u>\$ (143,310)</u>	<u>\$ (1,156)</u>	<u>\$ 6,890,213</u>

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$	369,192
Judicial		363
Public Safety		479,959
Public Works		1,241,238
Culture and Recreation		115,946
Housing and Development		239,151
		239,151

Total depreciation expense for governmental activities	\$	2,445,849
		2,445,849

Business-type activities

Electric Utility	\$	270,798
Solid Waste Utility		3,263
Storm Water Utility		56,527
		56,527

Total depreciation expense for business-type activities	\$	330,588
		330,588

DDA Component Unit

	\$	143,310
		143,310

CITY OF NORCROSS, GEORGIA
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For the fiscal year ended August 31, 2022

10. 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, 2022, the balance of the note receivable was \$120,000.

11. Leases Receivable

The Downtown Development Authority has entered into multiple leases as Lessor for the use of office/retail space. An initial lease receivable was recorded in the amount of \$165,930 at September 1, 2021 to implement GASB Statement No. 87, *Leases*. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term. There were three additional lease during the current year. At the end of the current year, the value of the lease receivable is \$183,558. The lessees are required to make monthly payments ranging from \$416 to \$3,161. The interest rates on the leases range from 0.337% to 1.932%. The value of the deferred inflow of resources at the end of the current year is \$183,558. The Authority recognized lease revenue of \$86,085 and interest revenue of \$1,277 on the leases during the current fiscal year.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

12. Long-Term Debt

Notes Payable

Governmental Activities

The City has entered into multiple leading agreements with Dell Technologies for technology equipment. These agreements bear various interest rates with monthly payments. The 2017 bond matures in April 2024. In an event of default, any outstanding principal and interest on the agreements may become immediately due and payable. These agreements are secured by equipment. At August 31, 2022, the balance of these agreements is \$22,551.

The City's debt service requirement to maturity is as follows:

Year Ending August 31,	Principal	Interest	Total
2023	\$ 21,176	\$ 676	\$ 21,852
2024	1,375	27	1,402
Totals	<u>\$ 22,551</u>	<u>\$ 703</u>	<u>\$ 23,254</u>

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, 2022, the balance of these bonds is \$1,535,000.

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

Year Ending August 31,	Principal	Interest	Total
2023	<u>\$ 1,535,000</u>	<u>\$ 26,402</u>	<u>\$ 1,561,402</u>

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

12. Long-Term Debt (continued)

Bonds from Direct Placements, continued

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 26 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, 2022, the Series 2020 Bond had a balance of \$9,360,000.

In conjunction with the issuance of the above bonds, the Authority entered into a parking easement agreement with the developer of the parking facility for the perpetual easement of parking spaces. The Authority holds title to the parking facility and has granted a perpetual easement to the developer. The developer will pay to the Authority an annual parking easement fee starting February 15, 2021 and continuing into perpetuity. The current annual payment amount is \$609,996 to continue until January 15, 2044 and then \$120,000 annually from that date forward.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

12. 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:

Year Ending August 31,	Principal	Interest	Total
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	345,000	232,829	577,829
2028-2032	1,895,000	1,001,894	2,896,894
2033-2037	2,190,000	701,068	2,891,068
2038-2042	2,525,000	354,369	2,879,369
2043-2044	1,110,000	33,040	1,143,040
Totals	<u>\$ 9,360,000</u>	<u>\$ 3,352,529</u>	<u>\$ 12,712,529</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 3rd 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. The contract payable was paid in full during the current fiscal year.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

13. 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, 2022:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Governmental activities					
Notes payable	\$ 137,629	\$ 0	\$ (115,078)	\$ 22,551	\$ 21,176
Bonds from direct placements	3,045,000	0	(1,510,000)	1,535,000	1,535,000
Contracts payable	100,893	0	(100,893)	0	0
Compensated absences	259,389	314,011	(259,389)	314,011	314,011
Total Governmental Activities	<u>\$ 3,542,911</u>	<u>\$ 314,011</u>	<u>\$ (1,985,360)</u>	<u>\$ 1,871,562</u>	<u>\$ 1,870,187</u>
Business-type activities					
Compensated absences	<u>\$ 30,184</u>	<u>\$ 27,307</u>	<u>\$ (30,184)</u>	<u>\$ 27,307</u>	<u>\$ 27,307</u>
Downtown Development Authority Component Unit					
Bonds from direct placements	<u>\$ 9,665,000</u>	<u>\$ 0</u>	<u>\$ (305,000)</u>	<u>\$ 9,360,000</u>	<u>\$ 310,000</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 \$50,166 and \$330,587, respectively.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

14. 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, 2022:

	General Fund	Confiscated Assets Fund	2017 SPLOST Fund	2017 Revenue Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:						
General Government						
Technology equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 165,059	\$ 165,059
Public Safety						
Police department vehicles and equipment	0	5,297,357	0	0	37,543	5,334,900
Public Works						
Unspent LMIG proceeds	275,883	0	0	0	0	275,883
Housing and Development						
Trade and tourism	0	0	0	0	495,977	495,977
Capital projects	0	0	4,374,562	1,609,290	1,675,885	7,659,737
	<u>\$ 275,883</u>	<u>\$ 5,297,357</u>	<u>\$ 4,374,562</u>	<u>\$ 1,609,290</u>	<u>\$ 2,374,464</u>	<u>\$ 13,931,556</u>
Assigned for:						
Housing and Development						
Trade and tourism	\$ 0	\$ 0	\$ 0	\$ 0	\$ 646,860	\$ 646,860
Capital projects	1,000,000	0	0	0	54,241	1,054,241
	<u>\$ 1,000,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 701,101</u>	<u>\$ 1,701,101</u>

15. Intradepartmental Billings

Total operating revenues and total operating expenses in the General Fund, Electric Utility Enterprise Fund, and Solid Waste Enterprise Fund include \$337,149 of intradepartmental billings for electricity and sanitation usage.

16. 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
For the fiscal year ended August 31, 2022

16. 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, 2022, the date of the most recent actuarial valuation, there were 199 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	43
Terminated vested participants entitled to but not yet receiving benefits	65
Active participants	105
Total number of participants	213

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
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

16. 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, 2022 was \$512,575, or 7.79% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At August 31, 2022, the City reported a net pension asset of \$74,724. The net pension asset was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. For the fiscal year ended August 31, 2022, the City recognized pension expense of \$94,202. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

At August 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 451,158	\$ (216,407)
Changes of assumptions	11,367	0
Difference between projected and actual earnings on pension plan investments (net)	0	(1,870,699)
City contributions subsequent to the measurement date	495,378	0
Totals	<u>\$ 957,903</u>	<u>\$ (2,087,106)</u>

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

16. Pension Plan (continued)

The \$495,378 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Ending August 31	
2023	\$ (345,357)
2024	(399,921)
2025	(422,436)
2026	<u>(456,867)</u>
Totals	<u>\$ (1,624,581)</u>

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

Inflation	2.25%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	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, 2022 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
For the fiscal year ended August 31, 2022

16. 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%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
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
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

16. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/2020	\$ 15,743,224	\$ 13,608,243	\$ 2,134,981
Changes for the year:			
Service cost	353,357	0	353,357
Interest	1,159,754	0	1,159,754
Differences between expected and actual experience	28,916	0	28,916
Contributions—employer	0	400,836	(400,836)
Contributions—employee	0	108,664	(108,664)
Net investment income	0	3,278,039	(3,278,039)
Benefit payments, including refunds of employee contributions	(742,201)	(742,201)	0
Administrative expense	0	(35,807)	35,807
Net changes	799,826	3,009,531	(2,209,705)
Balances at 9/30/2021	\$ 16,543,050	\$ 16,617,774	\$ (74,724)

Plan's fiduciary net position as a percentage of the total pension liability	100.45%
Covered payroll	\$ 5,771,278
Net pension liability as a percentage of covered payroll	-1.29%

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:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.375%	\$ 2,048,138
Current discount rate	7.375%	(74,724)
1% increase	8.375%	(1,829,369)

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

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

CITY OF NORCROSS, GEORGIA
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For the fiscal year ended August 31, 2022

17. 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, 2022, the City contributed \$124,548 to the plans based on covered salaries of \$3,499,850. Plan members made voluntary contributions of \$306,637 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
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18. 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, 2021, the date of the most recent submission of Plan membership, the participants consisted of the following:

Current retirees, beneficiaries, and dependents	24
Current active participants	110
Terminated participants entitled but not yet eligible	0
Total number of participants	134

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. During 2022, but after the OPEB Plan’s measurement date, the City ended the eligibility for new hired employees and established a plan to increase retiree contributions for benefits.

Contributions. During 2022, but after the OPEB Plan’s measurement date, the City established an irrevocable trust and contributed \$1,000,000. The City’s contribution for the fiscal year ended August 31, 2022 was \$197,127, or 3.68% 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
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For the fiscal year ended August 31, 2022

18. 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, 2022, the City reported a net OPEB liability of \$16,698,095. The net OPEB liability was measured as of August 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined from actuarial valuations using data as of July 1, 2021. For the fiscal year ended August 31, 2022, the City recognized OPEB expense of \$1,888,991. For the Governmental Activities, the net OPEB Liability is liquidated by the General Fund.

The components of the net OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 8/31/2020	\$ 17,576,128	\$ 0	\$ 17,576,128
Changes for the year:			
Service cost	1,002,490	0	1,002,490
Interest	406,573	0	406,573
Change in benefit terms	(110,717)	0	(110,717)
Differences between expected and actual experience	(1,596,260)	0	(1,596,260)
Contributions—employer	0	197,127	(197,127)
Changes in assumptions	(382,992)	0	(382,992)
Benefit payments, including refunds of member contributions	(197,127)	(197,127)	0
Net changes	(878,033)	0	(878,033)
Balances at 8/31/2021	\$ 16,698,095	\$ 0	\$ 16,698,095

Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	\$ 5,359,495
Plan net OPEB liability as a percentage of covered employee payroll	311.56%

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

18. Post-Employment Benefits Other Than Pensions (continued)

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 3,311,410	\$ (678,506)
Difference between expected and actual experience in the total OPEB liability	1,669,084	(1,452,479)
Changes in participant fund allocation	117,147	(117,147)
Contributions subsequent to the measurement date	1,000,000	0
Totals	\$ 6,097,641	\$ (2,248,132)

The \$1,000,000 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, 2023. 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:

Year Ending August 31		
2023	\$	590,647
2024		766,264
2025		895,698
2026		895,698
2027		(16,048)
Thereafter		(282,750)
Totals	\$	2,849,509

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

18. Post-Employment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB liability was measured as of August 31, 2021 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	2.14%
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 2031. Dental rate: 4.00%
Mortality Rates	Sex-Distinct Pri-2012 head-count weighted Tables with adjustments and mortality improvements from 2012.

The actuarial assumptions used in the August 31, 2022 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 2.14%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of August 31, 2021.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

18. Post-Employment Benefits Other Than Pensions (continued)

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	1.14%	\$ 20,115,928
Current discount rate	2.14%	16,698,095
1% increase	3.14%	14,009,244
<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 13,759,898
Current discount rate		16,698,095
1% increase		20,524,700

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.

19. 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 \$1,043,583 for the current fiscal year. Expenditures for the current fiscal year totaled \$596,333. As required by O.C.G.A 48-13-51, at least \$447,280 (42.86%) was expended for the promotion of tourism, conventions, and trade shows and \$149,024 (14.28%) was expended for tourism product development. \$424,500 was transferred as unrestricted to the General Fund.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

20. 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, 2022, 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.

21. 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.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

22. 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.

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, 2022, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

23. 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 2022, 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 \$8,027,084 from MEAG during the fiscal year ended August 31, 2022. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply.

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

The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. At the end of the current fiscal year, the balance in this account was \$9,213,501. 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 \$4,917,514. This amount is included in restricted investments in the Electric Utility Fund.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

23. Commitments and Contingencies (continued)

Commitments, continued

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

As of August 31, 2022, contractual commitments on uncompleted contracts were \$5,352,120.

Contingencies

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

24. Tax Abatements

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

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

24. Tax Abatements (continued)

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

The following incentive exists for the City:

<u>Purpose</u>	<u>% Abated</u>	<u>Current Year \$ Abated</u>
Manufacturing jobs	10%	<u>60,161</u>

25. 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.

26. 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.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

26. Nonexchange Financial Guarantee (continued)

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 12), 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.

27. New Accounting Standards

In conjunction with the implementation of GASB Statement No. 87, *Leases*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2021. There was no effect to the City's financial statements for this implementation. See Note 29 for effect of this implementation for the Downtown Development Authority component unit.

28. Changes in Beginning Balances

Downtown Development Authority

To implement GASB Statement No. 87, *Leases*, the City recorded an initial lease receivable and related deferred inflow of resources in the amount of \$165,930 at July 1, 2021. This adjustment had no effect on beginning fund balance.

Governmental Activities

A restatement of beginning capital assets were made that decreased net assets in the amount of \$539,426 to correct prior year accumulated depreciation.

Business-Type Activities

A restatement of beginning capital assets were made that decreased net assets in the amount of \$10,691 for the Electric Utility Fund and \$6,004 for the Storm Water Fund to correct prior year accumulated depreciation.

CITY OF NORCROSS, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
For the fiscal year ended August 31, 2022

28. Changes in Beginning Balances (continued)

Business-Type Activities, continued

A restatement of beginning accounts receivable were made that decreased net assets in the amount of \$683,701 for the Storm Water Utility Fund and increased net assets in the amount of \$195,863 for the Solid Waste Fund.

The net of these restatements decreased beginning net assets for the business-type activities in the amount of \$504,533.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORCROSS, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
August 31, 2022
(Unaudited)

	Fiscal Year End		
	2022	2021	2020
Total pension liability			
Service cost	\$ 353,357	\$ 315,906	\$ 337,236
Interest	1,159,754	1,072,813	1,069,088
Differences between expected and actual experience	28,916	417,458	(541,015)
Changes of assumptions	0	0	24,629
Changes of benefits terms	0	0	0
Benefit payments, including refunds of employee contributions	(742,201)	(587,339)	(565,654)
Other changes	0	0	0
Net change in total pension liability	799,826	1,218,838	324,284
Total pension liability - beginning	15,743,225	14,524,387	14,200,103
Total pension liability - ending (a)	\$ 16,543,051	\$ 15,743,225	\$ 14,524,387
Plan fiduciary net position			
Contributions - employer	\$ 400,836	\$ 555,093	\$ 486,235
Contributions - employee	108,664	104,338	97,762
Net investment income	3,278,039	1,195,427	362,245
Benefit payments, including refunds of employee contributions	(742,201)	(587,339)	(565,654)
Administrative expense	(35,807)	(32,090)	(30,423)
Net change in total pension liability	3,009,531	1,235,429	350,165
Plan fiduciary net position - beginning	13,608,244	12,372,815	12,022,650
Plan fiduciary net position - ending (b)	\$ 16,617,775	\$ 13,608,244	\$ 12,372,815
Net pension liability (asset) - ending : (a) - (b)	\$ (74,724)	\$ 2,134,981	\$ 2,151,572
Plan's fiduciary net position as a percentage of the total pension liability	100.45%	86.44%	85.19%
Covered payroll	\$ 5,771,278	\$ 5,840,999	\$ 5,853,882
Net pension liability as a percentage of covered payroll	-1.29%	36.55%	36.75%

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

Fiscal Year End

	2019	2018	2017	2016	2015
\$	164,741	\$ 326,020	\$ 303,187	\$ 261,349	\$ 311,706
	503,420	910,650	876,775	825,040	793,291
	321,430	825,660	(248,867)	49,762	(234,843)
	0	15,146	0	0	0
	0	(95,637)	0	0	0
	(263,275)	(516,757)	(471,229)	(465,976)	(459,675)
	0	0	0	0	2,333
	726,316	1,465,082	459,866	670,175	412,812
	13,473,787	12,008,705	11,548,839	10,878,664	10,465,852
\$	14,200,103	\$ 13,473,787	\$ 12,008,705	\$ 11,548,839	\$ 10,878,664
\$	219,585	\$ 497,740	\$ 675,679	\$ 426,124	\$ 563,073
	44,865	81,838	66,757	52,468	45,321
	571,217	1,264,471	1,126,953	27,244	764,683
	(263,275)	(516,757)	(471,229)	(465,976)	(459,675)
	(16,379)	(29,513)	(29,780)	(17,370)	(14,733)
	556,013	1,297,779	1,368,380	22,490	898,669
	11,466,637	10,168,858	8,800,478	8,777,988	7,879,319
\$	12,022,650	\$ 11,466,637	\$ 10,168,858	\$ 8,800,478	\$ 8,777,988
\$	2,177,453	\$ 2,007,150	\$ 1,839,847	\$ 2,748,361	\$ 2,100,676
	84.67%	85.10%	84.68%	76.20%	80.69%
\$	6,168,363	\$ 5,836,525	\$ 5,024,965	\$ 4,694,327	\$ 4,403,174
	35.30%	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, 2022
(Unaudited)

	Fiscal Year End		
	2022	2021	2020
Actuarially determined contribution	\$ 512,575	\$ 540,411	\$ 476,420
Contributions in relation to the actuarially determined contribution	<u>(512,575)</u>	<u>(540,411)</u>	<u>(476,420)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 6,582,034	\$ 6,327,343	\$ 6,311,404
Contributions as a percentage of covered payroll	7.79%	8.54%	7.55%

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

Fiscal Year End

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 582,360	\$ 534,188	\$ 514,845	\$ 484,598	\$ 557,197
<u>(582,360)</u>	<u>(534,188)</u>	<u>(514,845)</u>	<u>(532,037)</u>	<u>(667,308)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (47,439)</u>	<u>\$ (110,111)</u>
\$ 6,273,183	\$ 5,817,853	\$ 5,561,334	\$ 5,028,974	\$ 4,836,831
9.28%	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, 2022
(Unaudited)

	Fiscal Year End	
	2022	2021
Total OPEB liability		
Service cost	\$ 1,002,490	\$ 829,277
Interest	406,573	458,421
Change of benefit terms	(110,717)	0
Differences between expected and actual experience	(1,596,260)	51,640
Changes in assumptions	(382,992)	1,815,279
Benefit payments, including refunds of member contributions	(197,127)	(365,856)
Net change in total OPEB liability	(878,033)	2,788,761
Total OPEB liability - beginning	17,576,128	14,787,367
Total OPEB liability - ending (a)	\$ 16,698,095	\$ 17,576,128
Plan fiduciary net position		
Contributions - employer	\$ 197,127	\$ 365,856
Benefit payments, including refunds of member contributions	(197,127)	(365,856)
Net change in plan fiduciary net position	0	0
Plan fiduciary net position - beginning	0	0
Plan fiduciary net position - ending (b)	\$ 0	\$ 0
Net OPEB liability (asset) - ending : (a) - (b)	\$ 16,698,095	\$ 17,576,128
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 5,359,495	\$ 5,985,594
Plan net OPEB liability as a percentage of covered employee payroll	311.56%	293.64%

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

Fiscal Year End

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 218,412	\$ 250,627	\$ 305,217
330,584	310,540	272,234
(124,555)	0	0
2,856,353	(236,936)	(31,671)
3,525,864	(539,668)	(1,022,025)
<u>(297,900)</u>	<u>(205,213)</u>	<u>(209,992)</u>
6,508,758	(420,650)	(686,237)
<u>8,278,609</u>	<u>8,699,259</u>	<u>9,385,496</u>
<u>\$ 14,787,367</u>	<u>\$ 8,278,609</u>	<u>\$ 8,699,259</u>
\$ 297,900	\$ 205,213	\$ 209,992
<u>(297,900)</u>	<u>(205,213)</u>	<u>(209,992)</u>
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 14,787,367</u>	<u>\$ 8,278,609</u>	<u>\$ 8,699,259</u>
0.00%	0.00%	0.00%
\$ 5,853,882	\$ 5,052,184	\$ 5,052,184
252.61%	163.86%	172.19%

See accompanying notes to the required supplementary information.

CITY OF NORCROSS, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended August 31, 2022

Pension Plan

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending August 31, 2023.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 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, 2022

Pension Plan (continued)

3. Changes in Benefits

There have been no changes in benefits in the last two fiscal years.

4. Changes of Assumptions

There have been no changes in assumptions in the last two fiscal years.

OPEB Plan

1. Valuation Date

The actuarial valuation date was August 31, 2021, for the August 31, 2022 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

- Deductibles for buy-up plan increased from \$1,000/\$2,000 for individual / family to \$1,500/\$3,000.
- OOP Maximum increased from \$6,350/\$12,700 to \$6,500/\$13,000.
- Copays for prescription drugs increased from \$5/\$25/\$50 for generic / formulary brand / nonformulary brand to \$10/\$35/\$70.

CITY OF NORCROSS, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended August 31, 2022

OPEB Plan (continued)

4. Changes of Assumptions

- Per capita health costs and trend rates were updated to reflect the most recent claims experience and future expectations.
- The discount rate from the Bond Buyer 20-Bond GO Index for August 31, 2021 was 2.14%. For August 31, 2020 it was 2.20%.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NORCROSS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2022

	Special Revenue			
	Hotel/Motel Tax	Federal Seized Drug	Technology Surcharges	Rental Motor Vehicle Excise Tax
ASSETS				
Cash and cash equivalents	\$ 851,893	\$ 37,699	\$ 176,582	\$ 334,454
Receivables (net)				
Taxes receivable	126,359	0	0	9,131
Intergovernmental	0	0	0	0
Due from other funds	0	2,500	0	152,392
Total assets	\$ 978,252	\$ 40,199	\$ 176,582	\$ 495,977
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 313,991	\$ 0	\$ 11,523	\$ 0
Accrued salaries and payroll liabilities	9,401	0	0	0
Unearned revenue	8,000	0	0	0
Due to other funds	0	2,656	0	0
Total liabilities	331,392	2,656	11,523	0
Fund balances				
Restricted for:				
General Government	0	0	165,059	0
Public Safety	0	37,543	0	0
Housing and Development	0	0	0	495,977
Capital Outlay	0	0	0	0
Assigned for:				
Capital Outlay	0	0	0	0
Housing and Development	646,860	0	0	0
Total fund balances	646,860	37,543	165,059	495,977
Total liabilities and fund balances	\$ 978,252	\$ 40,199	\$ 176,582	\$ 495,977

Capital Projects			Total Nonmajor Governmental Funds
Capital Projects	2009 SPLOST	2014 SPLOST	
\$ 16,568	\$ 10,537	\$ 1,532,262	\$ 2,959,995
0	0	0	135,490
70,000	0	0	70,000
0	0	140,693	295,585
<u>\$ 86,568</u>	<u>\$ 10,537</u>	<u>\$ 1,672,955</u>	<u>\$ 3,461,070</u>
\$ 32,327	\$ 0	\$ 7,607	\$ 365,448
0	0	0	9,401
0	0	0	8,000
0	0	0	2,656
<u>32,327</u>	<u>0</u>	<u>7,607</u>	<u>385,505</u>
0	0	0	165,059
0	0	0	37,543
0	0	0	495,977
0	10,537	1,665,348	1,675,885
54,241	0	0	54,241
0	0	0	646,860
<u>54,241</u>	<u>10,537</u>	<u>1,665,348</u>	<u>3,075,565</u>
<u>\$ 86,568</u>	<u>\$ 10,537</u>	<u>\$ 1,672,955</u>	<u>\$ 3,461,070</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, 2022

	Special Revenue			
	Hotel/Motel Tax	Federal Seized Drug	Technology Surcharges	Rental Motor Vehicle Excise Tax
REVENUES				
Taxes	\$ 1,043,583	\$ 0	\$ 0	\$ 115,226
Fees, fines, and forfeitures	0	32,511	82,286	0
Intergovernmental	0	0	0	0
Interest	0	1	0	0
Total revenues	<u>1,043,583</u>	<u>32,512</u>	<u>82,286</u>	<u>115,226</u>
EXPENDITURES				
Current				
General Government	0	0	76,417	0
Judicial	0	0	0	0
Public Safety	0	2,733	0	0
Public Works	0	0	0	0
Housing and Development	596,333	0	0	56,881
Capital outlay	0	0	0	0
Total expenditures	<u>596,333</u>	<u>2,733</u>	<u>76,417</u>	<u>56,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>447,250</u>	<u>29,779</u>	<u>5,869</u>	<u>58,345</u>
Other financing sources (uses)				
Transfers in	0	0	0	0
Transfers out	(424,500)	0	0	(4,656)
Total other financing sources (uses)	<u>(424,500)</u>	<u>0</u>	<u>0</u>	<u>(4,656)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	22,750	29,779	5,869	53,689
Fund balances, September 1	<u>624,110</u>	<u>7,764</u>	<u>159,190</u>	<u>442,288</u>
Fund balances, August 31	<u><u>\$ 646,860</u></u>	<u><u>\$ 37,543</u></u>	<u><u>\$ 165,059</u></u>	<u><u>\$ 495,977</u></u>

<u>Capital Projects</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Capital Projects</u>	<u>2009 SPLOST</u>	<u>2014 SPLOST</u>	
\$ 0	\$ 0	\$ 0	\$ 1,158,809
0	0	0	114,797
70,000	0	0	70,000
0	1	73	75
<u>70,000</u>	<u>1</u>	<u>73</u>	<u>1,343,681</u>
62,110	0	0	138,527
43,895	0	0	43,895
0	0	0	2,733
229,744	0	0	229,744
0	0	0	653,214
0	0	50,409	50,409
<u>335,749</u>	<u>0</u>	<u>50,409</u>	<u>1,118,522</u>
<u>(265,749)</u>	<u>1</u>	<u>(50,336)</u>	<u>225,159</u>
320,100	0	0	320,100
(110)	0	0	(429,266)
<u>319,990</u>	<u>0</u>	<u>0</u>	<u>(109,166)</u>
54,241	1	(50,336)	115,993
0	10,536	1,715,684	2,959,572
<u>\$ 54,241</u>	<u>\$ 10,537</u>	<u>\$ 1,665,348</u>	<u>\$ 3,075,565</u>

**CITY OF NORCROSS, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021**

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 11,143,148	\$ 11,845,219
Receivables (net)		
Accounts	165,622	5,037
Taxes	304,034	268,851
Intergovernmental	310,936	63,872
Interest	0	157
Prepaid items	338,020	124,163
Due from other funds	2,656	2,656
Total assets	\$ 12,264,416	\$ 12,309,955
 LIABILITIES		
Accounts payable	\$ 432,561	\$ 597,871
Due to other funds	5,000	0
Accrued salaries and payroll liabilities	322,399	215,564
Unearned revenue	10,486	90,304
Other liabilities	369,665	337,518
Total liabilities	1,140,111	1,241,257
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	200,178	118,412
 FUND BALANCES		
Restricted for public works	275,883	371,477
Nonspendable prepaid items	338,020	124,163
Assigned for:		
Capital outlay	1,000,000	1,000,000
Subsequent year's budget	0	500,000
Unassigned	9,310,224	8,954,646
Total fund balances	10,924,127	10,950,286
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,264,416	\$ 12,309,955

CITY OF NORCROSS, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Taxes	\$ 11,128,269	\$ 10,736,051
Licenses and permits	782,675	623,545
Fines, fees and forfeitures	1,513,611	1,219,616
Charges for services	360,375	75,805
Intergovernmental	732,750	3,088,275
Interest	5,632	10,920
Contributions	7,149	17,425
Other	238,854	129,481
	<u>14,769,315</u>	<u>15,901,118</u>
Total revenues		
EXPENDITURES		
Current		
General Government	4,616,995	2,901,130
Judicial	472,546	395,341
Public Safety	6,319,075	6,313,872
Public Works	2,334,397	2,147,960
Culture and Recreation	961,682	804,951
Housing and Development	995,473	915,138
	<u>15,700,168</u>	<u>13,478,392</u>
Total Current		
Debt Service		
General Government	119,362	129,988
Public Safety	100,893	192,512
	<u>220,255</u>	<u>322,500</u>
Total Debt Service		
Total expenditures	<u>15,920,423</u>	<u>13,800,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,151,108)</u>	<u>2,100,226</u>
Other financing sources (uses)		
Transfers in	1,318,959	538,840
Transfers out	(320,100)	0
Sale of capital assets	126,090	41,767
	<u>1,124,949</u>	<u>580,607</u>
Total other financing sources (uses)		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(26,159)	2,680,833
Fund balances, September 1	<u>10,950,286</u>	<u>8,269,453</u>
Fund balances, August 31	<u><u>\$ 10,924,127</u></u>	<u><u>\$ 10,950,286</u></u>

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 7,312,000	\$ 7,078,847	\$ (233,153)	\$ 6,834,691
Motor vehicle tax	805,400	843,871	38,471	789,639
Cost, penalties, and interest	18,900	17,886	(1,014)	9,694
Total general property taxes	8,136,300	7,940,604	(195,696)	7,634,024
Intangible tax	128,400	121,614	(6,786)	140,950
Real estate transfer tax	106,200	104,811	(1,389)	88,366
Franchise tax	993,200	977,263	(15,937)	919,500
Insurance premium tax	1,240,500	1,240,465	(35)	1,200,817
Occupational tax	330,800	358,246	27,446	376,457
Alcoholic beverage excise tax	368,300	385,266	16,966	375,937
Total taxes	11,303,700	11,128,269	(175,431)	10,736,051
Licenses and permits				
Alcohol licenses	146,400	147,963	1,563	153,325
Building permits	662,900	625,479	(37,421)	455,476
Other permits	8,600	9,233	633	14,744
Total licenses and permits	817,900	782,675	(35,225)	623,545
Fines, fees and forfeitures	1,476,300	1,513,611	37,311	1,219,616
Charges for services	158,600	360,375	201,775	75,805
Intergovernmental	428,600	732,750	304,150	3,088,275
Interest	3,700	5,632	1,932	10,920
Contributions	0	7,149	7,149	17,425
Other	381,500	238,854	(142,646)	129,481
Total revenues	<u>\$ 14,570,300</u>	<u>\$ 14,769,315</u>	<u>\$ 199,015</u>	<u>\$ 15,901,118</u>

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	2022			2021
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Governing Body				
Personal services	\$ 123,700	\$ 85,996	\$ 37,704	\$ 103,572
Contract services	332,600	313,765	18,835	395,385
Supplies and materials	2,000	2,865	(865)	1,035
Total Governing Body	<u>458,300</u>	<u>402,626</u>	<u>55,674</u>	<u>499,992</u>
Administration				
Personal services	1,419,700	1,590,689	(170,989)	474,043
Contract services	483,100	333,002	150,098	159,125
Supplies and materials	3,300	6,652	(3,352)	8,719
Total Administration	<u>1,906,100</u>	<u>1,930,343</u>	<u>(24,243)</u>	<u>641,887</u>
City Clerk				
Personal services	190,600	177,851	12,749	180,076
Contract services	30,400	31,684	(1,284)	27,391
Supplies and materials	18,600	16,950	1,650	6,695
Total City Clerk	<u>239,600</u>	<u>226,485</u>	<u>13,115</u>	<u>214,162</u>
Chief Executive				
Personal services	327,900	324,395	3,505	206,663
Contract services	105,669	105,669	0	67,765
Supplies and materials	2,400	2,709	(309)	7,609
Total Chief Executive	<u>435,969</u>	<u>432,773</u>	<u>3,196</u>	<u>282,037</u>
Information Technology				
Personal services	291,100	279,738	11,362	174,903
Contract services	974,776	967,346	7,430	813,127
Supplies and materials	92,700	111,164	(18,464)	85,743
Total Information Technology	<u>1,358,576</u>	<u>1,358,248</u>	<u>328</u>	<u>1,073,773</u>
Human Resources				
Personal services	195,700	194,074	1,626	115,290
Contract services	84,600	68,969	15,631	72,006
Supplies and materials	2,500	3,477	(977)	1,983
Total Human Resources	<u>282,800</u>	<u>266,520</u>	<u>16,280</u>	<u>189,279</u>
Total General Government	<u>4,681,345</u>	<u>4,616,995</u>	<u>64,350</u>	<u>2,901,130</u>

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	2022			2021
	Final Budget	Actual	Variance	Actual
Judicial				
Municipal Court				
Personal services	\$ 325,900	\$ 318,858	\$ 7,042	\$ 245,171
Contract services	148,600	143,224	5,376	144,774
Supplies and materials	14,000	10,464	3,536	5,396
Total Judicial	488,500	472,546	15,954	395,341
Public Safety				
Police				
Personal services	5,208,400	4,969,993	238,407	4,524,791
Contract services	397,000	371,240	25,760	332,319
Supplies and materials	298,700	297,379	1,321	314,448
Capital outlay	36,200	35,500	700	469,352
Total Police	5,940,300	5,674,112	266,188	5,640,910
E-911 Communications				
Personal services	589,200	529,807	59,393	530,059
Contract services	111,000	112,612	(1,612)	139,629
Supplies and materials	1,700	2,544	(844)	3,274
Total E-911 Communications	701,900	644,963	56,937	672,962
Total Public Safety	6,642,200	6,319,075	323,125	6,313,872
Public Works				
Public Works Administration				
Personal services	670,400	620,754	49,646	611,331
Contract services	1,142,100	1,071,624	70,476	1,119,685
Supplies and materials	309,800	367,106	(57,306)	394,246
Capital outlay	270,000	274,913	(4,913)	22,698
Total Public Works Administration	2,392,300	2,334,397	57,903	2,147,960
Culture and Recreation				
Parks and Recreation				
Personal services	451,400	431,598	19,802	347,310
Contract services	471,700	426,046	45,654	308,937
Supplies and materials	74,700	101,070	(26,370)	98,704
Capital outlay	3,000	2,968	32	50,000
Total Culture and Recreation	1,000,800	961,682	39,118	804,951

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	2022			2021
	Final Budget	Actual	Variance	Actual
Housing and Development				
Community Development				
Personal services	\$ 505,300	\$ 468,433	\$ 36,867	\$ 342,973
Contract services	237,000	231,396	5,604	396,168
Supplies and materials	3,800	4,223	(423)	3,102
Total Community Development	<u>746,100</u>	<u>704,052</u>	<u>42,048</u>	<u>742,243</u>
Economic Development				
Personal services	213,400	202,811	10,589	121,976
Contract services	100,400	88,424	11,976	50,498
Supplies and materials	100	186	(86)	421
Total Economic Development	<u>313,900</u>	<u>291,421</u>	<u>22,479</u>	<u>172,895</u>
Total Housing and Development	<u>1,060,000</u>	<u>995,473</u>	<u>64,527</u>	<u>915,138</u>
Total Current	<u>16,265,145</u>	<u>15,700,168</u>	<u>564,977</u>	<u>13,478,392</u>
Debt Service				
General Government				
Information Technology	119,362	119,362	0	129,988
Public Safety				
E-911 Communications	100,893	100,893	0	192,512
Total Debt Service	<u>220,255</u>	<u>220,255</u>	<u>0</u>	<u>322,500</u>
Total expenditures	<u>\$ 16,485,400</u>	<u>\$ 15,920,423</u>	<u>\$ 564,977</u>	<u>\$ 13,800,892</u>

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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, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 5,250,457	\$ 2,855,389
Fines receivable	375,459	551,007
Intergovernmental receivable	28,116	0
Due from other funds	5,000	0
Total assets	\$ 5,659,032	\$ 3,406,396
LIABILITIES		
Accounts payable	\$ 101,236	\$ 950
Other liabilities	105,547	108,851
Due to other funds	154,892	2,500
Total liabilities	361,675	112,301
FUND BALANCES		
Restricted for Public Safety	5,297,357	3,294,095
Total liabilities and fund balances	\$ 5,659,032	\$ 3,406,396

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, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	2022			2021
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 38,000	\$ 37,486	\$ (514)	\$ 0
Fines and forfeitures	4,532,800	4,161,987	(370,813)	5,229,472
Interest	300	407	107	118
Total revenues	4,571,100	4,199,880	(371,220)	5,229,590
EXPENDITURES				
Current				
Public Safety				
Contract services	2,076,592	1,514,687	561,905	1,580,460
Supplies and materials	1,775,100	207,319	1,567,781	61,761
Capital outlay	719,408	373,719	345,689	309,809
Total expenditures	4,571,100	2,095,725	2,475,375	1,952,030
Excess (deficiency) of revenues over (under) expenditures	0	2,104,155	2,104,155	3,277,560
Other financing sources (uses)				
Transfers out	0	(100,893)	100,893	(5,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	0	2,003,262	2,003,262	3,272,560
Fund balances, September 1	0	3,294,095	3,294,095	21,535
Fund balances, August 31	\$ 0	\$ 5,297,357	\$ 5,297,357	\$ 3,294,095

CITY OF NORCROSS, GEORGIA
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 5,714,774	\$ 3,098,028
LIABILITIES		
Accounts payable	\$ 242,942	\$ 0
Retainages payable	62,306	0
Unearned revenue	5,409,526	3,098,028
Total liabilities	\$ 5,714,774	\$ 3,098,028

CITY OF NORCROSS, GEORGIA
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended August 31, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Intergovernmental	\$ 750,000	\$ 786,530	\$ 36,530	\$ 0
Total revenues	<u>750,000</u>	<u>786,530</u>	<u>36,530</u>	<u>0</u>
EXPENDITURES				
Current				
General Government				
Payment to others	750,000	163,468	586,532	0
Total expenditures	<u>750,000</u>	<u>163,468</u>	<u>586,532</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	623,062	623,062	0
Other financing sources (uses)				
Transfers out	0	(623,062)	(623,062)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, September 1	0	0	0	0
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NORCROSS, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 851,893	\$ 699,497
Taxes receivable	126,359	95,055
Total assets	\$ 978,252	\$ 794,552
LIABILITIES		
Accounts payable	\$ 313,991	\$ 159,720
Accrued salaries and payroll liabilities	9,401	2,722
Unearned revenue	8,000	8,000
Total liabilities	331,392	170,442
FUND BALANCES		
Assigned for Housing and Development	646,860	624,110
Total liabilities and fund balances	\$ 978,252	\$ 794,552

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, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	2022			2021
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	\$ 990,700	\$ 1,043,583	\$ 52,883	\$ 736,699
Total revenues	<u>990,700</u>	<u>1,043,583</u>	<u>52,883</u>	<u>736,699</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	0	0	0	107,900
Contract services	566,200	596,333	(30,133)	423,078
Total expenditures	<u>566,200</u>	<u>596,333</u>	<u>(30,133)</u>	<u>530,978</u>
Excess (deficiency) of revenues over (under) expenditures	424,500	447,250	22,750	205,721
Other financing sources (uses)				
Transfers out	(424,500)	(424,500)	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	22,750	22,750	205,721
Fund balances, September 1	<u>0</u>	<u>624,110</u>	<u>624,110</u>	<u>418,389</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 646,860</u></u>	<u><u>\$ 646,860</u></u>	<u><u>\$ 624,110</u></u>

CITY OF NORCROSS, GEORGIA
FEDERAL SEIZED DRUG SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 37,699	\$ 7,920
Due from other funds	2,500	2,500
Total assets	\$ 40,199	\$ 10,420
LIABILITIES		
Due to other funds	\$ 2,656	\$ 2,656
FUND BALANCES		
Restricted for Public Safety	37,543	7,764
Total liabilities and fund balances	\$ 40,199	\$ 10,420

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, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Fees, fines and forfeitures	\$ 32,500	\$ 32,511	\$ 11	\$ 3,244
Interest	0	1	1	1
Total revenues	<u>32,500</u>	<u>32,512</u>	<u>12</u>	<u>3,245</u>
EXPENDITURES				
Current				
Public Safety				
Supplies and materials	40,264	2,733	37,531	0
Capital outlay	0	0	0	500
Total expenditures	<u>40,264</u>	<u>2,733</u>	<u>37,531</u>	<u>500</u>
Excess (deficiency) of revenues over (under) expenditures	(7,764)	29,779	37,543	2,745
Other financing sources (uses)				
Transfers in	0	0	0	5,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,764)	29,779	37,543	7,745
Fund balances, September 1	7,764	7,764	0	19
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 37,543</u>	<u>\$ 37,543</u>	<u>\$ 7,764</u>

CITY OF NORCROSS, GEORGIA
TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ <u>176,582</u>	\$ <u>160,707</u>
LIABILITIES		
Accounts payable	\$ 11,523	\$ 1,517
FUND BALANCES		
Restricted for General Government	<u>165,059</u>	<u>159,190</u>
Total liabilities and fund balances	<u>\$ 176,582</u>	<u>\$ 160,707</u>

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, 2022
(with comparative actual amounts for the year ended August 31, 2021)

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Fees, fines and forfeitures	\$ 71,000	\$ 82,286	\$ 11,286	\$ 71,060
Total revenues	<u>71,000</u>	<u>82,286</u>	<u>11,286</u>	<u>71,060</u>
EXPENDITURES				
Current				
General Government				
Contract services	27,400	29,788	(2,388)	29,627
Supplies and materials	<u>77,200</u>	<u>46,629</u>	<u>30,571</u>	<u>42,591</u>
Total expenditures	<u>104,600</u>	<u>76,417</u>	<u>28,183</u>	<u>72,218</u>
Excess (deficiency) of revenues over (under) expenditures	(33,600)	5,869	39,469	(1,158)
Fund balances, September 1	<u>33,600</u>	<u>159,190</u>	<u>125,590</u>	<u>160,348</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 165,059</u></u>	<u><u>\$ 165,059</u></u>	<u><u>\$ 159,190</u></u>

CITY OF NORCROSS, GEORGIA
RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 334,454	\$ 431,997
Taxes receivable	9,131	13,774
Due from other funds	152,392	0
Total assets	\$ 495,977	\$ 445,771
LIABILITIES		
Accounts payable	\$ 0	\$ 3,483
FUND BALANCES		
Restricted for Housing and Development	495,977	442,288
Total liabilities and fund balances	\$ 495,977	\$ 445,771

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, 2022
(with comparative actual amounts for the fiscal year ended August 31, 2021)

	<u>2022</u>			<u>2021</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes	\$ 107,200	\$ 115,226	\$ 8,026	\$ 155,506
EXPENDITURES				
Current				
Housing and Development				
Contract services	0	0	0	15,962
Capital outlay	107,200	56,881	50,319	234,257
Total expenditures	<u>107,200</u>	<u>56,881</u>	<u>50,319</u>	<u>250,219</u>
Excess (deficiency) of revenues over (under) expenditures	0	58,345	58,345	(94,713)
Other financing sources (uses)				
Transfers out	0	(4,656)	(4,656)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	53,689	53,689	(94,713)
Fund balances, September 1	0	442,288	442,288	537,001
Fund balances, August 31	<u>\$ 0</u>	<u>\$ 495,977</u>	<u>\$ 495,977</u>	<u>\$ 442,288</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).

Capital Projects Capital Projects Fund – This fund is used to account for long-term capital projects.

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
CAPITAL PROJECTS
CAPITAL PROJECTS FUND
BALANCE SHEET
August 31, 2022**

ASSETS

Cash and cash equivalents	\$ 16,568
Intergovernmental receivable	<u>70,000</u>

Total assets	<u>86,568</u>
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LIABILITIES

Accounts payable	\$ 32,327
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FUND BALANCES

Assigned for capital outlay	<u>54,241</u>
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Total liabilities and fund balances	<u><u>\$ 86,568</u></u>
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CITY OF NORCROSS, GEORGIA
CAPITAL PROJECTS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the fiscal year ended August 31, 2022

REVENUES	
Intergovernmental	<u>\$ 70,000</u>
EXPENDITURES	
Capital outlay	
General Government	62,110
Judicial	43,895
Public Works	<u>229,744</u>
Total expenditures	<u>335,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(265,749)</u>
Other financing sources (uses)	
Transfers in	320,100
Transfers out	<u>(110)</u>
Total other financing sources (uses)	<u>319,990</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	54,241
Fund balances, September 1	<u>0</u>
Fund balances, August 31	<u><u>\$ 54,241</u></u>

CITY OF NORCROSS, GEORGIA
2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 10,537	\$ 10,536
FUND BALANCES		
Restricted for capital outlay	\$ 10,537	\$ 10,536

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, 2022 and 2021

	2022	2021
REVENUES		
Interest	\$ 1	\$ 1
EXPENDITURES		
Capital outlay	0	0
Excess (deficiency) of revenues over (under) expenditures	1	1
Fund balances, September 1	10,536	10,535
Fund balances, August 31	\$ 10,537	\$ 10,536

CITY OF NORCROSS, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 1,532,262	\$ 1,574,991
Due from other funds	140,693	140,693
Total assets	\$ 1,672,955	\$ 1,715,684
LIABILITIES		
Accounts payable	\$ 7,607	\$ 0
FUND BALANCES		
Restricted for capital outlay	1,665,348	1,715,684
Total liabilities and fund balances	\$ 1,672,955	\$ 1,715,684

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, 2022 and 2021

	2022	2021
REVENUES		
Interest	\$ 73	\$ 77
EXPENDITURES		
Capital outlay		
General Government	50,409	17,900
Public Works	0	11,000
Total expenditures	50,409	28,900
Excess (deficiency) of revenues over (under) expenditures	(50,336)	(28,823)
Fund balances, September 1	1,715,684	1,744,507
Fund balances, August 31	\$ 1,665,348	\$ 1,715,684

CITY OF NORCROSS, GEORGIA
2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 2,379,915	\$ 834,300
Intergovernmental receivable	636,642	1,023,688
Due from other funds	<u>1,522,268</u>	<u>634,580</u>
Total assets	<u>\$ 4,538,825</u>	<u>\$ 2,492,568</u>
LIABILITIES		
Accounts payable	\$ 23,570	\$ 0
Due to other funds	<u>140,693</u>	<u>140,693</u>
Total liabilities	164,263	140,693
FUND BALANCES		
Restricted for capital outlay	<u>4,374,562</u>	<u>2,351,875</u>
Total liabilities and fund balances	<u>\$ 4,538,825</u>	<u>\$ 2,492,568</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Intergovernmental	\$ 3,662,232	\$ 3,231,555
Interest	205	159
	<u>3,662,437</u>	<u>3,231,714</u>
Total revenues		
EXPENDITURES		
Capital outlay		
Public Works	35,282	546,038
Recreation	18,073	0
Economic Development	24,021	0
Debt Service	26,187	1,562,916
	<u>103,563</u>	<u>2,108,954</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	3,558,874	1,122,760
Other financing sources (uses)		
Transfers out	<u>(1,536,187)</u>	<u>(950,406)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,022,687	172,354
Fund balances, September 1	<u>2,351,875</u>	<u>2,179,521</u>
Fund balances, August 31	<u><u>\$ 4,374,562</u></u>	<u><u>\$ 2,351,875</u></u>

**CITY OF NORCROSS, GEORGIA
2017 REVENUE BOND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
August 31, 2022 and 2021**

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 3,131,558	\$ 3,036,142
LIABILITIES		
Accounts payable	\$ 0	\$ 11,110
Due to other funds	1,522,268	634,580
Total liabilities	1,522,268	645,690
FUND BALANCES		
Restricted for capital outlay	1,609,290	2,390,452
Total liabilities and fund balances	\$ 3,131,558	\$ 3,036,142

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Intergovernmental	\$ 127,100	\$ 43,999
Interest	1,022	1,500
	<u>128,122</u>	<u>45,499</u>
Total revenues		
EXPENDITURES		
Capital outlay		
Culture and Recreation	909,284	2,236,750
Debt Service	1,536,187	0
	<u>2,445,471</u>	<u>2,236,750</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	(2,317,349)	(2,191,251)
Other financing sources (uses)		
Transfers in	1,536,187	950,406
	<u>1,536,187</u>	<u>950,406</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(781,162)	(1,240,845)
Fund balances, September 1	<u>2,390,452</u>	<u>3,631,297</u>
Fund balances, August 31	<u>\$ 1,609,290</u>	<u>\$ 2,390,452</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,947,764	\$ 382,285
Investments	8,337,272	8,732,119
Accounts receivable (net)	2,805,901	2,942,464
Prepaid items	26,536	43,197
Inventories	<u>1,219,316</u>	<u>1,103,265</u>
Total current assets	<u>14,336,789</u>	<u>13,203,330</u>
Restricted assets		
MEAG Generation Trust		
Investments	5,185,854	5,667,646
Customer Deposits		
Investments	<u>607,889</u>	<u>501,991</u>
Total restricted assets	<u>5,793,743</u>	<u>6,169,637</u>
Capital assets		
Land	1,000	1,000
Electric system	12,252,527	12,065,535
Vehicles and equipment	1,446,737	1,285,620
Construction in progress	2,053,467	2,128,318
Accumulated depreciation	<u>(5,177,663)</u>	<u>(4,906,865)</u>
Total capital assets (net of accumulated depreciation)	<u>10,576,068</u>	<u>10,573,608</u>
Other assets		
Net pension asset	<u>7,308</u>	<u>0</u>
Total assets	<u>30,713,908</u>	<u>29,946,575</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	93,683	115,647
Deferred outflows of resources related to OPEB	<u>384,600</u>	<u>619,923</u>
Total deferred outflows of resources	<u>478,283</u>	<u>735,570</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	186,965	225,047
Intergovernmental	820,482	758,598
Sales tax	98,858	84,482
Accrued salaries and payroll liabilities	21,585	27,293
Compensated absences	12,543	22,273
Unearned revenue	<u>177,580</u>	<u>125,525</u>
Total current liabilities	<u>1,318,013</u>	<u>1,243,218</u>
Current liabilities payable from restricted assets		
Customer deposits	<u>607,889</u>	<u>501,991</u>

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2022 and 2021

	2022	2021
Noncurrent liabilities		
Net pension liability	\$ 0	\$ 206,026
Net OPEB liability	1,346,621	1,536,154
Total noncurrent liabilities	1,346,621	1,742,180
Total liabilities	3,272,523	3,487,389
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	204,119	46,630
Deferred inflows of resources related to OPEB	171,854	64,636
Total deferred inflows of resources	375,973	111,266
NET POSITION		
Investment in capital assets	10,576,068	10,517,109
Restricted for MEAG generation projects	5,185,854	5,667,646
Unrestricted	11,781,773	10,898,735
Total net position	\$ 27,543,695	\$ 27,083,490

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for sales and services		
Electric sales	\$ 14,211,701	\$ 13,824,737
Other	102,421	34,798
	<u>14,314,122</u>	<u>13,859,535</u>
OPERATING EXPENSES		
Costs of sales and services	10,695,454	10,735,384
Personal services	1,328,124	1,391,071
Depreciation	270,798	260,202
	<u>12,294,376</u>	<u>12,386,657</u>
Operating income (loss)	2,019,746	1,472,878
Non-operating revenues (expenses)		
Investment revenue (loss)	<u>(770,741)</u>	<u>11,155</u>
Net income (loss) before transfers	1,249,005	1,484,033
Transfers out	<u>(788,800)</u>	<u>(538,840)</u>
Change in net position	460,205	945,193
Net position, September 1 (restated)	<u>27,083,490</u>	<u>26,138,297</u>
Net position, August 31	<u><u>\$ 27,543,695</u></u>	<u><u>\$ 27,083,490</u></u>

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from customers	\$ 14,520,593	\$ 13,772,118
Payments to suppliers	(10,771,043)	(10,696,447)
Payments to employees	(1,224,434)	(1,119,070)
Other receipts	102,421	34,798
Net cash provided (used) by operating activities	<u>2,627,537</u>	<u>1,991,399</u>
Cash flows from non-capital financing activities		
Payments to other funds	<u>(788,800)</u>	<u>(692,348)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(273,258)</u>	<u>(1,429,501)</u>
Cash flows from investing activities:		
Interest received	0	11,155
Purchase of investments	<u>0</u>	<u>(9,910)</u>
Net cash provided (used) by investing activities	<u>0</u>	<u>1,245</u>
Net increase (decrease) in cash and cash equivalents	1,565,479	(129,205)
Cash and cash equivalents, September 1	<u>382,285</u>	<u>511,490</u>
Cash and cash equivalents, August 31	<u><u>\$ 1,947,764</u></u>	<u><u>\$ 382,285</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 2,019,746</u>	<u>\$ 1,472,878</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	270,798	260,202
(Increase) decrease in accounts receivable	136,563	(153,276)
(Increase) decrease in prepaid items	16,661	(18,173)
(Increase) decrease in inventories	(116,051)	(7,874)
(Increase) decrease in deferred outflows related to OPEB	235,324	(48,166)
(Increase) decrease in deferred outflows related to pension	21,964	(3,897)
(Increase) decrease in net pension asset	(7,308)	0
Increase (decrease) in accounts payable	(38,083)	102,343
Increase (decrease) in intergovernmental payables	61,884	(37,358)
Increase (decrease) in deposits payable	105,898	73,469
Increase (decrease) in sales tax payable	14,376	(11,439)
Increase (decrease) in accrued payroll liabilities	(15,438)	7,187
Increase (decrease) in unearned revenue	52,055	38,626
Increase (decrease) in net OPEB liability	(189,533)	297,209
Increase (decrease) in deferred inflows related to pension	157,489	(16,321)
Increase (decrease) in deferred inflows related to OPEB	107,218	(43,162)
Increase (decrease) in net pension liability	<u>(206,026)</u>	<u>79,151</u>
Total adjustments	<u>607,791</u>	<u>518,521</u>
Net cash provided (used) by operating activities	<u><u>\$ 2,627,537</u></u>	<u><u>\$ 1,991,399</u></u>

Noncash capital and financing activities:

Acquisition of capital assets through accounts payable totaled \$0 and \$56,499 for the fiscal years ended August 31, 2022 and 2021, respectively.

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 673,969	\$ 439,926
Accounts receivable (net)	645,493	534,427
Total current assets	1,319,462	974,353
Restricted assets		
Customer deposits		
Cash and cash equivalents	200,868	201,036
Capital assets		
Vehicles and equipment	155,773	155,773
Accumulated depreciation	(12,301)	(9,038)
Total capital assets (net of accumulated depreciation)	143,472	146,735
Total assets	1,663,802	1,322,124
LIABILITIES		
Current liabilities		
Accounts payable	348,269	12
Accrued salaries and payroll liabilities	1,634	2,162
Total current liabilities	349,903	2,174
Current liabilities payable from restricted assets		
Customer deposits	200,868	201,036
Total liabilities	550,771	203,210
NET POSITION		
Investment in capital assets	143,472	146,735
Unrestricted	969,559	972,179
Total net position	\$ 1,113,031	\$ 1,118,914

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	\$ 3,879,174	\$ 3,594,793
Other	0	301
	<u>3,879,174</u>	<u>3,595,094</u>
Total operating revenues	3,879,174	3,595,094
OPERATING EXPENSES		
Costs of sales and services	3,779,307	3,627,124
Personal services	102,487	73,281
Depreciation	3,263	2,388
	<u>3,885,057</u>	<u>3,702,793</u>
Total operating expenses	3,885,057	3,702,793
Operating income (loss)	(5,883)	(107,699)
Net position, September 1 (restated)	<u>1,118,914</u>	<u>1,226,613</u>
Net position, August 31	<u>\$ 1,113,031</u>	<u>\$ 1,118,914</u>

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from customers	\$ 3,767,940	\$ 3,527,962
Payments to suppliers	(3,431,050)	(4,199,605)
Payments to employees	(103,015)	(71,119)
	<u>233,875</u>	<u>(742,762)</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	0	53,508
Cash flows from capital and related financing activities:		
Acquisition of capital assets	0	(43,739)
Net increase (decrease) in cash and cash equivalents	233,875	(732,993)
Cash and cash equivalents, September 1	<u>640,962</u>	<u>1,373,955</u>
Cash and cash equivalents, August 31	<u><u>\$ 874,837</u></u>	<u><u>\$ 640,962</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (5,883)	\$ (107,699)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	3,263	2,388
(Increase) decrease in accounts receivable	(111,066)	(58,829)
Increase (decrease) in accounts payable	348,257	(572,481)
Increase (decrease) in accrued salaries and payroll liabilities	(528)	2,162
Increase (decrease) in deposits payable	(168)	(8,303)
	<u>239,758</u>	<u>(635,063)</u>
Total adjustments	<u>239,758</u>	<u>(635,063)</u>
Net cash provided by operating activities	<u><u>\$ 233,875</u></u>	<u><u>\$ (742,762)</u></u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 673,969	\$ 439,926
Customer deposits		
Cash and cash equivalents	<u>200,868</u>	<u>201,036</u>
Total cash and cash equivalents	<u><u>\$ 874,837</u></u>	<u><u>\$ 640,962</u></u>

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
August 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,526,293	\$ 1,099,920
Accounts receivable (net)	179,536	156,499
Prepaid items	146	146
Total current assets	1,705,975	1,256,565
Capital assets		
Construction in progress	623,062	0
Storm water system	1,736,243	1,736,243
Vehicles and equipment	537,643	393,572
Accumulated depreciation	(554,386)	(497,860)
Total capital assets (net of accumulated depreciation)	2,342,562	1,631,955
Other assets		
Net pension asset	2,600	0
Total assets	4,051,137	2,888,520
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	33,335	34,275
Deferred outflows of resources related to OPEB	120,496	179,225
Total deferred outflows of resources	153,831	213,500
LIABILITIES		
Current liabilities		
Accounts payable	8,561	4,598
Accrued salaries and payroll liabilities	9,608	8,250
Compensated absences	14,764	7,911
Total current liabilities	32,933	20,759
Noncurrent liabilities		
Net pension liability	0	61,060
Net OPEB liability	403,986	511,465
Total noncurrent liabilities	403,986	572,525
Total liabilities	436,919	593,284
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	72,631	13,820
Deferred inflows of resources related to OPEB	168,703	109,006
Total deferred inflows of resources	241,334	122,826
NET POSITION		
Investment in capital assets	2,342,562	1,631,955
Unrestricted	1,184,153	753,955
Total net position	\$ 3,526,715	\$ 2,385,910

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for sales and services		
Storm water fees	\$ 1,167,690	\$ 1,119,100
OPERATING EXPENSES		
Costs of sales and services	163,353	314,408
Personal services	430,067	306,551
Depreciation	56,527	44,431
Total operating expenses	<u>649,947</u>	<u>665,390</u>
Operating income (loss) before transfers	517,743	453,710
Transfers in	<u>623,062</u>	<u>0</u>
Change in net position	1,140,805	453,710
Net position, September 1 (restated)	<u>2,385,910</u>	<u>1,932,200</u>
Net position, August 31	<u><u>\$ 3,526,715</u></u>	<u><u>\$ 2,385,910</u></u>

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,144,653	\$ 1,128,344
Payments to suppliers	(159,390)	(326,405)
Payments to employees	(414,818)	(262,734)
	<u>570,445</u>	<u>539,205</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	<u>623,062</u>	<u>100,000</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(767,134)</u>	<u>(277,026)</u>
Net increase (decrease) in cash and cash equivalents	426,373	362,179
Cash and cash equivalents, September 1	<u>1,099,920</u>	<u>737,741</u>
Cash and cash equivalents, August 31	<u><u>\$ 1,526,293</u></u>	<u><u>\$ 1,099,920</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 517,743</u>	<u>\$ 453,710</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	56,527	44,431
(Increase) decrease in accounts receivable	(23,037)	9,244
(Increase) decrease in prepaid items	0	12
(Increase) decrease in net pension asset	(2,600)	0
(Increase) decrease in deferred outflows related to pension	940	6,627
(Increase) decrease in deferred outflows related to OPEB	58,729	19,701
Increase (decrease) in accounts payable	3,963	(12,009)
Increase (decrease) in payroll liabilities	8,211	472
Increase (decrease) in net OPEB liability	(107,479)	(61,008)
Increase (decrease) in deferred inflows related to pension	58,811	(1,911)
Increase (decrease) in deferred inflows related to OPEB	59,697	82,380
Increase (decrease) in net pension liability	(61,060)	(2,444)
	<u>52,702</u>	<u>85,495</u>
Total adjustments		
Net cash provided by operating activities	<u><u>\$ 570,445</u></u>	<u><u>\$ 539,205</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 200,329	\$ 253,636
Receivables (net)		
Accounts	24,455	0
Notes	120,000	120,000
Leases	183,558	165,930
Restricted assets		
Cash and cash equivalents	<u>777,636</u>	<u>637,708</u>
Total assets	<u>\$ 1,305,978</u>	<u>\$ 1,177,274</u>
LIABILITIES		
Payables		
Accounts	\$ 12,880	\$ 16,049
Customer deposits	<u>53,320</u>	<u>53,320</u>
Total liabilities	<u>66,200</u>	<u>69,369</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	<u>183,558</u>	<u>165,930</u>
FUND BALANCES		
Nonspendable:		
Notes Receivable	120,000	120,000
Restricted for Housing and Development	<u>936,220</u>	<u>821,975</u>
Total fund balances	<u>1,056,220</u>	<u>941,975</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,305,978</u>	<u>\$ 1,177,274</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, 2022
(With comparative actual amounts for the fiscal year ended August 31, 2021)

	2022			2021
	Final Budget	Actual	Variance	Actual
REVENUES				
Interest	0	1,690	1,690	2,011
Rent	827,331	803,881	(23,450)	371,359
Other	0	39,201	39,201	0
Total revenues	<u>827,331</u>	<u>844,772</u>	<u>17,441</u>	<u>373,370</u>
EXPENDITURES				
Current				
Housing and Development				
Contract services	167,275	133,306	33,969	108,704
Supplies and materials	11,500	10,998	502	10,620
Capital outlay	15,000	0	15,000	1,009,270
Debt service	632,557	586,223	46,334	682,752
Total expenditures	<u>826,332</u>	<u>730,527</u>	<u>95,805</u>	<u>1,811,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>999</u>	<u>114,245</u>	<u>113,246</u>	<u>(1,437,976)</u>
Other financing sources (uses)				
Proceeds from bond refunding	0	0	0	9,665,000
Payment to bond escrow agent	0	0	0	(9,329,439)
Contingency	(999)	0	999	0
Total other financing sources (uses)	<u>(999)</u>	<u>0</u>	<u>999</u>	<u>335,561</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>114,245</u>	<u>114,245</u>	<u>(1,102,415)</u>
Fund balances, September 1 (restated)	<u>0</u>	<u>941,975</u>	<u>941,975</u>	<u>2,044,390</u>
Fund balances, August 31	<u><u>\$ 0</u></u>	<u><u>\$ 1,056,220</u></u>	<u><u>\$ 1,056,220</u></u>	<u><u>\$ 941,975</u></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 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 City of Norcross, Georgia, as of and for the year ended August 31, 2022, 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 February 20, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rushion, LLC

Certified Public Accountants

Gainesville, Georgia
February 20, 2023

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

Opinion on 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, 2022. The 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Norcross, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about City of Norcross, Georgia's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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 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.

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

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

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

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia

February 20, 2023

CITY OF NORCROSS, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended August 31, 2022

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Gwinnett County: Community Development Block Grants/Entitlement Grants	14.218	CDBGPF- 2021-0004		<u>\$ 70,000</u>
<u>U.S. Department of Justice</u>				
Equitable Sharing for State and Local Law Enforcement Agencies	16.922	N/A		<u>2,733</u>
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster: Passed through the Georgia Department of Transportation: Highway Planning and Construction	20.205	PI#0016067		<u>127,100</u>
<u>U.S. Department of Treasury</u>				
Passed Georgia Governor's Office of Planning and Budget: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-1189		46,290
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	163,468	<u>786,530</u> <u>832,820</u>
<u>U.S. Department of Homeland Security</u>				
Passed through the Georgia Emergency Management Agency: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4501		<u>157,621</u>
Total Expenditures of Federal Awards			<u>\$ 163,468</u>	<u>\$ 1,190,274</u>

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

CITY OF NORCROSS, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended August 31, 2022

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, 2022. 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.

CITY OF NORCROSS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended August 31, 2022

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?	No
Significant deficiencies identified not considered material weaknesses?	No
Noncompliance material to financial statements noted?	No

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:	
21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds	
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, 2022

2. Financial Statement Findings

A. Prior Year Audit Findings Follow-Ups

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.

Corrected

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.

Corrected

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.

Corrected

3. Federal Award Findings and Questioned Costs

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

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STATE REPORTING SECTION

CITY OF NORCROSS, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended August 31, 2022

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2009 SPLOST Referendum					
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
Total	\$ 9,068,281	\$ 9,068,281	\$ 7,644,034	\$ 0	\$ 7,644,034
2014 SPLOST Referendum					
Transportation (roads, streets, bridges, drainage, sidewalks, and related facilities and equipment)	\$ 4,723,144	\$ 4,723,144	\$ 2,479,311	\$ 0	\$ 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	17,900	50,409	68,309
Parking Facilities	1,180,786	1,180,786	1,212,745	0	1,212,745
Total	\$ 7,871,906	\$ 7,871,906	\$ 5,280,625	\$ 50,409	\$ 5,331,034
2017 SPLOST Referendum					
Transportation (roads, streets, bridges, and related facilities and equipment)	\$ 6,098,265	\$ 6,098,265	\$ 4,950,296	\$ 349,632	\$ 5,299,928
Recreational Facilities and Equipment	4,573,698	4,573,698	1,426,597	427,727	1,854,324
Parking Facilities	4,573,698	4,573,698	3,658,356	862,391	4,520,747
Total	\$ 15,245,661	\$ 15,245,661	\$ 10,035,249	\$ 1,639,750	\$ 11,674,999

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