

**CITY OF MORROW, GEORGIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

Prepared and submitted by:  
Finance Director

# CITY OF MORROW, GEORGIA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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## **INTRODUCTORY SECTION**

December 7, 2021

The Citizens of the City of Morrow, Georgia  
The Honorable Mayor and Members of the City Council of the City of Morrow, Georgia

Ladies and Gentlemen:

I would like to present to you the Annual Comprehensive Financial Report (ACFR) of the City of Morrow, Georgia, for the fiscal year ended June 30, 2021. In doing so, the City complies with State of Georgia's O.C.G.A. Section 36-81-7 which requires the governing authority of each unit of local government having a population in excess of 1,500 persons according to the latest estimate of population by the U.S. Bureau of the Census or expenditures of \$300,000 or more shall provide for and cause to be made an annual audit of the financial affairs and transactions of all funds and activities of the local government for each fiscal year. The ACFR also satisfies the requirements of Section 6.30 of the City's charter which calls for an annual independent audit of all City accounts, funds and financial transactions by a certified public accountant selected by the City Council.

This report consists of management's representations concerning the operations and financial condition of the City of Morrow, Georgia. Consequently, management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control network that is designed both to protect its assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City of Morrow's financial statements in conformity with generally accepted accounting principles (GAAP).

Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activities of its various funds. All disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial activities have been included.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A, which can be found on pages 4 through 13 of this financial report, complements this letter of transmittal and should be read in conjunction with it.

The data in the report is believed to be accurate in all material respects and conforms substantially with the standards of the Government Finance Officers Association (GFOA) program for the Certificate of Achievement for Excellence in Financial Reporting. All necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the City's financial activity. The City has not yet been awarded the GFOA certificate for its Annual Comprehensive Financial Report issued for the fiscal year ended June 30, 2020 and therefore have included its most recent certificate for the financial report related to the fiscal year ended June 30, 2021.

## **INDEPENDENT AUDIT**

Georgia statutes and law require cities to have an audit performed annually by an independent certified public accountant. The City of Morrow's financial statements have been audited by Mauldin & Jenkins, Certified Public Accountants, LLC. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the first component of the financial section of this report and can be found on pages 1 through 3.

### **Single Audit**

The City of Morrow is not required to undergo an annual Single Audit in conformity with the provisions of the U.S. Office of Management and Budget's circular, "*Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*". During fiscal year 2021, the City of Morrow did not reach the threshold level of \$750,000 of federal awards expenditures which requires single audit presentation. Therefore, a single audit is not included in this report.

### **Management Discussion & Analysis**

In accordance with GAAP, this Annual Comprehensive Financial Report (ACFR) includes a narrative introduction from management that provides an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors. The remainder of this letter provides an overview of local economic conditions and some of the City's current and future initiatives.

## **THE PROFILE OF GOVERNMENT**

The City of Morrow, incorporated in 1943, is located in Clayton County, GA, approximately 10 miles south of Atlanta's Hartsfield-Jackson International Airport. According to Morrow QuickFacts From U. S. Census Bureau, as of June 30, 2021, the City has an estimated residential population of 7,192 (an increase of 47% over the 2000 Census) and Clayton County has a population of 293,970, which contributes to the 70,000 plus visitors who find themselves in the City of Morrow on a daily basis.

Morrow operates under the Council/City Manager form of government. The City of Morrow is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by the State to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing Council.

Policy making and legislative authority are vested in the governing council, which consists of a Mayor and four Council members. The governing council is responsible, among other things, for passing ordinances, adopting budgets, appointing boards and authorities, and hiring both the City Manager and legal counsel and confirming appointments of the various department heads. The Council members are elected on a non-partisan basis and serve staggered four-year terms. Elections are held every two years, with the Mayor and two Council members on one cycle and the other two Council members on the next cycle.

The City Manager is responsible for carrying out the day-to-day operations of government and for nominating the heads of the various departments. The City's organization includes six major departments: Administration, Fire, Police, Public Works and Services, Finance and Planning & Economic Development, as well as a Welcome Center and a Morrow Center (an event center). The City provides many services to Morrow's residents and visitors, including police and fire protection, emergency medical services, parks and pedestrian path systems, code enforcement, public works, sanitation, and planning economic development services. Each of the service areas function as departments of the City and therefore are included as an integral part of the City's financial statements.

The annual operating budget serves as the foundation for the City of Morrow's financial planning and control. The annual budget process begins with preliminary budget discussions as early as January and meetings are held regularly with the Mayor, Council, City Manager, and Department Heads to reach a proposed draft budget on or about March 9<sup>th</sup>. The Mayor and Council, City Manager, and Department Heads are involved in the budget development from start to finish.

The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30 (the close of the City's fiscal year). The annual budget is prepared by fund, function, and department: for example: General Government, Public Safety, and Police Department. Budgets are adopted at the Department level as required by the City Charter, so Directors are not required to make transfers between individual object code accounts. Appropriations transfers between Departments are not allowed, except by specific action of the City Council.

Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted except for the Proprietary Funds. For the General Fund, this comparison extends to the department level. Budget-to-actual comparisons for all governmental funds are presented in the Financial Section of the financial statements.

## **ECONOMIC FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates. The City of Morrow's local economy has primarily been driven by a predominantly retail business sector. With a major regional retail mall located within the city limits, the City continues to cope with the changing financial environment.

Locally, success is happening incrementally through a hands-on approach to economic development through relationship building and the connection to local developers as well as the pursuit of national brands. We still see modest increases in commercial activity, occupational tax and sales tax revenues as we continue to recover from big stores closings in past years. Yet, the



mall still maintains profitability and looks to repurpose big spaces as job centers and non-retail uses.

Morrow is expanding advertising on billboards. Morrow wants to roll out the branding in a way that helps create an identity that could lead to people coming to town. Whether its festivals, cool public spaces, art, or just a reputation for good Public Safety, we want to build a reputation on the shoulders of our completed brand, Morrow, Savor the World.

The City of Morrow has traditionally produced a conservative budget, and this has been extremely beneficial in the current economic market. We take very seriously our responsibility to respond to our financial obligations in a way that demonstrates our good stewardship. Our work environment continues to strengthen as we promote an environment of collaboration and mutual benefit. But Morrow needs to examine our position, our assets, our partnerships, our approach to ensure we are delivering a high level of service to our residents and capturing the maximum benefit in commercial and partnership negotiations. Morrow believes that we must work harder and better to deliver an increased value to our residents and businesses.

## **2021 INITIATIVES**

During fiscal year 2021, the City of Morrow achieved significant accomplishments that will have positive impacts on our City's continued economic growth and development:

### ***Strategic Stakeholder Relationship Building Efforts***

- Began the work of the recently established Morrow Convention and Tourism Association (a Destination Marketing Organization) for the City of Morrow – a coalition of businesses and partners;
- Mayor Lampl met with the President of Clayton State to discuss how to build a better partnership;
- Stayed in contact with the Governor's Office and other jurisdictions throughout the state through the GMA to try and learn, build on, monitor, and respond to continued COVID challenges;
- Mayor Lampl met with representatives from Delta, Georgia House of Representatives, Board of Commissioners, and the like in an effort to strengthen Morrow's political position;
- Reestablished our residential quarterly newsletter and implemented a quarterly business newsletter; and
- Hosted Morrow's annual Lunar New Year event and annual Day of the Dead event and several other great community celebrations.

### ***Infrastructure Developments***

- Continued an initiative to restore and add lights around the entire city to enhance safety;
- Jester's Creek Phase III construction continued with completion in early fiscal year 22; and
- Lake Harbin sidewalk extensions.

### ***Service Enhancements***

- Started rebuilding a network for improved Economic Development– hired a new Economic Developer and an Event Coordinator;
- Hired a New Public Works Director with 30 years’ experience to replace the former Director who resigned;
- Continued a new arbitration process for the court system, which allows residents the opportunity to come into compliance with code enforcement before they are issued a court citation;
- Started the process of revamping our sanitation service;
- Mayor Lampl began his series of meetings with businesses, the faith-based communities, stakeholders, and residents to hear what their challenges are and how the city can facilitate better business and better relationships; and
- Continued COVID safety services.

### ***Planning Initiatives***

- Continued discussions about the best use of public owned properties;
- Developed planning for Olde Town Morrow (now The District); and
- Continued new marketing initiatives for the Morrow Center.

### ***Funding Partnerships***

- Georgia Department of Transportation; Local Maintenance & Improvement Grant: street paving; FEMA and Clayton County Grants.

Our citizens are the priority but we cannot provide services without the tax revenue generated by our commercial entities. So we must consider their importance and needs as we develop our services and strategies. We must take a stand to prevent growth that does not add value to our City while doing everything we can to help businesses, families, visitors, stakeholders, partners, and neighbors thrive.

We have to keep our streets clean and safe, we have to create a brand that attracts people and businesses, and we have to strengthen our visibility to lure more people off the interstate and into our restaurants, gas stations, shops, and even homes. We have to make strategic moves and work for what we want; it will not happen accidentally. In Morrow we must work to find a balance and bring value to the community in such a way that attracts a wide variety of individuals.

## **LONG TERM FINANCIAL PLANNING**

### **Relevant Financial Policies and Practices**

Throughout the year, the Finance Department administers and monitors the financial policies outlined by the City Council. These policies address fund balances, the use of one time revenues, budgeting, issuance of debt, purchasing and procurement, capital expenditures, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations of performance occur. Each year during the annual budgeting planning and review, the Finance Officer is responsible for reporting and addressing the financial management of the policies and practices.

### Budgetary Controls

In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to assure compliance with the legal provisions embodied in the annual appropriated budget approved by the Morrow City Council. Activities of the General Fund and other Special Revenue Funds all appear in the City's annual appropriated budget. The level of budgetary control (being the level at which expenditures cannot legally exceed the appropriated amount) is established by departments within an individual fund.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### Planning and Economic Development

Budget cuts alone will not make Morrow successful in terms of revenue versus expenditures. We must find ways to increase revenue and that means building a destination; whether that be for the traveler who is looking for a nice hotel, the family shopping for a new home, a logistics company looking for affordable rent but finding a place where the airport is easy to access, a filming crew that needs some great shots and keeps the talent closer to home with only a 10-minute drive to the busiest passenger airport in the world, or a new kiosk at the mall or a new restaurant ready to serve the 260,000 hungry citizens of Clayton County.

The Planning and Economic Development Department of the City of Morrow must work to brand Morrow as a destination for all these and more. The partnerships with retail partners, marketing organizations, real estate brokers, established businesses, and new businesses will all have an important role in making this happen. Morrow must shift some attention to Clayton State University. We must work to be a college town, not just a town with a college. The potential for MARTA to locate within Clayton County, coupled with the fact that we have a university, makes us a prime location for a city center that's built for the University.

The Morrow Fire Department still maintains an ISO rating of 1; ranking it among the highest elite in the state (and nation). This is a testament to our service levels. The Police Department uses cutting edge philosophy and technology to address crime and crime prevention and we have launched a #notinMorrow campaign to help send the word that Morrow takes crime seriously.

### ACKNOWLEDGEMENTS

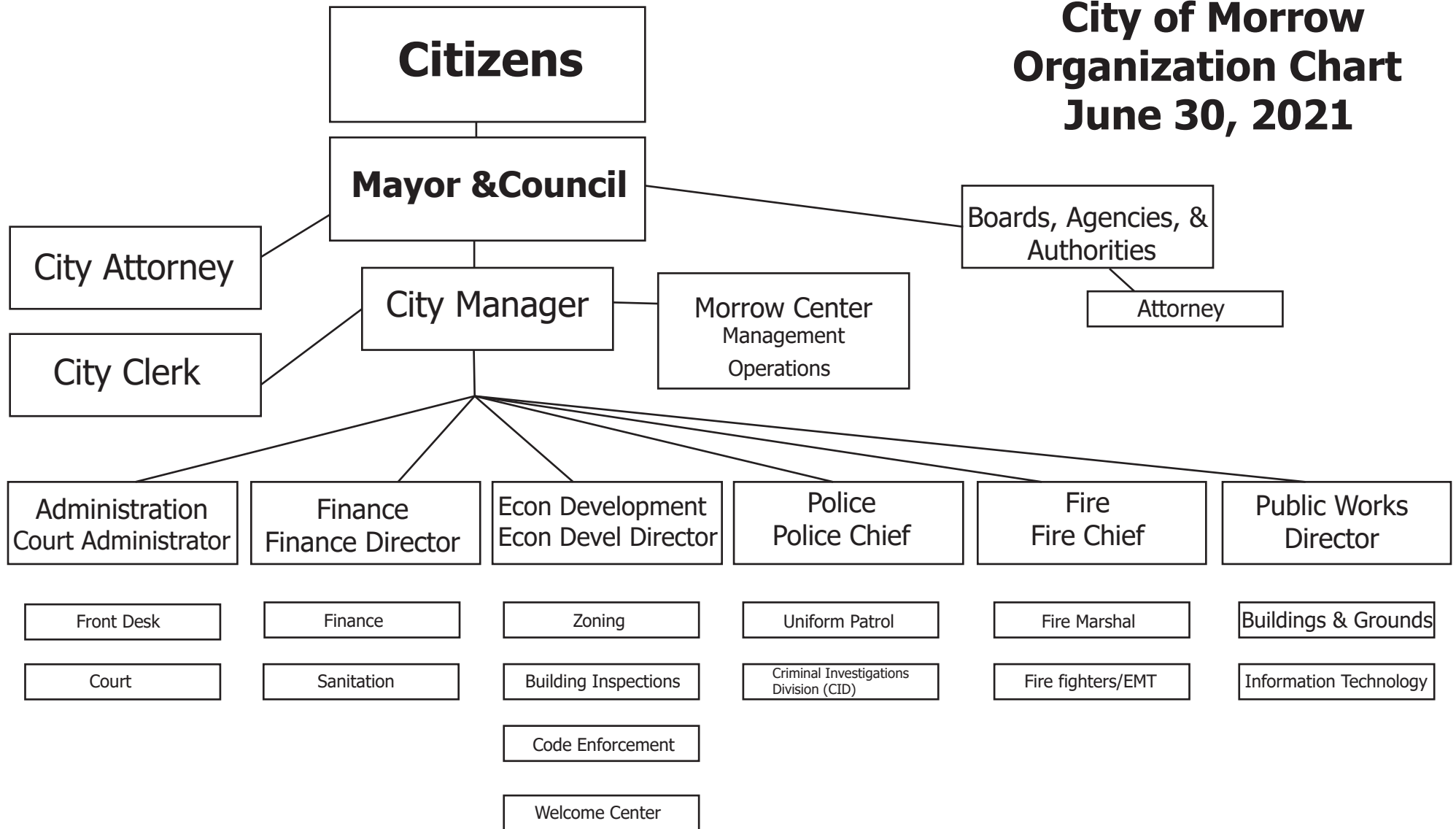
This report was produced through the dedication of the City's Finance department with cooperation from all city departments and our elected officials. I would like to thank the Finance Department staff, the City's department heads, other staff members, and our independent auditors, Mauldin & Jenkins, Certified Public Accountants, LLC for their efforts and cooperation in preparation of these reports. Finally, I would like to thank the Mayor and City Council for their continued support, vision, guidance, and leadership pertaining to the financial affairs of this city.

Respectfully submitted,



Chris Pike  
Finance Officer

# City of Morrow Organization Chart June 30, 2021



# **CITY OF MORROW, GEORGIA**

## **PRINCIPAL OFFICIALS JUNE 30, 2021**

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### **ELECTED OFFICIALS**

Mayor	John J Lampl II
Mayor Pro Tem	Van T Tran
Council Member	Dorothy Dean
Council Member	Renee Knight
Council Member	Khoa Vuong

### **APPOINTED OFFICIALS**

City Manager	Jeff Moss
City Attorney	Steve Fincher
Municipal Court Judge	C. Crandle Bray
Municipal Court Associate Judge	Jenny Nguyen
Municipal Court Prosecutor	Jerry Patrick



Government Finance Officers Association

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

Presented to

**City of Morrow  
Georgia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrell*

Executive Director/CEO

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**To the Honorable Mayor and Members  
of the City Council  
Morrow, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Morrow, Georgia** (the "City"), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Morrow, Georgia's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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



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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Morrow, Georgia as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 13), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 52), and the Schedule of Contributions (on page 53) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated ("O.C.G.A.") § 48-8-121, and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the City of Morrow, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Morrow, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 7, 2021

# CITY OF MORROW, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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As management of the City of Morrow, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. It is designed to give the reader an objective and easily readable analysis of the City's financial performance. The primary intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the letter of transmittal, notes to the basic financial statements, and the financial statements to enhance their understanding of the City's financial performance.

### Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2021, are as follows:

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$25,648,727 (*net position*). Of this amount, \$8,262,948 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$2,360,589 during the 2021 fiscal year. The fund balance of the 2014 Special Purpose Local Option Sales Tax ("SPLOST") Capital Projects Fund increased by \$279,985. The new 2020 SPLOST Capital Projects Fund's fund balance increased by \$634,162.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,107,276, an increase of \$2,496,233 in comparison to the prior fiscal year. Approximately 62% of this total amount, or \$9,405,346, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the fund balance for the General Fund was \$9,694,763. The fund balance for the General Fund increased by \$1,727,548, or approximately 22%, during the current fiscal year.
- As of the close of the 2021 fiscal year, the combined fund balances for the 2008, 2014 and the 2020 Special Purpose Local Option Sales Tax (SPLOST) Capital Project Funds was \$3,773,324, which was restricted for capital projects.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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. The statements are organized so the reader can understand the City as a financial whole or as an entire operating entity.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

In the Statement of Net Position and the Statement of Activities, the City has both governmental and business-type activities:

- Governmental Activities – Most of the City's programs and services are reported here including general government, judicial, public safety, public works, sanitation and housing and development. Sales taxes, property taxes, occupation taxes, and fines and forfeitures finance most of these activities.
- Business-type Activities – The City charges fees to cover the services it provides related to the operation of the Morrow Conference Center and the City's sanitation services. These activities are reported as business-type activities under proprietary funds.

The government-wide financial statements can be found on pages 16 and 17 of this report.

**Fund Financial Statements.** Fund financial statements provide detailed information about the City's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Most of the City's basic services are accounted for in one of the seven different governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City adopts an annual budget for its General Fund, as required by the City's charter and statutes of the State of Georgia. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Mayor and Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balances. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference, or variance, between the final budget and the actual resources and charges.

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes. The City has three Special Revenue Funds: 1) Hotel/Motel Tax Fund, 2) Product Development Fund, and 3) Confiscated Assets Fund. The basic governmental fund financial statements can be found on pages 16 through 18 of this report.

**Proprietary Funds.** Proprietary funds are activities that a City operates similar to a business in that it attempts to recover costs through charges to the user. The City has only one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitation operations (Sanitation Fund) and conference center activity (Morrow Center Fund). Proprietary fund statements use the accrual basis of accounting similar to the government-wide statements. The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 51 of this report.

**Other Information.** The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 54 through 60 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$25,648,727 as of June 30, 2021. The City's total net position increased by \$2,360,589 for the fiscal year ended June 30, 2021.

A comparison of the City's Net Position for the two most recent fiscal years is provided in the following table:

City of Morrow's Net Position June 30, 2021						
	Governmental Activities		Business-type Activities		Total	
	2021	Restated 2020	2021	2020	2021	Restated 2020
Current and other assets	\$ 15,969,015	\$ 13,614,012	\$ 1,122,650	\$ 942,142	\$ 17,091,665	\$ 14,556,154
Capital assets, net	14,130,691	14,766,227	4,158,222	4,246,621	18,288,913	19,012,848
Total assets	<u>30,099,706</u>	<u>28,380,239</u>	<u>5,280,872</u>	<u>5,188,763</u>	<u>35,380,578</u>	<u>33,569,002</u>
Deferred Outflows of Resources	<u>979,288</u>	<u>1,585,163</u>	<u>-</u>	<u>-</u>	<u>979,288</u>	<u>1,585,163</u>
Other liabilities	3,515,586	3,892,622	136,837	270,940	3,652,423	4,163,562
Long-term liabilities outstanding	<u>210,286</u>	<u>177,617</u>	<u>6,481,890</u>	<u>7,186,160</u>	<u>6,692,176</u>	<u>7,363,777</u>
Total liabilities	<u>3,725,872</u>	<u>4,070,239</u>	<u>6,618,727</u>	<u>7,457,100</u>	<u>10,344,599</u>	<u>11,527,339</u>
Deferred Inflows of Resources	<u>366,540</u>	<u>338,688</u>	<u>-</u>	<u>-</u>	<u>366,540</u>	<u>338,688</u>
Net position:						
Net investment in capital assets	14,130,691	14,766,227	(2,321,778)	(2,938,379)	11,808,913	11,827,848
Restricted	5,576,866	4,931,089	-	-	5,576,866	4,931,089
Unrestricted	<u>7,279,025</u>	<u>5,859,159</u>	<u>983,923</u>	<u>670,042</u>	<u>8,262,948</u>	<u>6,529,201</u>
Total net position (deficit)	<u>\$ 26,986,582</u>	<u>\$ 25,556,475</u>	<u>\$ (1,337,855)</u>	<u>\$ (2,268,337)</u>	<u>\$ 25,648,727</u>	<u>\$ 23,288,138</u>

The largest portion of the City's net position for both fiscal year 2021 and fiscal year 2020 (46% and 51%, respectively) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment).

An additional portion of the City's fiscal year 2021 net position of \$5,576,866, or 21%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$8,262,948, or 32%, may be used to meet the City's ongoing obligations to citizens and creditors.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities during the fiscal year ended June 30, 2021 increased the City's net position by \$1,430,107. Business-type activities during the same period increased net position by \$930,482. Key elements of this total increase of \$2,360,589 in net position are shown in the following tabular information:

City of Morrow's Changes in Net Position June 30, 2021						
	Governmental Activities		Business-type Activities		Total	
	2021	Restated 2020	2021	2020	2021	Restated 2020
Revenues:						
Program revenues						
Charges for services	\$ 3,527,867	\$ 3,225,755	\$ 1,544,223	\$ 1,416,213	\$ 5,072,090	\$ 4,641,968
Operating grants and contributions	431,052	173,884	-	-	431,052	173,884
Capital grants and contributions	1,617,465	1,211,306	-	-	1,617,465	1,211,306
General revenues:						
Property taxes	2,685,938	2,482,014	-	-	2,685,938	2,482,014
Sales taxes	2,221,645	1,915,231	-	-	2,221,645	1,915,231
Franchise taxes	597,069	618,311	-	-	597,069	618,311
Other taxes	1,869,666	1,677,192	-	-	1,869,666	1,677,192
Miscellaneous	196,704	23,793	-	-	196,704	23,793
Unrestricted investment earnings	6,336	112,071	10	25	6,346	112,096
Gain on sale of capital assets	-	51,838	-	-	-	51,838
Total revenues	<u>13,153,742</u>	<u>11,491,395</u>	<u>1,544,233</u>	<u>1,416,238</u>	<u>14,697,975</u>	<u>12,907,633</u>
Expenses:						
General government	1,682,941	4,867,279	-	-	1,682,941	4,867,279
Judicial	404,196	543,844	-	-	404,196	543,844
Public safety	5,031,236	5,230,471	-	-	5,031,236	5,230,471
Public works	2,486,952	2,982,985	-	-	2,486,952	2,982,985
Economic development	934,700	410,126	-	-	934,700	410,126
Sanitation	-	-	1,016,592	1,112,330	1,016,592	1,112,330
Urban Redevelopment Agency	-	-	457,085	501,560	-	501,560
Morrow Center	-	-	323,684	335,421	323,684	335,421
Total expenses	<u>10,540,025</u>	<u>14,034,705</u>	<u>1,797,361</u>	<u>1,949,311</u>	<u>11,880,301</u>	<u>15,984,016</u>
Increase (decrease) in net position before transfers	2,613,717	(2,543,310)	(253,128)	(533,073)	2,360,589	(3,076,383)
Transfers	<u>(1,183,610)</u>	<u>(1,256,909)</u>	<u>1,183,610</u>	<u>1,256,909</u>	<u>-</u>	<u>-</u>
Change in net position	1,430,107	(3,800,219)	930,482	723,836	2,360,589	(3,076,383)
Net position, beginning of fiscal year, as restated	25,556,475	29,356,694	(2,268,337)	(2,992,173)	23,288,138	26,364,521
Net position, end of fiscal year	<u>\$ 26,986,582</u>	<u>\$ 25,556,475</u>	<u>\$ (1,337,855)</u>	<u>\$ (2,268,337)</u>	<u>\$ 25,648,727</u>	<u>\$ 23,288,138</u>

**Governmental Activities.** As shown on the previous table, the governmental activities had an excess of revenues compared to expenses in the amount of \$1,430,107 for fiscal year 2021. Governmental activities had a deficiency of revenues compared to expenses in the amount of \$2,543,310 for fiscal year 2020.

For fiscal year 2021, revenues for the governmental activities totaled \$13,153,742, an increase of (\$1,662,347) from the previous fiscal year. The increase was primarily due to retail-driven revenue sources such as sales taxes and hotel excise taxes, as well as an increase in permitting revenue. Additional revenue increases were due to COVID-related grants received in the fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The tabular information also shows that expenses related to governmental activities totaled \$10,540,025 for fiscal year 2021, a decrease of \$3,494,680, or 25% from fiscal year 2020. The decrease was primarily due to a one-time write-down of amounts due from a component unit of the City that occurred in fiscal year 2020.

**Business-type Activities.** The business-type activities of the City consist of the Morrow Center Fund, which was opened and began offering conference space and services since the 2010 fiscal year, the Urban Redevelopment Agency, which exercises the City's urban redevelopment project powers, and the Sanitation Fund, which accounts for the sanitation operations of the City. The revenue of the Morrow Conference Center Fund is derived from user fees charged for conference space rental and other conference center services, while revenue of the Sanitation Fund is earned through fees charged for residential and commercial services.

For fiscal year 2021, the business-type activities had an increase in net position of \$930,482.

### **Financial Analysis of the City's Funds**

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

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. On June 30, 2021, the total governmental funds of the City reported a combined fund balance of \$15,107,276, an increase of \$2,496,233, or 20%, from the previous fiscal year.

A comparison of governmental fund balances for fiscal year 2021 and fiscal year 2020 is provided in the following table:

**City of Morrow's Governmental Fund Balance  
June 30, 2021**

	<u>2021</u>	<u>2020</u>
General Fund	\$ 9,694,763	\$ 7,967,215
2014 SPLOST Fund	3,006,726	2,726,741
Other Governmental Funds	<u>2,405,787</u>	<u>1,917,087</u>
Total Governmental Fund Balance	<u>\$ 15,107,276</u>	<u>\$ 12,611,043</u>

The General Fund is the primary operating fund of the City. At the end of fiscal year 2021, the fund balance of the General Fund was \$9,694,763, an increase of \$1,727,548 from the previous fiscal year. Of the General Fund's total fund balance at June 30, 2021, \$9,405,346 represents unassigned fund balance, which is available as working capital or to meet any future spending needs. The rest of the General Fund balance of \$289,417, is termed non-spendable or restricted to indicate that it is not available for general spending because it is already committed for prepaid items (\$118,514), assets held for resale (\$103,619), and restricted for capital projects (\$67,284).



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As a measure of the General Fund's liquidity and its ability to meet cyclical cash flows, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The General Fund's unassigned fund balance represents 114% of the total General Fund expenditures that occurred during the 2021 fiscal year, while the General Fund's total fund balance represents 118% of that same amount.

The 2008, 2014 and 2020 SPLOST Capital Projects Funds' fund balances increased in total by \$738,583 for the 2021 fiscal year. The Mayor and Council revised the spending approach to SPLOST funding after recommendations from the City Manager. Only when the money is received purchases are made, instead of buying everything at once and waiting for the money to come in. Also, every SPLOST purchase is approved by Mayor and Council to ensure that the priorities for the City are being maintained even as priorities shift. The Mayor and Council adhere to the laws that govern SPLOST when making any decisions about SPLOST purchases. Budgeting for SPLOST projects resumed in fiscal year 2022.

The fund balance of the Hotel/Motel Tax Fund decreased during fiscal year 2021 by \$91,331.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **Operating Budgets**

Operating budgets are adopted for the General Fund, the Product Development Fund, the Hotel/Motel Tax Fund, the Confiscated Assets Fund, and The Morrow Center Fund. Budgets for the Enterprise funds are prepared for planning and control purposes only. The legal level of budgetary control is the department level, with the City Council being the only body authorized to make amendments to the budget at the legal level of budgetary control. For the 2021 fiscal year, several changes were made to the appropriations contained in the original budgets. For the most part, these adjustments redistributed the original appropriations among the various cost centers/departments which resulted in no increase to the total budget. In addition to these adjustments, additional amendments were made to increase both revenues and expenses primarily attributable to increases in grant-related revenue and expenditures.

### **Budgetary Highlights:**

- The City's budget is prepared according to Georgia law and the City's charter. The most significant budget is the General Fund. For the General Fund, the actual revenues of \$10,822,856 were higher than the final budget amount of \$9,322,729 by \$1,500,127. The increase over the budget was attributed to conservative projects due to the COVID pandemic while actual revenues actually improved over fiscal year 2020, particularly retail-driven revenues such as hotel and sales taxes.
- The General Fund actual expenditures of \$8,240,948 were less than the final budgeted amount of \$8,411,966 by \$171,018. The variance from budgeted expenditures was modest and in line with expectations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2021, totals \$18,288,913. Capital assets include land, buildings, infrastructure, machinery and equipment, park facilities, computer software and vehicles. A comparison of the City's investment in capital assets as of June 30, 2021 and 2020 is provided in the following table:

**City of Morrow's Capital Assets, Net of Accumulated Depreciation  
June 30, 2021**

	Governmental Activities		Business-type Activities		Total	
	2021	2020 (restated)	2021	2020	2021	2020 (restated)
Land	\$ 5,330,272	\$ 5,300,272	\$ 2,323,823	\$ 2,323,823	\$ 7,654,095	\$ 7,624,095
Buildings, grounds and improvements	3,524,713	3,709,708	1,814,289	1,883,634	5,339,002	5,593,342
Land improvements	-	-	13,686	22,836	13,686	22,836
Machinery and equipment	746,918	738,032	6,424	16,328	753,342	754,360
Infrastructure in process	949,087	458,255	-	-	949,087	458,255
Infrastructure	2,472,426	3,207,658	-	-	2,472,426	3,207,658
Vehicles	894,792	1,159,975	-	-	894,792	1,159,975
Computer software	1,357	9,472	-	-	1,357	9,472
Park facilities	211,126	182,855	-	-	211,126	182,855
Total	<u>\$ 14,130,691</u>	<u>\$ 14,766,227</u>	<u>\$ 4,158,222</u>	<u>\$ 4,246,621</u>	<u>\$ 18,288,913</u>	<u>\$ 19,012,848</u>

The net investment in capital assets balance of \$18,288,913 represents a (\$723,935) decrease from previous fiscal year. This 4% decrease is the net of additions of capital assets (\$890,542), disposals of capital assets net of depreciation (\$185,443), and depreciation expense in the amount of \$1,429,034.

Additional information on the City's capital assets can be found in Note 5 of the Notes to the Financial Statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Long-Term Debt

As of June 30, 2021, the City had total outstanding long-term debt of \$9,717,459 which was all identified within the governmental activities. A comparison of the long-term liabilities on June 30, 2021 and 2020 are shown in the following table:

City of Morrow's Outstanding Long-Term Liabilities June 30, 2021						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ -	\$ -	\$ 6,480,000	\$ 7,185,000	\$ 6,480,000	\$ 7,185,000
Compensated absences	210,286	177,617	1,890	1,160	212,176	178,777
Net pension liability	3,025,283	3,420,110	-	-	3,025,283	3,420,110
Total	\$ 3,235,569	\$ 3,597,727	\$ 6,481,890	\$ 7,186,160	\$ 9,717,459	\$ 10,783,887

During fiscal year 2021, the City's total outstanding long-term liabilities decreased by a net amount of \$1,066,428. The Net Pension Liability decreased by \$394,827 due to interest on the pension liability and investment earnings for the plan year being lower than actuarial expectations

Additional information on the City's long-term debt can be found in Note 6 of the Notes to the Financial Statements.

### Currently Known Facts, Decisions or Conditions Affecting Future Operations

For a number of different reasons, Clayton County and the City took longer to rebound from the effects of the "2008 Great Recession" than most Atlanta-area submarkets. However, more recently, local economic conditions have begun to improve and are even showing some signs of resurgence. Home values are rising and driving up property tax revenues. Retail spending, historically a life-blood in the City, returned to pre-pandemic levels. Based on the comparative data information from the 2021 and 2021 tax digests, commercial, industrial, and residential real estate values have all finally begun to stabilize. This recent economic improvement arises from inherent strengths in attributes such as location, transportation infrastructure, and natural resources.

The City benefits greatly from its close proximity to the Hartsfield-Jackson Atlanta International Airport and interstate 75. While the airport has been a significant economic driver in the past. Discussions continue to focus on the future of the airport area and how it might become a nexus for increased local and global economic activity to attract international corporations, logistics companies and others that benefit from proximity to the world's busiest airport.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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In November of 2014, the voters of Clayton County overwhelmingly approved a one-percent sales tax to fund an expansion of the Metropolitan Atlanta Rapid Transit Authority ("MARTA") service that brought public transit back to Clayton County. By May of 2016, more than ten bus lines were already operational with several of them serving the Morrow area and its retail businesses. As an additional benefit, MARTA is renting office space within the City for its law enforcement function. The City's future will also be heavily influenced by MARTA's decision to bring rail service to the county within the next five years. Based on the most recent information, those expansion discussions began in October of 2016 and included the City as one of the stops on the rail line. MARTA continues to discuss expansion of the bus lines, with four new stops proposed within the City. The City is prepared to serve as a stop if the rail lines come into the county – this infrastructure was put into place years ago when discussions of the Atlanta/Macon rail line gained popularity with the governor's office.

In June of 2015, the URA of the City issued a taxable revenue bond in the amount of \$9,165,000. As security for meeting the debt service requirements of the revenue bond, the City pledged its full faith and credit, and taxing power for such payment and performance. The debt service schedule for the revenue bond reflects a decrease of \$14,757 for the fiscal year 2021 for a total debt service payment of \$1,059,221. The need to meet this debt service obligation will have an impact on future operations and was materially addressed during the preparation of the fiscal year 2021 budget.

### **Factors Affecting the Fiscal Year 2021 Budget**

Annually, the City Manager submits to the City Council a proposed operating budget for the coming fiscal year which is required to be approved by June 30. Public hearings and additional open meetings are held prior to adoption to allow citizens the opportunity to comment on the proposed budget.

The City Council of Morrow considered many factors when approving the City's fiscal year 2021 budget. In making those difficult budgetary decisions, the Mayor and Council were very aware of the present economic conditions, the URA debt service payment schedule, forecasts for a very slow recovery, and the effects on its citizens and the levels of service provided by the City.

### **Contacting the City's Financial Management**

This report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information found in this report or requests for additional information should be directed to the City Manager, City of Morrow, 1500 Morrow Road, Morrow, Georgia 30260, (770) 961-4002 or via email at [citymanager@cityofmorrow.com](mailto:citymanager@cityofmorrow.com).

# CITY OF MORROW, GEORGIA

## STATEMENT OF NET POSITION JUNE 30, 2021

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total Primary Government	Downtown Development Authority	Morrow Housing Authority	MCTA	Total Component Units
<b>ASSETS</b>							
Cash and cash equivalents	\$ 14,487,596	\$ 833,902	\$ 15,321,498	\$ 47,395	\$ 711	\$ 169,210	\$ 217,316
Taxes receivable, net	823,241	-	823,241	-	-	-	-
Accounts receivable	247,192	288,748	535,940	-	-	-	-
Due from other governments	188,853	-	188,853	-	-	-	-
Prepaid items	118,514	-	118,514	-	-	-	-
Assets held for resale	103,619	-	103,619	-	-	-	-
Capital assets:							
Nondepreciable	6,279,359	2,323,823	8,603,182	206,446	-	-	206,446
Depreciable, net of accumulated depreciation	7,851,332	1,834,399	9,685,731	2,557,713	-	-	2,557,713
Total assets	30,099,706	5,280,872	35,380,578	2,811,554	711	169,210	2,981,475
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension	979,288	-	979,288	-	-	-	-
<b>LIABILITIES</b>							
Accounts payable	255,570	31,735	287,305	3,198	-	23,308	26,506
Accrued liabilities	234,733	14,818	249,551	-	-	3,800	3,800
Unearned revenues	-	86,184	86,184	-	-	-	-
Customer deposits payable	-	4,100	4,100	-	-	-	-
Bonds payable due within one fiscal year	-	725,000	725,000	-	-	-	-
Bonds payable due in more than one fiscal year	-	5,755,000	5,755,000	-	-	-	-
Compensated absences due within one fiscal year	189,257	1,890	191,147	-	-	-	-
Compensated absences due in more than one fiscal year	21,029	-	21,029	-	-	-	-
Net pension liability due in more than one fiscal year	3,025,283	-	3,025,283	-	-	-	-
Total liabilities	3,725,872	6,618,727	10,344,599	3,198	-	27,108	30,306
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension	366,540	-	366,540	-	-	-	-
<b>NET POSITION</b>							
Net investment in capital assets	14,130,691	(2,321,778)	11,808,913	2,764,159	-	-	2,764,159
Restricted for public safety	158,620	-	158,620	-	-	-	-
Restricted for capital projects	3,937,677	-	3,937,677	-	-	-	-
Restricted for housing and economic development	1,480,569	-	1,480,569	-	-	-	-
Unrestricted	7,279,025	983,923	8,262,948	44,197	711	142,102	187,010
Total net position (deficit)	\$ 26,986,582	\$ (1,337,855)	\$ 25,648,727	\$ 2,808,356	\$ 711	\$ 142,102	\$ 2,951,169

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

# CITY OF MORROW, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Morrow Housing Authority	Total Component Units
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 1,682,941	\$ 1,329,091	\$ -	\$ -	\$ (353,850)	\$ -	\$ (353,850)	\$ -	\$ -	\$ -
Judicial	404,196	-	-	-	(404,196)	-	(404,196)	-	-	-
Public safety	5,031,236	2,198,776	431,052	-	(2,401,408)	-	(2,401,408)	-	-	-
Public works	2,486,952	-	-	1,617,465	(869,487)	-	(869,487)	-	-	-
Economic development	934,700	-	-	-	(934,700)	-	(934,700)	-	-	-
Total governmental activities	10,540,025	3,527,867	431,052	1,617,465	(4,963,641)	-	(4,963,641)	-	-	-
Business-type activities:										
Sanitation Fund	1,016,592	1,366,266	-	-	-	349,674	349,674	-	-	-
Urban Redevelopment Agency	457,085	-	-	-	-	(457,085)	(457,085)	-	-	-
Morrow Center	323,684	177,957	-	-	-	(145,727)	(145,727)	-	-	-
Total business-type activities	1,797,361	1,544,223	-	-	-	(253,138)	(253,138)	-	-	-
Total primary government	\$ 12,337,386	\$ 5,072,090	\$ 431,052	\$ 1,617,465	(4,963,641)	(253,138)	(5,216,779)	-	-	-
<b>Component units:</b>										
Downtown Development Authority	\$ 209,244	\$ -	\$ 22,057	\$ 135,894	-	-	-	(51,293)	-	(51,293)
Morrow Housing Authority	-	-	-	-	-	-	-	-	-	-
MCTA	415,771	-	557,873	-	-	-	-	-	142,102	142,102
Total component units	\$ 625,015	\$ -	\$ 579,930	\$ 135,894	-	-	-	(51,293)	-	90,809
General revenues:										
Property taxes					2,685,938	-	2,685,938	-	-	-
Sales taxes					2,221,645	-	2,221,645	-	-	-
Insurance premium tax					475,524	-	475,524	-	-	-
Alcoholic beverage taxes					248,914	-	248,914	-	-	-
Financial institution taxes					67,535	-	67,535	-	-	-
Excise taxes					151,542	-	151,542	-	-	-
Hotel /Motel					926,151	-	926,151	-	-	-
Miscellaneous					196,704	-	196,704	20	-	20
Franchise taxes					597,069	-	597,069	-	-	-
Unrestricted investment earnings					6,336	10	6,346	-	-	-
Transfers					(1,183,610)	1,183,610	-	-	-	-
Total general revenues and transfers					6,393,748	1,183,620	7,577,368	-	20	20
Change in net position					1,430,107	930,482	2,360,589	(51,293)	20	90,829
Net position, beginning of fiscal year (as restated)					25,556,475	(2,268,337)	23,288,138	2,859,649	691	2,860,340
Net position, end of fiscal year	\$ 26,986,582	\$ (1,337,855)	\$ 25,648,727	\$ 2,808,356	\$ 2,808,356	\$ 711	\$ 142,102	\$ 2,951,169		

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

**CITY OF MORROW, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General Fund	2014 SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,153,811	\$ 3,196,875	\$ 2,136,910	\$ 14,487,596
Taxes receivable	368,767	93	454,381	823,241
Accounts receivable	247,192	-	-	247,192
Due from other governments	188,853	-	-	188,853
Due from other funds	241,538	50,060	20,565	312,163
Prepaid items	118,514	-	-	118,514
Assets held for resale	103,619	-	-	103,619
Total assets	<u>\$ 10,422,294</u>	<u>\$ 3,247,028</u>	<u>\$ 2,611,856</u>	<u>\$ 16,281,178</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 199,328	\$ 30,375	\$ 25,867	\$ 255,570
Accrued liabilities	233,270	1,463	-	234,733
Due to other funds	20,566	208,464	83,133	312,163
Total liabilities	<u>453,164</u>	<u>240,302</u>	<u>109,000</u>	<u>802,466</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - taxes	274,367	-	-	274,367
Unavailable revenue - contracted reimbursements	-	-	97,069	97,069
Total deferred inflows of resources	<u>274,367</u>	<u>-</u>	<u>97,069</u>	<u>371,436</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	118,514	-	-	118,514
Assets held for resale	103,619	-	-	103,619
Restricted for:				
Public safety	-	-	158,620	158,620
Capital projects	67,284	3,006,726	766,598	3,840,608
Housing and economic development	-	-	1,480,569	1,480,569
Unassigned:	9,405,346	-	-	9,405,346
Total fund balances	<u>9,694,763</u>	<u>3,006,726</u>	<u>2,405,787</u>	<u>15,107,276</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,422,294</u>	<u>\$ 3,247,028</u>	<u>\$ 2,611,856</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	14,130,691
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	371,436
Pension related deferred inflows and outflows are not reported in the governmental funds.	612,748
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(210,286)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(3,025,283)
Net position of governmental activities	<u>\$ 26,986,582</u>

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

**CITY OF MORROW, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	2014 SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 2,737,691	\$ -	\$ -	\$ 2,737,691
Sales taxes	2,173,603	-	-	2,173,603
Financial institution taxes	67,535	-	-	67,535
Insurance premium taxes	475,524	-	-	475,524
Alcoholic beverage	248,914	-	-	248,914
Excise taxes	151,542	-	-	151,542
Hotel/motel taxes	-	-	926,151	926,151
Charges for services	302,120	-	-	302,120
Licenses and permits	1,327,723	-	-	1,327,723
Intergovernmental	784,414	736,436	682,884	2,203,734
Franchise fees	597,069	-	-	597,069
Fines and forfeitures	1,811,922	-	86,102	1,898,024
Interest revenue	6,336	93	-	6,429
Rental income	58,279	-	-	58,279
Other revenues	80,184	-	58,241	138,425
Total revenues	<u>10,822,856</u>	<u>736,529</u>	<u>1,753,378</u>	<u>13,312,763</u>
<b>Expenditures</b>				
Current:				
General government	1,582,178	-	-	1,582,178
Judicial	389,275	-	-	389,275
Public safety	4,422,302	-	10,232	4,432,534
Public works	1,371,667	-	-	1,371,667
Housing and economic development	224,456	-	665,873	890,329
Capital outlay	251,070	456,379	282,527	989,976
Total expenditures	<u>8,240,948</u>	<u>456,379</u>	<u>958,632</u>	<u>9,655,959</u>
Excess of revenues over expenditures	<u>2,581,908</u>	<u>280,150</u>	<u>794,746</u>	<u>3,656,804</u>
<b>Other financing sources (uses)</b>				
Transfers in	306,046	-	153,563	459,609
Transfers out	(1,183,445)	(165)	(459,609)	(1,643,219)
Proceeds from the sale of capital assets	23,039	-	-	23,039
Total other financing sources (uses)	<u>(854,360)</u>	<u>(165)</u>	<u>(306,046)</u>	<u>(1,160,571)</u>
Net change in fund balances	1,727,548	279,985	488,700	2,496,233
<b>Fund balances, beginning of fiscal year</b>	<u>7,967,215</u>	<u>2,726,741</u>	<u>1,917,087</u>	<u>12,611,043</u>
<b>Fund balances, end of fiscal year</b>	<u>\$ 9,694,763</u>	<u>\$ 3,006,726</u>	<u>\$ 2,405,787</u>	<u>\$ 15,107,276</u>

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



**CITY OF MORROW, 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 JUNE 30, 2021**

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

Net change in fund balances - total governmental funds	\$ 2,496,233
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(450,093)
The book value of capital assets disposed are reported on the government-wide statement of activities but not reported in the governmental funds' operating statement.	(185,443)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(159,021)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(271,569)
Change in net position - governmental activities	<u>\$ 1,430,107</u>

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

**CITY OF MORROW, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,466,919	\$ 2,466,919	\$ 2,737,691	\$ 270,772
Sales taxes	1,800,000	2,134,779	2,173,603	38,824
Financial institution taxes	65,000	65,000	67,535	2,535
Insurance premium taxes	425,000	425,000	475,524	50,524
Alcoholic beverage	145,000	145,000	248,914	103,914
Excise taxes	140,000	140,000	151,542	11,542
Charges for services	303,744	303,744	302,120	(1,624)
Licenses and permits	984,500	1,234,500	1,327,723	93,223
Intergovernmental	407,187	407,187	784,414	377,227
Franchise fees	515,000	515,000	597,069	82,069
Fines and forfeitures	1,331,000	1,331,000	1,811,922	480,922
Interest revenue	98,000	98,000	6,336	(91,664)
Rental income	45,000	45,000	58,279	13,279
Other revenues	11,600	11,600	80,184	68,584
Total revenues	8,737,950	9,322,729	10,822,856	1,500,127
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Mayor/Commission	981,603	436,103	461,304	(25,201)
City clerk	107,706	84,206	71,436	12,770
Elections	2,000	17,000	14,220	2,780
General administration	80,000	215,000	210,287	4,713
Finance	405,649	730,649	691,820	38,829
Information technology	153,376	143,376	133,111	10,265
Total general government	1,730,334	1,626,334	1,582,178	44,156
<b>Judicial:</b>				
Municipal court	314,085	399,085	389,275	9,810
<b>Public safety:</b>				
Police	2,245,753	2,156,753	2,134,893	21,860
Fire	2,302,563	2,282,563	2,287,409	(4,846)
Capital outlay	116,193	41,193	20,655	20,538
Total public safety	4,664,509	4,480,509	4,442,957	37,552
<b>Public works:</b>				
Administration	1,059,477	1,293,977	1,371,667	(77,690)
Capital outlay	70,516	380,516	230,415	150,101
Total public works	1,129,993	1,674,493	1,602,082	72,411
<b>Housing and economic development:</b>				
Planning and zoning	109,045	209,045	205,303	3,742
Economic development	-	22,500	19,153	3,347
Total housing and economic development	109,045	231,545	224,456	7,089
<b>Debt service</b>	1,059,221	-	-	-
Total expenditures	9,007,187	8,411,966	8,240,948	171,018
Excess (deficiency) of revenues over (under) expenditures	(269,237)	910,763	2,581,908	1,671,145

(Continued)

**CITY OF MORROW, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Other financing sources (uses)</b>				
Transfers in	\$ 259,237	\$ 259,237	\$ 306,046	\$ 46,809
Transfers out	-	(1,180,000)	(1,183,445)	(3,445)
Proceeds from the sale of capital assets	10,000	10,000	23,039	13,039
Total other financing sources (uses), net	269,237	(910,763)	(854,360)	56,403
Net change in fund balances	-	-	1,727,548	1,727,548
<b>Fund balances, beginning of fiscal year</b>	7,967,215	7,967,215	7,967,215	-
<b>Fund balances, end of fiscal year</b>	<u>\$ 7,967,215</u>	<u>\$ 7,967,215</u>	<u>\$ 9,694,763</u>	<u>\$ 1,727,548</u>

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

**CITY OF MORROW, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2021**

	Sanitation Fund	Urban Redevelopment Agency	Morrow Center Fund	Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 395,133	\$ 394,852	\$ 43,917	\$ 833,902
Accounts receivable	284,548	-	4,200	288,748
Total current assets	679,681	394,852	48,117	1,122,650
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Non-depreciable	-	2,323,823	-	2,323,823
Depreciable, net of accumulated depreciation	-	1,827,974	6,425	1,834,399
Total noncurrent assets	-	4,151,797	6,425	4,158,222
Total assets	679,681	4,546,649	54,542	5,280,872
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	617	-	31,118	31,735
Accrued liabilities	1,508	13,310	-	14,818
Compensated absences payable	1,890	-	-	1,890
Customer deposits payable	-	-	4,100	4,100
Unearned revenues	48,980	-	37,204	86,184
Total current liabilities	52,995	13,310	72,422	138,727
<b>NONCURRENT LIABILITIES</b>				
Bonds payable due within one fiscal year	-	725,000	-	725,000
Bonds payable due in more than one fiscal year	-	5,755,000	-	5,755,000
Total noncurrent liabilities	-	6,480,000	-	6,480,000
Total liabilities	52,995	6,493,310	72,422	6,618,727
<b>NET POSITION</b>				
Net investment in capital assets	-	(2,328,203)	6,425	(2,321,778)
Unrestricted (deficit)	626,686	381,542	(24,305)	983,923
Total net position (deficit)	\$ 626,686	\$ (1,946,661)	\$ (17,880)	\$ (1,337,855)

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

**CITY OF MORROW, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Sanitation Fund	Urban Redevelopment Agency	Morrow Center Fund	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,366,266	\$ -	\$ 177,957	\$ 1,544,223
Total operating revenues	<u>1,366,266</u>	<u>-</u>	<u>177,957</u>	<u>1,544,223</u>
<b>OPERATING EXPENSES</b>				
Purchased or contracted services	1,016,592	17,093	313,780	1,347,465
Depreciation	-	87,499	9,904	97,403
Total operating expenses	<u>1,016,592</u>	<u>104,592</u>	<u>323,684</u>	<u>1,444,868</u>
Operating income (loss)	349,674	(104,592)	(145,727)	99,355
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earnings	-	10	-	10
Interest expense and fiscal charges	<u>-</u>	<u>(352,493)</u>	<u>-</u>	<u>(352,493)</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>(352,483)</u>	<u>-</u>	<u>(352,483)</u>
Income (loss) before transfers	349,674	(457,075)	(145,727)	(253,128)
Transfers in	-	1,067,866	115,744	1,183,610
Change in net position (deficit)	<u>349,674</u>	<u>610,791</u>	<u>(29,983)</u>	<u>930,482</u>
<b>NET POSITION (DEFICIT), beginning of fiscal year</b>	<u>277,012</u>	<u>(2,557,452)</u>	<u>12,103</u>	<u>(2,268,337)</u>
<b>NET POSITION (DEFICIT), end of fiscal year</b>	<u>\$ 626,686</u>	<u>\$ (1,946,661)</u>	<u>\$ (17,880)</u>	<u>\$ (1,337,855)</u>

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

**CITY OF MORROW, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Sanitation Fund	Urban Redevelopment Agency	Morrow Center Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,218,839	\$ -	\$ 175,807	\$ 1,394,646
Payments to suppliers	(1,121,390)	(18,541)	(340,907)	(1,480,838)
Net cash provided by (used in) operating activities	97,449	(18,541)	(165,100)	(86,192)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	1,067,866	115,744	1,183,610
Net cash provided by non-capital financing activities	-	1,067,866	115,744	1,183,610
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	(9,004)	-	(9,004)
Interest paid on long-term borrowings	-	(352,493)	-	(352,493)
Principal paid on long-term borrowings	-	(705,000)	-	(705,000)
Net cash used in capital and related financing activities	-	(1,066,497)	-	(1,066,497)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	-	10	-	10
Net cash provided by investing activities	-	10	-	10
Change in cash and cash equivalents	97,449	(17,162)	(49,356)	30,931
<b>Cash and cash equivalents:</b>				
Beginning of fiscal year	297,684	412,014	93,273	802,971
End of fiscal year	\$ 395,133	\$ 394,852	\$ 43,917	\$ 833,902
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 349,674	\$ (104,592)	\$ (145,727)	\$ 99,355
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	87,499	9,904	97,403
Changes in assets and liabilities:				
Increase in accounts receivable	(147,427)	-	(2,150)	(149,577)
Increase (decrease) in accounts payable	(95,484)	-	12,768	(82,716)
Increase in accrued liabilities	2,238	-	-	2,238
Decrease in accrued interest	-	(1,448)	-	(1,448)
Decrease in unearned revenue	(11,552)	-	(31,645)	(43,197)
Decrease in customer deposits	-	-	(8,250)	(8,250)
Net cash provided by (used in) operating activities	\$ 97,449	\$ (18,541)	\$ (165,100)	\$ (86,192)

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. The Financial Reporting Entity**

The City was incorporated in 1943 and operates under an elected Council-Manager form of government. The City Manager is the head of the administrative branch of government. As such, she is responsible for the day-to-day operations of city government. The legislative branch of the City is vested in the Mayor and four Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire); highways and streets; sanitation; parks and recreation; community development; planning and zoning; and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements include the accounts of all City operations and all activities of the City.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational and financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the component units’ financial statements have been included as either blended or discretely presented. All of the City’s component units have a June 30 fiscal year-end.

**Discretely Presented Component Units:**

**The City of Morrow Downtown Development Authority** (the “DDA”) was formed during the fiscal year ended June 30, 2001, to become the City’s redevelopment tool for commercial revitalization. Property acquisition, renovation, and demolition are only a few priorities of the DDA. The City provides a substantial portion of the DDA’s budget, maintains its accounting records and appoints a voting majority of the DDA’s Board. Separate financial statements for the DDA are not prepared.



**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. The Financial Reporting Entity (Continued)**

**Discretely Presented Component Units: (Continued)**

**The City of Morrow Housing Authority** (the “**Authority**”) was formed during the fiscal year ended June 30, 2009, to provide affordable housing to the citizens of Morrow. After a period of dormancy, the Authority was re-established on January 12, 2016. After they were re-established, they put out to bid and sold their only asset – a residential home on Navaho Trail. The City maintains its accounting records and appoints the Authority’s governing board. Separate financial statements for the Authority are not prepared.

**The Morrow Convention and Tourism Association** (the “**MCTA**”) has been included as a discretely presented component unit in the accompanying financial statements. The MCTA is fiscally dependent on the City as it does not have the power to levy taxes, determine its own aggregate budget without the approval of the Mayor and Council of the City of Morrow, Georgia, or issue bonded debt, and the City is required by contract to provide a majority of the operational revenues for the MCTA. The Mayor serves as Chairman and appointed four additional members to serve on the Board of Directors for the MCTA’s initial year. A Nominating Committee will propose future Board Members to be voted on by the Board of Directors. Financial information with regard to the MCTA can be obtained from the administrative offices at 1500 Morrow Road, Morrow, GA 30260. Separate financial statements for the MCTA are not prepared.

**Blended Component Unit:**

**The Urban Redevelopment Agency of the City of Morrow, Georgia** (the “**URA**”) was activated by a resolution adopted by the Mayor and Council of the City of Morrow on March 24, 2009. Its purpose is to exercise the City’s “urban redevelopment project powers” under the Urban Redevelopment Law. The City provides resources that represent a substantial portion of the URA’s budget, has pledged the taxing power of the City to pay debt service on outstanding URA bonds, maintains its accounting records and appoints a majority of the URA’s Board. Separate financial statements for the URA are not prepared. The URA is presented as a blended component unit for the fiscal year ending June 30, 2021 as there is a financial burden relationship for the City to provide support for the URA.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers 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.

Property taxes, sales taxes, franchise taxes, licenses, and investment income 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The **2014 Special Purpose Local Option Sales Tax ("SPLOST") Fund** is a capital projects fund used to account for the revenues and expenditures relating to the 2014 1% Special Purpose Local Option Sales Tax.

The City reports the following proprietary funds:

The **Sanitation Fund** accounts for the operations of commercial and residential waste removal within the City. All activities necessary to provide such services are accounted for in this fund.

The **Urban Redevelopment Agency** fund was activated by a resolution adopted during the fiscal year ended June 30, 2009. Its purpose is to exercise the City's "urban redevelopment project powers" under the Urban Redevelopment Law. This fund is also used to account for rental income.

The **Morrow Center Fund** accounts for the operations of the Morrow Conference Center. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted or committed to expenditure for specific purposes.

The **capital projects fund** accounts for certain capital expenditures made by the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's sanitation function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Budgets and Budgetary Accounting**

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

1. Budget requests are completed in April.
2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council in May.
3. Public hearings on the proposed budget are held in May and June.
4. The budget is legally adopted by the Mayor and City Council prior to June 30.
5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$5,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any department or fund must be approved by the City Council. The City Council made several immaterial supplemental budget appropriations during the year.
6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Budgets and Budgetary Accounting (Continued)**

8. Revenues and expenditures of the capital projects funds are budgeted on a project basis and are, therefore, excluded from presentation in the financial statements.

The General Fund had the following departments with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2021:

General Government-Mayor/Commission	\$ 25,201
Public Safety-Fire	4,846
Public Works-Administration	77,690
Transfers out	3,445

These over expenditures were offset by less than anticipated expenditures in other departments.

**E. Cash and Cash Equivalents**

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

**F. Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loans which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1 was created under Official Code of Georgia Annotated ("O.C.G.A.") § 36-83-8 and is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. 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 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 a cash equivalent for financial statement presentation.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Deposits and Investments (Continued)**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values. Increases or decreases in the fair value during the year are recognized as a component of interest income.

**G. Prepaid Items**

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of June 30.

**H. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide Statement of Net Position. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net position as "internal balances." In the major fund balance sheets, these receivables and payables are classified as "due from other funds" and "due to other funds".

**I. Grants from Other Governments**

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, the City has elected not to include infrastructure acquired or constructed prior to July 1, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings, grounds, and improvements	15 – 40 years
Machinery and equipment	5 – 10 years
Furniture and fixtures	5 – 10 years
Infrastructure	15 years
Vehicles	5 – 10 years
Computer equipment and software	5 years
Park facilities and improvements	15 years

**K. Long-Term Liabilities**

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 and deferred charges, are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Long-Term Liabilities (Continued)**

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

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net 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 has three (3) items that qualify for reporting in this category and are combined under the heading "Pension" in the Statement of Net Position. Experience differences result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience differences are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions, which adjust the net pension liability, are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. In addition, any contributions made by the City to the pension plan before fiscal year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

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**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) items that qualify for reporting in this category, one of which arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and sales taxes and contracted reimbursements. These amounts are deferred and will be recognized as an inflow of resources in the period in which the revenues become available. The other two (2) items relate to the City's Retirement Plan and are combined under the heading "Pension" in the Statement of Net Position. Experience differences result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience differences are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Additionally, the net difference between projected and actual earnings on pension plan investments is deferred and amortized against pension expense over a five-year period, resulting in recognition as a deferred inflow of resources.

**M. Compensated Absences**

City employees accrue vacation in different amounts, according to the number of years of service. Employees under ten years of service accrue two weeks of vacation each year. Upon reaching ten years of service, employees can accrue three weeks per year. These days can be taken either through time off or by payment upon termination. The third week accrued for employees over ten years of service can also be paid out as additional compensation while still employed.

Employees earn sick leave in proportion to actual hours worked. Sick leave, however, is not paid upon termination. One-half of the excess accrued hours over 60 days at the end of the year are paid out to employees. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, the 2008 SPLOST Fund, the 2014 SPLOST Fund, and the 2020 SPLOST Fund. Encumbrances outstanding at fiscal year-end are reported as committed or assigned fund balances since they do not constitute expenditures or liabilities.

Unencumbered appropriations lapse at the end of the fiscal year. Encumbrances are re-appropriated in the following year, except for encumbrances in the 2008 SPLOST Fund, the 2014 SPLOST Fund, and the 2020 SPLOST Fund, which are continuing. Encumbrances do not represent GAAP expenditures. At June 30, 2021, there were no encumbrances outstanding.

**O. Fund Equity**

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

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

Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: a) not in spendable form (i.e., items that are not expected to be converted to cash), or b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City’s Finance Director or the City Manager to assign fund balances.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Fund Equity (Continued)**

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned. The City has not adopted a minimum fund balance policy.

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

**P. Use of Estimates**

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

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$450,093 difference are as follows:

Capital outlay	\$ 881,538
Depreciation expense	<u>(1,331,631)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (450,093)</u></u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$271,569 difference are as follows:

Change in net pension liability and deferred inflows and outflows of resources	\$ (238,900)
Change in compensated absences	<u>(32,669)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (271,569)</u></u>

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3. DEPOSITS AND INVESTMENTS**

Total deposits and investments as of June 30, 2021, are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:	
Cash and cash equivalents	\$ 15,321,498
Component Units - cash and cash equivalents	217,316
Total	<u>\$ 15,538,814</u>
Cash deposited with financial institutions	\$ 7,739,842
Cash deposited with Georgia Fund 1	7,798,972
Total	<u>\$ 15,538,814</u>

**Credit risk.** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by state law. As of June 30, 2021, the City's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's.

**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.

At June 30, 2021, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	36-day weighted average	<u>\$ 7,798,972</u>

Due to its liquidity and ready availability for withdrawal, the City considers its investment in Georgia Fund 1 a cash equivalent for financial statement presentation.

**Fair value measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of June 30, 2021, the City's only investment is in Georgia Fund 1. The Georgia Fund 1 is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial credit risk – Deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2021, all of the City's and its discretely presented component units bank balances were covered by either federal depository insurance, by collateral held by the City's agent in the City's name, or by collateral held by a third-party custodian bank as part of the Georgia Office of the State Treasurer's Pooled Funds program.

**Custodial Credit Risk – Investments.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities.

**NOTE 4. RECEIVABLES**

Receivables as of fiscal year-end, including the applicable allowances for uncollectible accounts, are as follows:

		2014	Nonmajor			
	General	SPLOST	Governmental	Sanitation	Morrow	Total
			Funds	Fund	Center	
Receivables:						
Taxes	\$ 502,653	\$ 93	\$ 454,381	\$ -	\$ -	\$ 957,127
Accounts	247,192	-	-	284,548	4,200	535,940
Due from						
other governments	188,853	-	-	-	-	188,853
Gross receivables	938,698	93	454,381	284,548	4,200	1,681,920
Less: allowance	(133,886)	-	-	-	-	(133,886)
Total receivables	<u>\$ 804,812</u>	<u>\$ 93</u>	<u>\$ 454,381</u>	<u>\$ 284,548</u>	<u>\$ 4,200</u>	<u>\$ 1,548,034</u>

**Property Taxes**

Property taxes were levied on August 5, 2020, (levy date) based upon property values assessed as of January 1. The billings were mailed on November 23, 2020, and payable on or before January 1, 2021, for the fiscal year 2021 tax. Taxes not paid within 30 days of the January 1<sup>st</sup> due date are subject to property tax liens on February 1, 2021. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during fiscal year 2021 for the City's operations was 9.081 mills (mill equals \$1 per thousand dollars of assessed value).

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 5. CAPITAL ASSETS**

**A. Primary Government**

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<b>Restated Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,300,272	\$ 30,000	\$ -	\$ 5,330,272
Infrastructure in process	458,255	528,460	(37,628)	949,087
Total capital assets, not being depreciated	<u>5,758,527</u>	<u>558,460</u>	<u>(37,628)</u>	<u>6,279,359</u>
Capital assets, being depreciated:				
Buildings, grounds, and improvements	6,914,181	-	(10,059)	6,904,122
Machinery and equipment	1,533,625	157,917	(94,977)	1,596,565
Furniture and fixtures	187,833	-	(12,800)	175,033
Infrastructure	11,641,956	33,908	(321,966)	11,353,898
Vehicles	3,468,514	47,511	(202,261)	3,313,764
Computer equipment and software	75,387	-	(16,834)	58,553
Park facilities and improvements	1,051,080	83,742	(12,000)	1,122,822
Total capital assets, being depreciated	<u>24,872,576</u>	<u>323,078</u>	<u>(670,897)</u>	<u>24,524,757</u>
Less accumulated depreciation for:				
Buildings, grounds, and improvements	(3,204,473)	(184,995)	10,059	(3,379,409)
Machinery and equipment	(795,593)	(136,567)	82,513	(849,647)
Furniture and fixtures	(187,833)	-	12,800	(175,033)
Infrastructure	(8,434,298)	(678,653)	231,479	(8,881,472)
Vehicles	(2,308,539)	(270,515)	160,082	(2,418,972)
Computer equipment and software	(65,915)	(5,430)	14,149	(57,196)
Park facilities and improvements	(868,225)	(55,471)	12,000	(911,696)
Total accumulated depreciation	<u>(15,864,876)</u>	<u>(1,331,631)</u>	<u>523,082</u>	<u>(16,673,425)</u>
Total capital assets, being depreciated, net	<u>9,007,700</u>	<u>(1,008,553)</u>	<u>(147,815)</u>	<u>7,851,332</u>
Governmental activities capital assets, net	<u>\$ 14,766,227</u>	<u>\$ (450,093)</u>	<u>\$ (185,443)</u>	<u>\$ 14,130,691</u>

The beginning Infrastructure balance was restated by \$769,036 due to the improper inclusion of road resurfacing additions in a prior year and related beginning accumulated depreciation balance was restated by \$59,814. See Note 15 for further discussions.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

**A. Primary Government (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,323,823	\$ -	\$ -	\$ 2,323,823
Total capital assets, not being depreciated	<u>2,323,823</u>	<u>-</u>	<u>-</u>	<u>2,323,823</u>
Capital assets, being depreciated:				
Buildings and improvements	2,276,500	9,004	-	2,285,504
Land improvements	73,199	-	-	73,199
Machinery and equipment	<u>50,318</u>	<u>-</u>	<u>-</u>	<u>50,318</u>
Total capital assets being depreciated	<u>2,400,017</u>	<u>9,004</u>	<u>-</u>	<u>2,409,021</u>
Less accumulated depreciation for:				
Buildings and improvements	(392,866)	(78,349)	-	(471,215)
Land improvements	(50,363)	(9,150)	-	(59,513)
Machinery and equipment	<u>(33,990)</u>	<u>(9,904)</u>	<u>-</u>	<u>(43,894)</u>
Total accumulated depreciation	<u>(477,219)</u>	<u>(97,403)</u>	<u>-</u>	<u>(574,622)</u>
Total capital assets, being depreciated, net	<u>1,922,798</u>	<u>(88,399)</u>	<u>-</u>	<u>1,834,399</u>
Business-type activities capital assets, net	<u>\$ 4,246,621</u>	<u>\$ (88,399)</u>	<u>\$ -</u>	<u>\$ 4,158,222</u>

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

Governmental activities:	
General government	\$ 63,530
Public safety	397,520
Public works	826,210
Housing and economic development	44,371
Total depreciation expense - governmental activities	<u>\$ 1,331,631</u>
Business-type activities:	
Morrow Center	\$ 9,904
Urban Redevelopment Agency	87,499
Total depreciation expense -business-type activities	<u>\$ 97,403</u>



**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 5. CAPITAL ASSETS (CONTINUED)**

**B. Discretely Presented Component Unit – Downtown Development Authority**

Capital asset activity for the DDA for the fiscal year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 70,552	\$ -	\$ -	\$ 70,552
Construction in progress	-	135,894		135,894
Total capital assets, not being depreciated	<u>70,552</u>	<u>135,894</u>	<u>-</u>	<u>206,446</u>
Capital assets, being depreciated:				
Buildings and improvements	3,225,769	-	-	3,225,769
Land improvements	52,464	-	-	52,464
Infrastructure	1,887,176	-	-	1,887,176
Total capital assets, being depreciated	<u>5,165,409</u>	<u>-</u>	<u>-</u>	<u>5,165,409</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,620,278)	(84,499)	-	(1,704,777)
Land improvements	(41,110)	(2,838)	-	(43,948)
Infrastructure	(822,249)	(36,722)	-	(858,971)
Total accumulated depreciation	<u>(2,483,637)</u>	<u>(124,059)</u>	<u>-</u>	<u>(2,607,696)</u>
Total capital assets, being depreciated, net	<u>2,681,772</u>	<u>(124,059)</u>	<u>-</u>	<u>2,557,713</u>
Total capital assets, net	<u>\$ 2,752,324</u>	<u>\$ 11,835</u>	<u>\$ -</u>	<u>\$ 2,764,159</u>

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**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6. LONG-TERM DEBT**

**A. Primary Government**

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 177,617	\$ 48,158	\$ (15,489)	\$ 210,286	\$ 189,257
Net pension liability	3,420,110	1,652,883	(2,047,710)	3,025,283	-
Governmental activities Long-term liabilities	<u>\$ 3,597,727</u>	<u>\$ 1,701,041</u>	<u>\$ (2,063,199)</u>	<u>\$ 3,235,569</u>	<u>\$ 189,257</u>

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-Type Activities</b>					
Compensated absences	\$ 1,160	\$ 1,291	\$ (561)	\$ 1,890	\$ 1,890
Bonds payable - direct placement	7,185,000	-	(705,000)	6,480,000	725,000
Business-Type activities Long-term liabilities	<u>\$ 7,186,160</u>	<u>\$ 1,291</u>	<u>\$ (705,561)</u>	<u>\$ 6,481,890</u>	<u>\$ 726,890</u>

Compensated absences and pension liabilities are substantially liquidated by the General Fund for governmental activities. The Sanitation Fund is responsible for liquidating business-type compensated absence liabilities.

**Bonds Payable — Direct Placement.** The URA of the City of Morrow, issued bonds in the amount of \$9,165,000 in June 2015. The proceeds of these bonds were used to purchase the old Macy's building (including the Morrow Conference Center) located at Southlake Mall and a professional office complex from the DDA. Bonds payable at June 30, 2021, are as follows:

<b>Purpose</b>	<b>Interest Rate</b>	<b>Term</b>	<b>Due Date</b>	<b>Original Amount</b>	<b>Amount</b>
Morrow Conference Center	4.93%	10 years	2025	\$ 9,165,000	<u>\$ 6,480,000</u>

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

**A. Primary Government (Continued)**

Debt service requirements to maturity on the revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Fiscal year ending June 30,</b>			
2022	\$ 725,000	\$ 319,464	\$ 1,044,464
2023	750,000	283,722	1,033,722
2024	775,000	246,747	1,021,747
2025	4,230,000	208,539	4,438,539
Total	<u>\$ 6,480,000</u>	<u>\$ 1,058,472</u>	<u>\$ 7,538,472</u>

**NOTE 7. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

The City of Morrow Retirement Plan (the "Plan") is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The City's Plan is a part of the Georgia Municipal Employees Benefit System (the "GMEBS"), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigns the City to establish and amend the Plan to the City of Morrow. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

*Plan membership.* At January 1, 2021, there were 176 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	62
Inactive plan members entitled to but not receiving benefits	54
Active plan members	<u>79</u>
Total	<u>195</u>

*Benefits provided.* As provided by State law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the Plan provides pension benefits and death and disability benefits for full-time employees. Benefits are provided by the Plan whereby retirees receive 3% multiplied by their salary multiplied by the number of years of service. There is a 30 year cap on the service component of the computation. Employee benefits are fully vested after ten years of service. Normal retirement age is 65 with five years of credited service.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 7.     DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**A.     Plan Description (Continued)**

*Contributions.* The City's employee participation is noncontributory. The City is required to contribute at an actuarially determined rate; the current rate is 15.4% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees.

*Rule of 85.* Effective July 24, 2018, the Plan was amended to provide alternative normal retirement eligibility at Rule of 84 with a minimum age of 55; a participant's combined years of service and age must equal or exceed 85.

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. City contributions to the Plan were \$534,049 for the fiscal year ended June 30, 2021.

**B.     Net Pension Liability of the City**

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021, with update procedures performed by the actuary to roll forward the total pension liability measured as of September 30, 2020.

*Actuarial assumptions.* The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25%, plus service based merit increases
Investment rate of return	7.375%

Mortality rates for healthy retirees and beneficiaries were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiples by 1.25.

Mortality rates for disabled participants were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Net Pension Liability of the City (Continued)**

Mortality rates for active participants, terminated vested participants, and deferred beneficiaries were based on the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. 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 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Target allocation</b>	<b>Long-term expected real rate of return*</b>
Domestic equity	45.00%	6.40%
International equity	20.00%	7.05%
Domestic fixed income	20.00%	1.15%
Real estate	10.00%	4.50%
Global fixed income	5.00%	1.25%
Cash	0.00%	
Total or weighted arithmetic average	<u>100.00%</u>	

\* Rates shown are net of the 2.25% assumed rate of inflation.

*Discount rate.* The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made equal to the actuarially determined contribution rate. Based on this assumption, 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 MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Net Pension Liability of the City (Continued)**

*Changes in the net pension liability of the City.* The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2021, were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Beginning Balance</b>	\$ 19,203,149	\$ 15,783,039	\$ 3,420,110
Changes for the fiscal year:			
Service cost	227,917	-	227,917
Interest	1,399,014	-	1,399,014
Differences between expected and actual experience	(169,470)	-	(169,470)
Contributions – employer	-	380,372	(380,372)
Net investment income	-	1,497,868	(1,497,868)
Benefit payments, including refunds of employee contributions	(922,780)	(922,780)	-
Administrative expense	-	(25,952)	25,952
<b>Net changes</b>	<u>534,681</u>	<u>929,508</u>	<u>(394,827)</u>
<b>Ending Balance</b>	<u><u>\$ 19,737,830</u></u>	<u><u>\$ 16,712,547</u></u>	<u><u>\$ 3,025,283</u></u>

The Plan's fiduciary net position as a percentage of the total pension liability 84.67%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

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**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Net Pension Liability of the City (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate.

	<u>1% Decrease (6.375%)</u>	<u>Current Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's net pension liability	\$ 5,476,605	\$ 3,025,283	\$ 973,134

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020, and the current sharing pattern of costs between employer and employee.

**C. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the fiscal year ended June 30, 2021, the City recognized pension expense in the amount of \$716,232. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 198,082	\$ (181,800)
Changes in assumptions	382,917	-
Net difference between projected and actual earnings on pension plan investments	-	(184,740)
City contributions subsequent to the measurement date	<u>398,289</u>	<u>-</u>
Total	<u>\$ 979,288</u>	<u>\$ (366,540)</u>

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 7.      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**C.      Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

City contributions subsequent to the measurement date of \$398,289 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ending June 30,</b>	
2022	\$        296,099
2023	(41,081)
2024	30,406
2025	(70,965)
Total	<u><u>\$        214,459</u></u>

**NOTE 8.      DEFINED CONTRIBUTION PENSION PLAN**

The City participates in the Georgia Municipal Association 401(a) Defined Contribution Plan (the "Plan") which is administered by the Georgia Municipal Association through their service manager, Newport Group Retirement Services. The Plan provides retirement benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the City. Employees are not required to contribute to the Plan. The City contributes an amount equal to 50% of the amount contributed by participants to the City's Plan, except that the City shall not match in excess of 4% of the participant's annual compensation. The City's contribution for each employee is 100% vested after five years of continuous service, 66% vested after four years and 33% vested after three years. For the fiscal year ended June 30, 2021, the City contributed \$8,183 to the Plan.

Pursuant to the Statement Number 32 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the City does not have a fiduciary relationship with the 457 plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements.



**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9. DEFICIT NET POSITION**

The URA had a deficit net position of \$1,946,661 as of June 30, 2021. The deficit will be reduced through transfers from the General Fund and future rental income which will be used to pay down the outstanding bond obligation.

**NOTE 10. HOTEL/MOTEL LODGING TAX**

The City has levied an 8% lodging tax. The Official Code of Georgia Annotated (O.C.G.A.) 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. For the fiscal year ended June 30, 2021, \$926,151 of hotel/motel tax was collected. This amount collected has been used for the promotion of tourism within the City. Remaining fund balance is still to be expended in subsequent years.

**NOTE 11. INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances as of June 30, 2021, are as follows:

	Due From			Total
	General Fund	2014 SPLOST	Nonmajor Governmental	
<b>Due To</b>				
General Fund	\$ -	\$ 204,436	\$ 37,102	\$ 241,538
2014 SPLOST Fund	10,283	-	39,777	50,060
Nonmajor Governmental Funds	10,283	4,028	6,254	20,565
Total	<u>\$ 20,566</u>	<u>\$ 208,464</u>	<u>\$ 83,133</u>	<u>\$ 312,163</u>

These balances resulted from the time lag between the dates of: 1) collection of various taxes in Special Revenue Funds, 2) interfund goods and services are provided or reimbursable expenditures occur, 3) transactions are recorded in the accounting system, and 4) payments between funds are made.

Interfund transfers for the fiscal year ended June 30, 2021, consisted of the following:

	Transfer to				Total
	General	Nonmajor Governmental	Urban Redevelopment Agency	Morrow Center Fund	
<b>Transfer from</b>					
General Fund	\$ -	\$ 118,573	\$ 984,116	\$ 80,756	\$ 1,183,445
2014 SPLOST Fund	-	-	165	-	165
Nonmajor Governmental Funds	306,046	34,990	83,585	34,988	459,609
Total	<u>\$ 306,046</u>	<u>\$ 153,563</u>	<u>\$ 1,067,866</u>	<u>\$ 115,744</u>	<u>\$ 1,643,219</u>

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 11. INTERFUND BALANCES AND TRANSFERS (CONTINUED)**

Transfers are used to: 1) move revenues from the fund that statute or budget requires collecting them to the fund that the statute or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) use to pay down outstanding bond obligation.

**NOTE 12. JOINT VENTURES**

Under Georgia law, the City, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (“ARC”). During its year ended June 30, 2021, the City’s membership dues were paid by Clayton County, Georgia on the City’s behalf. Membership in a regional commission (“RC”) is required by the O.C.G.A. § 50-8-34, which provides for the organizational structure of the ARC in Georgia. The RC Board membership includes the chief elected official of each county and one municipality of the area as well as citizen members. O.C.G.A. § 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from: Atlanta Regional Commission, 229 Peachtree St NE, STE 100, Atlanta, Georgia 30303 or online at <https://atlantaregional.org/about-arc/comprehensive-annual-financial-report>.

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

The City is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

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

**NOTE 14. RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City 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, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

**CITY OF MORROW, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 14. RISK MANAGEMENT (CONTINUED)**

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 pools' 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 pools' 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 workers' 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.

**NOTE 15. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS**

During the fiscal year ended June 30, 2021, the City determined that a restatement of beginning net position was required in order to correct errors in a prior period. In the fiscal year ended June 30, 2018, the City incorrectly included in its capital asset additions \$769,036 of road resurfacing repairs. The City was therefore required to restate beginning net position for the fiscal year ended June 30, 2021 to correct the beginning balances of its capital asset infrastructure balances (\$12,410,992) and accumulated depreciation (\$8,494,112) related to its governmental activities. This restatement is as follows:

	<b>Governmental Activities</b>
Net Position, as previously reported	\$ 26,265,697
To adjust depreciable capital assets	(769,036)
To adjust accumulated depreciation	59,814
Net position, as restated	<u>\$ 25,556,475</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MORROW, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**FOR THE FISCAL YEAR ENDED JUNE 30,**

	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>							
Service cost	\$ 227,917	\$ 295,586	\$ 233,293	\$ 247,172	\$ 276,558	\$ 359,638	\$ 443,408
Interest on total pension liability	1,399,014	1,260,242	1,130,343	1,091,236	1,079,384	1,026,035	996,071
Differences between expected and actual experience	(169,470)	594,246	365,508	(273,482)	(652,364)	(149,908)	(439,431)
Changes of assumptions	-	980,255	689,601	280,826	-	-	(109,478)
Benefit payments, including refunds of employee contributions	(922,780)	(869,634)	(628,471)	(548,085)	(553,195)	(541,580)	(466,299)
<b>Net change in total pension liability</b>	<b>534,681</b>	<b>2,260,695</b>	<b>1,790,274</b>	<b>797,667</b>	<b>150,383</b>	<b>694,185</b>	<b>424,271</b>
<b>Total pension liability - beginning</b>	<b>19,203,149</b>	<b>16,942,454</b>	<b>15,152,180</b>	<b>14,354,513</b>	<b>14,204,130</b>	<b>13,509,945</b>	<b>13,085,674</b>
<b>Total pension liability - ending</b>	<b>\$ 19,737,830</b>	<b>\$ 19,203,149</b>	<b>\$ 16,942,454</b>	<b>\$ 15,152,180</b>	<b>\$ 14,354,513</b>	<b>\$ 14,204,130</b>	<b>\$ 13,509,945</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 380,372	\$ 312,782	\$ 370,337	\$ 359,871	\$ 420,033	\$ 552,938	\$ 528,868
Net investment income	1,497,868	452,891	1,452,568	1,945,947	1,317,861	130,288	1,197,510
Benefit payments, including refunds of employee contributions	(922,780)	(869,634)	(628,471)	(548,085)	(553,195)	(541,580)	(466,299)
Administrative expenses	(25,952)	(25,105)	(26,290)	(30,794)	(16,943)	(19,282)	(15,243)
<b>Net change in plan fiduciary net position</b>	<b>929,508</b>	<b>(129,066)</b>	<b>1,168,144</b>	<b>1,726,939</b>	<b>1,167,756</b>	<b>122,364</b>	<b>1,244,836</b>
<b>Plan fiduciary net position - beginning</b>	<b>15,783,039</b>	<b>15,912,105</b>	<b>14,743,961</b>	<b>13,017,022</b>	<b>11,849,266</b>	<b>11,726,902</b>	<b>10,482,066</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 16,712,547</b>	<b>\$ 15,783,039</b>	<b>\$ 15,912,105</b>	<b>\$ 14,743,961</b>	<b>\$ 13,017,022</b>	<b>\$ 11,849,266</b>	<b>\$ 11,726,902</b>
<b>City's net pension liability - ending</b>	<b>\$ 3,025,283</b>	<b>\$ 3,420,110</b>	<b>\$ 1,030,349</b>	<b>\$ 408,219</b>	<b>\$ 1,337,491</b>	<b>\$ 2,354,864</b>	<b>\$ 1,783,043</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.7%</b>	<b>82.2%</b>	<b>93.9%</b>	<b>97.3%</b>	<b>90.7%</b>	<b>83.4%</b>	<b>86.8%</b>
<b>Covered payroll</b>	<b>\$ 3,488,946</b>	<b>\$ 3,159,941</b>	<b>\$ 3,242,674</b>	<b>\$ 3,319,767</b>	<b>\$ 3,521,632</b>	<b>\$ 3,831,939</b>	<b>\$ 4,423,020</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>86.7%</b>	<b>108.2%</b>	<b>31.8%</b>	<b>12.3%</b>	<b>38.0%</b>	<b>61.5%</b>	<b>40.3%</b>

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**CITY OF MORROW, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FOR THE FISCAL YEARS ENDED JUNE 30,**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 534,049	\$ 401,772	\$ 327,760	\$ 342,836	\$ 363,278	\$ 431,384	\$ 577,249
Contributions in relation to the actuarially determined contribution	534,049	401,772	327,760	342,836	359,850	431,384	577,249
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 3,428	\$ -	\$ -
Covered payroll	\$ 3,832,339	\$ 4,173,604	\$ 3,891,391	\$ 3,789,707	\$ 3,850,810	\$ 4,177,388	\$ 4,653,587
Contributions as a percentage of covered payroll	13.9%	9.6%	8.4%	9.0%	9.3%	10.3%	12.4%

**Notes to the Schedule**

Valuation date	January 1, 2021
Cost method	Projected unit credit
Actuarial 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.
Assumed rate of return on investments	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost-of-living adjustment	0.00%
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 21 years
Assumption Changes:	<p>The investment return assumption was decreased from 7.50% to 7.375%</p> <p>The inflation assumption was decreased from 2.75% to 2.25%</p> <p>The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.</p>

The schedule will present 10 years of information once it is accumulated.

## **COMBINING STATEMENTS AND SCHEDULES**

# CITY OF MORROW, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

The **Product Development Fund** is used to account for the portion of the hotel/motel tax revenues that the Mayor and Council have specifically designated for tourism product development purposes such as facilities.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel tax receipts and distributions of funds used to promote tourism within the City.

The **Confiscated Assets Fund** accounts for the collection and use of funds confiscated from convicted offenders.

### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **2008 Special Purpose Local Option Sales Tax ("SPLOST") Fund** is a capital projects fund used to account for the revenues and expenditures relating to the 2008 1% Special Purpose Local Option Sales Tax.

The **2020 Special Purpose Local Option Sales Tax ("SPLOST") Fund** is a capital projects fund used to account for the revenues and expenditures relating to the 2008 1% Special Purpose Local Option Sales Tax.



**CITY OF MORROW, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	Special Revenue Funds			Capital Projects Funds		
	Product Development Fund	Hotel/Motel Fund	Confiscated Assets Fund	2008 SPLOST Fund	2020 SPLOST Fund	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 580,905	\$ 789,636	\$ 157,606	\$ 173,162	\$ 435,601	\$ 2,136,910
Taxes receivable	-	110,028	-	97,069	247,284	454,381
Due from other funds	-	-	1,014	19,551	-	20,565
Total assets	<u>\$ 580,905</u>	<u>\$ 899,664</u>	<u>\$ 158,620</u>	<u>\$ 289,782</u>	<u>\$ 682,885</u>	<u>\$ 2,611,856</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 10,218	\$ 15,649	\$ 25,867
Due to other funds	-	-	-	50,059	33,074	83,133
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,277</u>	<u>48,723</u>	<u>109,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - contracted reimbursements	-	-	-	97,069	-	97,069
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,069</u>	<u>-</u>	<u>97,069</u>
<b>FUND BALANCES</b>						
Restricted for:						
Capital projects	-	-	-	132,436	634,162	766,598
Public safety	-	-	158,620	-	-	158,620
Housing and economic development	580,905	899,664	-	-	-	1,480,569
Total fund balances	<u>580,905</u>	<u>899,664</u>	<u>158,620</u>	<u>132,436</u>	<u>634,162</u>	<u>2,405,787</u>
Total liabilities and fund balances	<u>\$ 580,905</u>	<u>\$ 899,664</u>	<u>\$ 158,620</u>	<u>\$ 289,782</u>	<u>\$ 682,885</u>	<u>\$ 2,611,856</u>

**CITY OF MORROW, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds			Capital Projects Funds		
	Product Development Fund	Hotel/Motel Fund	Confiscated Assets Fund	2008 SPLOST Fund	2020 SPLOST Fund	Totals
<b>Revenues</b>						
Fines and forfeitures	\$ -	\$ -	\$ 86,102	\$ -	\$ -	\$ 86,102
Hotel/motel taxes	-	926,151	-	-	-	926,151
Intergovernmental	-	-	-	-	682,884	682,884
Other revenues	-	-	-	58,241	-	58,241
Total revenues	-	926,151	86,102	58,241	682,884	1,753,378
<b>Expenditures</b>						
Public safety	-	-	10,232	-	-	10,232
Housing and economic development	108,000	557,873	-	-	-	665,873
Capital outlay	-	-	-	233,805	48,722	282,527
Total expenditures	108,000	557,873	10,232	233,805	48,722	958,632
Excess (deficiency) of revenues over (under) expenditures	(108,000)	368,278	75,870	(175,564)	634,162	794,746
<b>Other financing sources (uses)</b>						
Transfers in	153,563	-	-	-	-	153,563
Transfers out	-	(459,609)	-	-	-	(459,609)
Total other financing sources (uses)	153,563	(459,609)	-	-	-	(306,046)
Net change in fund balances	45,563	(91,331)	75,870	(175,564)	634,162	488,700
<b>Fund balances, beginning of fiscal year</b>	535,342	990,995	82,750	308,000	-	1,917,087
<b>Fund balances, end of fiscal year</b>	\$ 580,905	\$ 899,664	\$ 158,620	\$ 132,436	\$ 634,162	\$ 2,405,787

**CITY OF MORROW, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**PRODUCT DEVELOPMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Economic development	260,703	260,703	108,000	152,703
Total expenditures	<u>260,703</u>	<u>260,703</u>	<u>108,000</u>	<u>152,703</u>
Deficiency of revenues under expenditures	(260,703)	(260,703)	(108,000)	152,703
<b>Other financing sources</b>				
Transfers in	261,703	261,703	153,563	(108,140)
Total other financing sources	<u>261,703</u>	<u>261,703</u>	<u>153,563</u>	<u>(108,140)</u>
Net change in fund balance	1,000	1,000	45,563	44,563
<b>Fund balances, beginning of fiscal year</b>	<u>535,342</u>	<u>535,342</u>	<u>535,342</u>	<u>-</u>
<b>Fund balances, end of fiscal year</b>	<u>\$ 536,342</u>	<u>\$ 536,342</u>	<u>\$ 580,905</u>	<u>\$ 44,563</u>

**CITY OF MORROW, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**HOTEL/MOTEL TAX FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Hotel/motel taxes	\$ 600,000	\$ 922,000	\$ 926,151	\$ 4,151
Total revenues	<u>600,000</u>	<u>922,000</u>	<u>926,151</u>	<u>4,151</u>
<b>Expenditures</b>				
Economic development	262,500	560,500	557,873	2,627
Total expenditures	<u>262,500</u>	<u>560,500</u>	<u>557,873</u>	<u>2,627</u>
Excess of revenues over expenditures	<u>337,500</u>	<u>361,500</u>	<u>368,278</u>	<u>6,778</u>
<b>Other financing uses</b>				
Transfers out	(337,500)	(461,500)	(459,609)	1,891
Total other financing uses	<u>(337,500)</u>	<u>(461,500)</u>	<u>(459,609)</u>	<u>1,891</u>
Net change in fund balance	-	(100,000)	(91,331)	8,669
<b>Fund balances, beginning of year</b>	<u>990,995</u>	<u>990,995</u>	<u>990,995</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 990,995</u>	<u>\$ 890,995</u>	<u>\$ 899,664</u>	<u>\$ 8,669</u>

**CITY OF MORROW, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL**  
**CONFISCATED ASSETS FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Fines and forfeitures	\$ 18,000	\$ 18,000	\$ 86,102	\$ 68,102
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>86,102</u>	<u>68,102</u>
<b>Expenditures</b>				
Public safety	18,000	18,000	10,232	7,768
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>10,232</u>	<u>7,768</u>
Net change in fund balance	-	-	75,870	75,870
<b>Fund balances, beginning of fiscal year</b>	<u>82,750</u>	<u>82,750</u>	<u>82,750</u>	<u>-</u>
<b>Fund balances, end of fiscal year</b>	<u>\$ 82,750</u>	<u>\$ 82,750</u>	<u>\$ 158,620</u>	<u>\$ 75,870</u>

# CITY OF MORROW GEORGIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SPLOST 2008 ISSUE							
Description of Project	Original Estimated Cost	Current Estimated Cost	Prior Fiscal Years Expenditures	Current Fiscal Year Expenditures	Total Expenditures	Balance	Estimated Completion Date
Pedestrian Path System Phase I	\$ 139,448	\$ 139,950	\$ 139,950	\$ -	\$ 139,950	\$ -	Completed
Pedestrian Path System Phase II	690,000	631,104	631,104	-	631,104	-	Completed
Pedestrian Path System Phase III	861,025	1,051,942	672,646	233,805	906,451	145,491	2021
Barton Park Phase IV	377,901	377,901	-	-	-	377,901	2021
Morrow Conference Center	4,051,626	5,095,143	5,095,143	-	5,095,143	-	Completed
Olde Morrow Creek Corridor	2,160,000	1,826,781	1,826,781	-	1,826,781	-	Completed
Pedestrian Path System Phase IV	290,000	290,000	-	-	-	290,000	2021
Pedestrian Path System Phase V	290,000	290,000	-	-	-	290,000	2021
Lee Street Pedestrian Facility	1,000,000	391,396	-	-	-	391,396	2021
Totals	<u>\$ 9,860,000</u>	<u>\$ 10,094,217</u>	<u>\$ 8,365,624</u>	<u>\$ 233,805</u>	<u>\$ 8,599,429</u>	<u>\$ 1,494,788</u>	

SPLOST 2014 ISSUE							
Description of Project	Original Estimated Splost Allocation	Current Estimated Cost	Prior Fiscal Years Expenditures	Current Fiscal Year Expenditures	Total Expenditures	Balance	Estimated Completion Date
Communication and RMS Software	\$ 2,201,126	\$ 645,245	\$ 366,986	\$ 28,259	\$ 395,245	\$ 250,000	2021
Street Resurfacing and Road	1,559,694	1,300,000	967,345	116,186	1,083,531	216,469	2023
Facilities Improvement	1,114,067	2,797,482	602,616	273,516	876,132	1,921,350	2023
Vehicles	1,600,205	1,800,000	1,232,637	35,833	1,268,470	531,530	2021
Equipment	249,821	750,000	474,108	2,750	476,858	273,142	Completed
Comprehensive Plan	27,008	27,008	-	-	-	27,008	2023
Totals	<u>\$ 6,751,921</u>	<u>\$ 7,319,735</u>	<u>\$ 3,643,692</u>	<u>\$ 456,544</u>	<u>\$ 4,100,236</u>	<u>\$ 3,219,499</u>	

SPLOST 2020 ISSUE							
Description of Project	Original Estimated Splost Allocation	Current Estimated Cost	Prior Years Expenditures	Current Years Expenditures	Total Expenditures	Balance	Estimated Completion Date
Capital Outlay Major Equipment (10%)	\$ 694,296	\$ 694,296	\$ -	\$ -	\$ -	\$ 694,296	2025
Public Safety (30%)	2,082,889	2,082,889	-	-	-	2,082,889	2025
Quality of Life (35%)	2,430,037	2,430,037	-	-	-	2,430,037	2025
Building Facilities & Infrastructure (25%)	1,735,741	1,735,741	-	48,722	48,722	1,687,019	2025
Totals	<u>\$ 6,942,963</u>	<u>\$ 6,942,963</u>	<u>\$ -</u>	<u>\$ 48,722</u>	<u>\$ 48,722</u>	<u>\$ 6,894,241</u>	

# CITY OF MORROW, GEORGIA

## COMPONENT UNITS

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The **Downtown Development Authority** is the City's redevelopment tool for commercial revitalization. The Downtown Development Authority was created for property acquisition, renovation, and demolition.

The **City of Morrow Housing Authority** was formed during the year ended June 30, 2009, to provide affordable housing to the citizens of Morrow.

The **City of Morrow Convention and Tourism Association** was formed during the fiscal year ended June 30, 2021 to promote tourism within the City.

**CITY OF MORROW, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>Downtown Development Authority</b>	<b>Morrow Housing Authority</b>	<b>MCTA</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ -	\$ 20	\$ -	\$ 20
Payments to suppliers	(81,987)	-	(388,663)	(470,650)
Net cash provided by (used in) operating activities	(81,987)	20	(388,663)	(470,630)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Funds received from primary government	22,057	-	557,873	579,930
Net cash provided by non-capital and related financing activities	22,057	-	557,873	579,930
Change in cash and cash equivalents	(59,930)	20	169,210	109,300
<b>Cash and cash equivalents:</b>				
Beginning of fiscal year	107,325	691	-	108,016
End of fiscal year	<u>\$ 47,395</u>	<u>\$ 711</u>	<u>\$ 169,210</u>	<u>\$ 217,316</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Net operating income (loss)	\$ (209,244)	\$ 20	\$ (415,771)	\$ (624,995)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Depreciation	124,059	-	-	124,059
Increase in accounts payable	3,198	-	27,108	30,306
Net cash provided by (used in) operating activities	<u>\$ (81,987)</u>	<u>\$ 20</u>	<u>\$ (388,663)</u>	<u>\$ (470,630)</u>
<b>Schedule of non-cash capital and related financing activities:</b>				
Capital contributions	<u>\$ 135,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# STATISTICAL SECTION

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This part of the City of Morrow's ANNUAL COMPREHENSIVE FINANCIAL REPORT presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

## Contents

## Page

### **Financial Trends ..... 61 – 65**

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

### **Revenue Capacity..... 66 – 70**

*These schedules contain information to help the reader assess the City's most significant local revenue sources.*

### **Debt Capacity..... 71 – 73**

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

### **Demographic and Economic Information .....74 and 75**

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

### **Operating Information ..... 76 – 79**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year. The City implemented GASB 34 in 2004; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.

# CITY OF MORROW, GEORGIA

## NET POSITION BY ACTIVITY LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020 (restated)	2021
Governmental activities										
Net investment in capital assets	\$ 12,922,300	\$ 14,388,529	\$ 15,145,014	\$ 13,883,120	\$ 13,576,092	\$ 13,835,240	\$ 13,220,282	\$ 16,115,274	\$ 14,766,227	\$ 14,130,691
Restricted	1,014,757	1,301,836	1,459,254	1,358,374	2,799,967	3,829,338	3,636,388	3,905,759	4,931,089	5,576,866
Unrestricted	8,858,861	7,253,161	4,410,592	4,380,364	5,136,658	5,756,363	9,231,843	9,335,661	5,859,159	7,279,025
Total governmental activities net position	<u>\$ 22,795,918</u>	<u>\$ 22,943,526</u>	<u>\$ 21,014,860</u>	<u>\$ 19,621,858</u>	<u>\$ 21,512,717</u>	<u>\$ 23,420,941</u>	<u>\$ 26,088,513</u>	<u>\$ 29,356,694</u>	<u>\$ 25,556,475</u>	<u>\$ 26,986,582</u>
Business-type activities										
Net investment in capital assets	\$ 4,705,917	\$ 4,574,608	\$ 4,443,299	\$ -	\$ -	\$ 32,800	\$ 24,480	\$ (3,530,674)	\$ (2,938,379)	\$ (2,321,778)
Unrestricted	58,797	58,797	58,797	-	10,070	46,068	91,867	538,501	670,042	983,923
Total business-type activities net position	<u>\$ 4,764,714</u>	<u>\$ 4,633,405</u>	<u>\$ 4,502,096</u>	<u>\$ -</u>	<u>\$ 10,070</u>	<u>\$ 78,868</u>	<u>\$ 116,347</u>	<u>\$ (2,992,173)</u>	<u>\$ (2,268,337)</u>	<u>\$ (1,337,855)</u>
Primary government										
Net investment in capital assets	\$ 17,628,217	\$ 18,963,137	\$ 19,588,313	\$ 13,883,120	\$ 13,576,092	\$ 13,868,040	\$ 13,244,762	\$ 12,584,600	\$ 11,827,848	\$ 11,808,913
Restricted	1,014,757	1,301,836	1,459,254	1,358,374	2,799,967	3,829,338	3,636,388	3,905,759	4,931,089	5,576,866
Unrestricted	8,917,658	7,311,958	4,469,389	4,380,364	5,146,728	5,802,431	9,323,710	9,874,162	6,529,201	8,262,948
Total primary government net position	<u>\$ 27,560,632</u>	<u>\$ 27,576,931</u>	<u>\$ 25,516,956</u>	<u>\$ 19,621,858</u>	<u>\$ 21,522,787</u>	<u>\$ 23,499,809</u>	<u>\$ 26,204,860</u>	<u>\$ 26,364,521</u>	<u>\$ 23,288,138</u>	<u>\$ 25,648,727</u>

**Note:** The 2020 column was restated. See footnote 15 for further discussion.

# CITY OF MORROW, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS

Expenses	2012	2013	2014	2015	2016	2017	2018	2019	2020 (restated)	2021
Primary government:										
Governmental activities:										
General government	\$ 2,219,595	\$ 2,330,884	\$ 2,659,889	\$ 1,309,864	\$ 1,085,997	\$ 959,779	\$ 1,031,964	\$ 1,377,959	\$ 4,867,279	\$ 1,682,941
Judicial	414,825	299,269	207,361	461,246	371,820	289,793	401,773	507,830	543,844	404,196
Public safety	6,129,433	5,837,934	6,063,898	5,826,054	5,149,353	4,931,355	4,546,184	5,062,898	5,230,471	5,031,236
Public works	2,094,630	2,250,389	2,012,159	3,691,972	1,822,152	1,865,253	1,795,120	1,922,338	2,982,985	2,486,952
Economic development	307,398	295,928	319,228	565,371	737,779	1,161,855	2,118,492	1,155,765	410,126	934,700
Interest and fiscal changes	243,719	171,835	130,073	85,360	44,183	35,741	31,409	21,760	-	-
Total governmental activities expenses	11,409,600	11,186,239	11,392,608	11,939,867	9,211,284	9,243,776	9,924,942	10,048,550	14,034,705	10,540,025
Business-type activities:										
Sanitation	833,225	837,610	891,957	886,173	848,292	997,255	1,149,361	1,175,340	1,112,330	1,016,592
Urban Redevelopment Agency	-	-	-	-	-	-	-	746,650	501,560	457,085
Morrow Center	419,601	411,498	390,376	401,316	205,831	216,665	230,755	344,824	335,421	323,684
Total business-type activities expenses	1,252,826	1,249,108	1,282,333	1,287,489	1,054,123	1,213,920	1,380,116	2,266,814	1,949,311	1,797,361
Total primary government expenses	12,662,426	12,435,347	12,674,941	13,227,356	10,265,407	10,457,696	11,305,058	12,315,364	15,984,016	12,337,386
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	1,084,186	1,058,252	1,087,830	17,061	15,630	1,338,694	1,168,511	150,507	970,102	1,329,091
Public safety	5,045,952	2,990,715	2,677,990	1,699,591	1,593,283	1,260,637	1,988,733	2,541,409	2,255,653	2,198,776
Public works	-	-	-	-	3,870	-	-	1,314,094	-	-
Economic development	-	-	-	236,955	160,486	-	-	-	-	-
Operating grants and contributions	884,916	215,044	257,600	375,000	187,675	340,647	1,186,072	287,028	173,884	431,052
Capital grants and contributions	1,583,609	1,615,952	1,445,656	48,336	341,577	1,112,301	2,376,918	1,256,170	1,211,306	1,617,465
Total governmental activities program revenues	8,598,663	5,879,963	5,469,076	2,376,943	2,302,521	4,052,279	6,720,234	5,549,208	4,610,945	5,576,384
Business-type activities:										
Charges for services										
Sanitation	920,189	956,336	1,029,827	1,033,592	968,121	1,145,948	1,195,656	1,344,672	1,229,742	1,366,266
Urban Redevelopment Authority	-	-	-	-	-	-	-	142,490	-	-
Morrow Center	253,367	160,788	164,441	194,894	161,031	174,657	268,234	248,408	186,471	177,957
Operating grants and contributions	-	-	-	-	-	-	-	250,541	-	-
Total business-type activities program revenues	1,173,556	1,117,124	1,194,268	1,228,486	1,129,152	1,320,605	1,463,890	1,986,111	1,416,213	1,544,223
Total primary government program revenues	9,772,219	6,997,087	6,663,344	3,605,429	3,431,673	5,372,884	8,184,124	7,535,319	6,027,158	7,120,607

(Continued)

# CITY OF MORROW, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020 (restated)	2021
Net (expense)/revenue										
Governmental activities	\$ (5,306,276)	\$ (5,923,532)	\$ (9,562,924)	\$ (6,908,763)	\$ (5,191,497)	\$ (3,204,708)	\$ (3,204,708)	\$ (4,666,895)	\$ (8,714,538)	\$ (4,963,641)
Business-type activities	(131,984)	(88,065)	(59,003)	75,029	106,685	83,774	83,774	(96,416)	(533,098)	(253,138)
Total primary government net expense	(5,438,260)	(6,011,597)	(9,621,927)	(6,833,734)	(5,084,812)	(3,120,934)	(3,120,934)	(4,763,311)	(9,247,636)	(5,216,779)
<b>General revenue and other changes in net position</b>										
Primary government:										
Governmental activities:										
Property taxes	1,896,885	1,926,089	2,431,997	2,323,174	2,375,633	2,574,919	2,152,162	2,843,073	2,482,014	2,685,938
Sales taxes	1,654,007	1,707,532	1,609,741	2,999,232	2,979,764	2,025,574	2,204,524	1,923,695	1,915,231	2,221,645
Insurance Premium tax	302,298	321,091	332,459	345,938	378,019	399,700	425,616	450,477	478,431	475,524
Alcoholic beverage taxes	124,532	94,882	99,894	137,883	109,879	137,582	155,926	185,348	164,289	248,914
Other taxes	551,195	629,398	930,692	1,522,468	2,002,155	1,167,603	(12,206)	1,226,294	1,034,472	1,145,228
Miscellaneous	73,732	140,608	77,997	285,139	169,326	89,197	229,727	258,815	23,793	196,704
Franchise fees	715,923	659,513	636,838	650,166	674,693	629,776	600,095	625,988	618,311	597,069
Investment earnings	3,086	3,589	2,952	5,163	5,530	14,312	58,641	136,930	112,071	6,336
Gain on sale of capital assets	19,718	17,273	-	37,435	12,664	23,171	11,500	38,210	51,838	-
Extraordinary item <sup>(c)</sup>	-	-	-	(238,038)	-	-	-	-	-	-
Transfers <sup>(a)</sup>	52,040	(675)	43,244	128,362	64,959	37,887	46,295	-	(1,256,909)	(1,183,610)
Total governmental activities general revenues and other changes in net position	5,393,416	5,499,300	6,165,814	8,196,922	8,772,622	7,099,721	5,872,280	7,688,830	5,623,541	6,393,748
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	25	10
Special item <sup>(b)</sup>	-	-	-	(4,314,731)	-	-	-	-	-	-
Transfers	(52,040)	675	(43,244)	(128,362)	(64,959)	(37,887)	(46,295)	-	1,256,909	1,183,610
Total business-type activities general revenues and other changes in net position	(52,040)	675	(43,244)	(4,443,093)	(64,959)	(37,887)	(46,295)	-	1,256,934	1,183,620
Total primary government general revenues and other changes in net position	2,451,169	61,715	110,973	(5,868,098)	1,873,929	1,977,022	2,705,051	2,908,785	(3,076,383)	2,360,589
<b>Change in net position <sup>(a)</sup></b>										
Governmental activities <sup>(a)</sup>	2,582,479	193,024	242,282	(1,366,002)	1,863,859	1,908,224	2,667,572	3,189,488	(3,800,219)	1,430,107
Business-type activities	(131,310)	(131,309)	(131,309)	(187,365)	10,070	68,798	37,479	(280,703)	723,836	930,482
Total primary government change in net position	\$ 2,451,169	\$ 61,715	\$ 110,973	\$ (1,553,367)	\$ 1,873,929	\$ 1,977,022	\$ 2,705,051	\$ 2,908,785	\$ (3,076,383)	\$ 2,360,589

<sup>(a)</sup> The Change in Net Position in 2014 for Governmental Activities does not reflect the prior period adjustment of \$(2,170,948) due to the implementation of GASB No. 68.

<sup>(b)</sup> The Special Item in Business Activities for 2015 represents the sale of the Morrow Center to the Urban Redevelopment Agency.

<sup>(c)</sup> The Extraordinary Item in Governmental Activities for 2015 represents the write-down of real estate held by the City for resale to its fair value.

**Note:** The 2020 column was restated. See footnote 15 for further discussion.

**CITY OF MORROW, GEORGIA**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 5,244,168	\$ 5,343,048	\$ 4,001,623	\$ 5,244,168	\$ 3,815,035	\$ 3,607,028	\$ 3,681,843	\$ 3,726,248	\$ 260,868	\$ 222,133
Restricted	-	-	-	-	-	116,124	69,859	72,832	82,924	67,284
Unassigned	2,764,662	2,146,121	2,508,181	2,764,662	2,738,418	4,802,962	7,055,995	7,040,839	7,623,423	9,405,346
Total General fund	<u>\$ 8,008,830</u>	<u>\$ 7,489,169</u>	<u>\$ 6,509,804</u>	<u>\$ 8,008,830</u>	<u>\$ 6,553,453</u>	<u>\$ 8,526,114</u>	<u>\$ 10,807,697</u>	<u>\$ 10,839,919</u>	<u>\$ 7,967,215</u>	<u>\$ 9,694,763</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000	\$ -	\$ 9,000	\$ -	\$ -
Restricted	1,014,757	1,301,836	1,459,254	1,014,757	1,385,374	3,713,214	3,566,529	3,832,927	4,643,828	5,412,513
Total all other governmental funds	<u>\$ 1,014,757</u>	<u>\$ 1,301,836</u>	<u>\$ 1,459,254</u>	<u>\$ 1,014,757</u>	<u>\$ 1,385,374</u>	<u>\$ 3,722,214</u>	<u>\$ 3,566,529</u>	<u>\$ 3,841,927</u>	<u>\$ 4,643,828</u>	<u>\$ 5,412,513</u>
Total all governmental funds	<u>\$ 9,023,587</u>	<u>\$ 8,791,005</u>	<u>\$ 7,969,058</u>	<u>\$ 9,023,587</u>	<u>\$ 7,938,827</u>	<u>\$ 12,248,328</u>	<u>\$ 14,374,226</u>	<u>\$ 14,681,846</u>	<u>\$ 12,611,043</u>	<u>\$ 15,107,276</u>

# CITY OF MORROW, GEORGIA

## CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Property taxes	\$ 1,970,306	\$ 1,898,449	\$ 2,399,459	\$ 2,300,764	\$ 2,279,325	\$ 2,447,572	\$ 2,258,548	\$ 2,491,653	\$ 2,623,203	\$ 2,737,691
Other taxes	2,632,032	2,752,903	2,718,725	3,957,727	4,402,750	4,842,760	3,962,319	3,785,814	3,517,934	4,043,269
Charges for services	951,049	399,451	472,063	364,060	391,389	310,882	464,015	1,765,524	380,269	302,120
Licenses and permits	1,058,978	1,040,023	1,070,238	344,094	256,843	1,317,734	1,164,307	1,151,436	919,518	1,327,723
Intergovernmental	2,916,220	2,277,065	2,163,577	1,795,480	1,591,048	340,647	2,374,531	1,543,198	1,385,190	2,203,734
Franchise fees	715,923	659,513	636,838	650,166	674,693	629,776	600,095	625,988	618,311	597,069
Fines, forfeitures, and fees	3,670,521	2,161,060	1,760,000	1,349,760	1,217,086	970,715	1,528,922	2,304,889	1,925,968	1,898,024
Interest revenues	4,981	5,953	6,150	5,163	5,530	14,312	58,641	136,930	112,071	6,429
Rental income	53,554	26,593	55,237	30,407	26,781	29,199	29,899	45,009	42,000	58,279
Other revenues	20,178	114,015	22,760	80,129	55,767	59,998	199,828	252,016	33,631	138,425
Total revenues	13,993,742	11,335,025	11,305,047	10,877,750	10,901,212	10,963,595	12,641,105	14,102,457	11,558,095	13,312,763
<b>Expenditures:</b>										
Current:										
General government	2,206,955	2,281,432	2,984,872	1,301,842	1,056,148	948,333	1,048,460	1,307,558	4,781,522	1,582,178
Judicial	414,464	300,913	206,317	460,020	370,881	292,606	416,674	491,619	524,504	389,275
Public safety	6,263,698	6,111,366	6,081,918	5,801,979	5,089,177	4,705,285	4,534,105	4,476,834	4,593,671	4,432,534
Public works	2,115,167	1,515,636	1,242,745	1,143,615	1,017,010	1,081,125	1,059,249	2,271,685	1,395,238	1,371,667
Housing and development <sup>(c)</sup>	300,129	304,814	321,708	525,014	690,212	1,114,633	2,072,715	1,114,902	364,656	890,329
Capital Outlay	24,159	38,513	30,192	251,057	346,565	369,770	1,145,057	3,474,649	743,390	989,976
Debt service:										
Principal	1,288,911	1,362,469	1,456,661	1,559,708	270,341	259,148	266,283	763,965	-	-
Interest and fiscal charges	221,769	179,345	138,021	93,029	45,320	37,433	30,459	15,185	-	-
Total expenditures	12,835,252	12,094,488	12,462,434	11,136,264	8,885,654	8,808,333	10,573,002	13,916,397	12,402,981	9,655,959
Excess (deficiency) of revenues over expenditures	1,158,490	(759,463)	(1,157,387)	(258,514)	2,015,558	2,155,262	2,068,103	186,060	(844,886)	3,656,804
Other financing sources (uses)										
Proceeds from capital lease <sup>(b)</sup>	-	461,794	292,196	300,523	-	-	-	-	-	-
Proceeds from the sale of capital assets	19,718	65,762	-	37,436	12,664	23,171	11,500	63,713	51,838	23,039
Transfers in	464,850	575,660	632,705	808,194	1,076,156	785,044	608,481	551,871	440,582	459,609
Transfers out	(412,810)	(576,335)	(589,461)	(679,832)	(1,011,197)	(747,157)	(562,186)	(551,871)	(1,697,491)	(1,643,219)
Total other financing sources (uses)	71,758	526,881	335,440	466,321	77,623	61,058	57,795	63,713	(1,205,071)	(1,160,571)
Extraordinary item	-	-	-	(238,038)	-	-	-	-	-	-
Net change in fund balances	\$ 1,230,248	\$ (232,582)	\$ (821,947)	\$ (30,231)	\$ 2,093,181	\$ 2,216,320	\$ 2,125,898	\$ 249,773	\$ (2,049,957)	\$ 2,496,233
Debt service as a percentage of non-capital expenditures	2.31%	11.79%	12.79%	12.83%	18.58%	3.82%	3.14%	3.14%	0.00%	0.00%

<sup>(b)</sup> During 2013, 2014, and 2015, the City chose to lease purchase certain vehicles.

<sup>(c)</sup> Beginning in 2015, the Planning and Zoning and Economic Development departments are shown in the Housing and Development function rather than General Government.

# CITY OF MORROW, GEORGIA

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN TAX DIGEST YEARS

Tax Digest Year	Real Property				Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Industrial	Motor Vehicles						
2011	\$ 68,703,167	\$ 198,097,906	\$ 38,413,448	\$ 10,356,060	\$ 45,249,749	\$ (44,879,588)	\$ 315,940,742	7.50	\$ 789,851,855	40%
2012	56,899,909	192,386,084	37,453,869	11,191,190	45,297,131	(38,960,597)	304,267,586	7.50	760,668,965	40%
2013	52,123,787	188,010,464	35,671,276	11,729,050	43,656,848	(34,441,315)	296,750,110	9.50	741,875,275	40%
2014 <sup>(a)</sup>	54,158,547	199,470,602	24,108,758	9,200,580	32,094,330	(33,829,376)	285,203,441	9.50	713,008,603	40%
2015	59,664,633	188,186,942	18,266,624	6,376,960	26,067,133	(34,727,585)	263,834,707	9.64	659,586,768	40%
2016	66,704,691	190,234,673	12,850,000	4,789,650	7,754,517	(43,332,156)	239,001,375	9.64	597,503,438	40%
2017	68,327,337	188,177,661	12,611,400	3,556,440	7,636,103	(48,646,944)	231,661,997	9.67	579,154,993	40%
2018	76,466,455	197,767,944	13,485,045	2,539,150	7,600,517	(50,020,344)	247,838,767	9.67	619,596,918	40%
2019	81,414,901	208,909,122	13,480,645	2,042,440	8,392,576	(50,075,677)	264,164,007	9.38	660,410,018	40%
2020	87,103,757	221,274,803	14,039,245	1,725,890	8,638,432	(48,928,184)	283,853,943	9.08	709,634,858	40%

**Source:** Clayton County Tax Commissioner

<sup>(a)</sup> Beginning with the 2014 Tax Digest, the "Motor Vehicles" component has decreased substantially due to the imposition of the Title Ad Valorem Tax method.

# CITY OF MORROW, GEORGIA

## PROPERTY TAX RATES LAST TEN TAX DIGEST YEARS

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Tax Digest Year	City of Morrow		State of Georgia	Clayton County	School District	Total Millage Rate
	Operating Millage	Total Direct Rate				
2011	7.500	7.500	0.200	14.912	20.000	42.612
2012	9.500	9.500	0.150	14.661	20.000	44.311
2013	9.500	9.500	0.100	14.869	19.804	44.273
2014	9.638	9.638	0.020	15.862	19.095	44.615
2015	9.638	9.638	0.000	16.596	19.095	45.329
2016	9.672	9.672	0.000	16.596	19.095	45.363
2017	9.672	9.672	0.000	15.596	20.000	45.268
2018	9.380	9.380	0.000	15.596	20.000	44.976
2019	9.380	9.380	0.000	15.596	20.000	44.976
2020	9.081	9.081	0.000	15.089	20.000	44.170

**Source:** Clayton County Tax Commissioner

**Note:** The City has a homestead exemption of \$60,000 as it relates to assessed values.



# CITY OF MORROW, GEORGIA

## PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2020 (Tax Digest Year)			2011 (Tax Digest Year)		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
SL Mall LLC	\$ 37,466,953	1	13.20%			
USPG Portfolio Five LLC	32,305,255	2	11.38%			
Comcast Of Georgia Inc	28,659,050	3	10.10%			
Costco Wholesale Corp	22,088,140	4	7.78%	\$ 6,943,531	7	2.50%
Sherwin Williams Co	19,799,950	5	6.98%	7,410,882	5	2.67%
GA Power Company	16,625,995	6	5.86%			
Paccar Inc	12,223,115	7	4.31%	7,801,416	3	2.81%
Wasa Properties Southlake	11,372,500	8	4.01%			
Glenwood Morrow Co LLC	11,200,500	9	3.95%			
Realty Income Properties II	11,000,000	10	3.88%			
Southlake Mall LLC				24,099,400	1	8.68%
DDRTC Southlake Pavilion LLC				14,117,340	2	5.09%
Southlake Atlanta LLC				7,584,200	4	2.73%
Scott H Lee as Trustee				6,075,000	8	2.19%
ECM Southlake LLC				7,363,400	6	2.65%
Glenwood Morrow Co. LLC				3,995,600	9	1.44%
Clayton Place LLC				3,384,000	10	1.22%
All Other Taxpayers	81,112,485		23.25%	188,752,525		68.01%
Total	<u>\$ 283,853,943</u>		<u>94.67%</u>	<u>\$ 277,527,294</u>		<u>100.00%</u>

Source: Clayton County Tax Commissioner

**CITY OF MORROW, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied	Errors, Releases or Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2011	\$ 1,567,965	\$ (11,688)	\$ 1,556,277	\$ 1,501,774	96.50%	\$ 47,109	\$ 1,548,883	99.52%
2012	1,869,436	(18,422)	1,851,014	1,805,744	97.55%	36,126	1,841,870	99.51%
2013	1,765,760	(56,992)	1,708,768	1,698,692	99.41%	31,494	1,730,186	101.25%
2014	2,174,364	(64,012)	2,110,352	2,051,663	97.22%	-	2,051,663	97.22%
2015	2,198,674	(100,933)	2,097,741	2,023,339	96.45%	26,094	2,049,433	97.70%
2016	2,226,453	(57,659)	2,168,794	2,113,303	97.44%	785	2,114,088	97.48%
2017	2,415,391	(1,590)	2,413,801	2,197,884	91.05%	1,942	2,199,826	91.14%
2018	2,408,406	N/A <sup>(a)</sup>	2,408,406	2,072,963	86.07%	5,420	2,078,383	86.30%
2019	2,518,679	N/A <sup>(a)</sup>	2,518,679	2,270,792	90.16%	5,442	2,276,234	90.37%
2020	2,570,027	N/A <sup>(a)</sup>	2,570,027	2,269,010	88.29%	4,188	2,273,198	88.45%

Source: City tax records.

<sup>(a)</sup> Information not available from Clayton County Property Appraiser

# CITY OF MORROW, GEORGIA

## LOCAL OPTION SALES TAX HISTORY

### LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
July	\$ 143,029	\$ 139,725	\$ 126,722	\$ 143,804	\$ 183,296	\$ 164,582	\$ 183,511	\$ 163,124	\$ 172,697	\$ 128,686
August	136,777	135,122	130,710	137,577	163,917	163,731	178,842	158,506	154,615	226,800
September	106,970	128,209	127,527	144,185	160,319	165,220	171,565	140,429	157,307	155,245
October	113,109	128,652	128,524	130,772	159,592	168,315	174,547	160,065	159,460	261,358
November	119,476	123,224	123,010	137,443	152,865	127,011	170,897	154,823	150,879	166,182
December	146,152	156,521	150,179	152,221	181,856	161,801	196,768	180,936	174,577	180,897
January	167,229	149,536	122,314	137,326	138,873	228,713	185,127	161,294	140,146	154,941
February	130,783	155,432	129,671	139,256	127,712	157,572	163,114	147,152	134,240	165,206
March	142,107	130,398	144,497	140,455	155,103	174,213	207,348	161,183	141,523	178,723
April	165,511	205,995	137,342	50,589	158,324	161,679	188,094	166,799	138,238	179,404
May	143,600	124,907	143,660	143,967	161,430	177,087	192,958	163,420	154,397	186,789
June	138,410	129,216	134,285	139,410	168,307	175,067	190,742	163,723	161,963	188,853
Adjustments	854	596	11,300	372	1,103	583	1,013	2,241	700	519
<b>Total</b>	<b>\$ 1,654,007</b>	<b>\$ 1,707,533</b>	<b>\$ 1,609,741</b>	<b>\$ 1,597,377</b>	<b>\$ 1,912,697</b>	<b>\$ 2,025,574</b>	<b>\$ 2,204,526</b>	<b>\$ 1,923,695</b>	<b>\$ 1,840,742</b>	<b>\$ 2,173,603</b>

**Source:** GA DOR Distribution Table and City Records.

# CITY OF MORROW, GEORGIA

## RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Estimated Actual Value of Taxable Property	Percentage of Personal Income	Per Capita	Personal Income (thousands of dollars)	Population
	Revenue Bonds	Capital Leases						
2012	\$ 3,915,000	\$ 968,776	\$ 4,883,776	1.46%	5.70%	\$ 1,000	\$ 85,650	4,882
2013	2,655,000	1,328,101	3,983,101	1.26%	4.65%	815.87	85,650	4,882
2014	1,350,000	1,468,363	2,818,363	0.93%	2.27%	437.29	123,905	6,445
2015	1,350,000	1,559,451	2,909,451	0.53%	2.30%	447.95	126,614	6,495
2016	-	1,289,110	1,289,110	0.45%	0.97%	187.94	132,475	6,859
2017	-	1,029,962	1,029,962	0.39%	0.70%	141.56	147,615	7,276
2018	-	763,679	763,679	0.30%	N/A <sup>(a)</sup>	102.19	N/A <sup>(a)</sup>	7,473
2019	-	-	-	0.00%	0.00%	-	146,553	7,494
2020	-	-	-	0.00%	0.00%	-	139,625	7,192
2021	-	-	-	0.00%	0.00%	-	139,625	7,192

**Note:** Details regarding the City's long-term debt can be found in the notes to the financial statements.

<sup>(a)</sup> Information not available due to federal government shutdown

**CITY OF MORROW, GEORGIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Assessed value of taxable property</b>	<b>Debt Limit (10% of assessed value)</b>	<b>Amount of outstanding debt applicable to debt limit</b>	<b>Legal debt margin</b>	<b>Total net debt applicable to the limit as a percentage of debt limit</b>
2012	\$ 277,527,294	\$ 27,752,729	\$ 6,172,687	\$ 21,580,042	22.24%
2013	266,813,717	26,681,372	4,883,776	21,797,596	18.30%
2014	261,078,834	26,107,883	3,983,101	22,124,782	15.26%
2015	261,094,683	26,109,468	2,818,636	23,290,832	10.80%
2016	245,568,083	24,556,808	1,559,451	22,997,357	6.35%
2017	239,001,375	23,900,138	1,289,110	22,611,028	5.39%
2018	231,661,997	23,166,200	1,029,962	22,136,238	4.45%
2019	247,838,767	24,783,877	763,679	24,020,198	3.08%
2020	264,164,007	26,416,401	-	26,416,401	0.00%
2021	283,853,943	28,385,394	-	28,385,394	0.00%

**Source:** City's Accounting Records.

# CITY OF MORROW, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2021

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to the City of Morrow <sup>(a)</sup></u>	<u>Amount Applicable to the City of Morrow</u>
<b>Clayton County, Georgia- Overlapping Debt</b>			
Capital leases payable	\$ 3,411,794	3.29%	\$ 112,227
Revenue bonds payable	20,380,000	3.29%	670,377
General obligation bonds payable	72,000,000	3.29%	2,368,359
Subtotal Overlapping Debt			<u>3,150,964</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the County. Debt outstanding provided by the County (as of June 30, 2021 and City Finance Departments.)

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that could place a burden on the residents and businesses of the City of Morrow. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

<sup>(a)</sup> The percentage of overlapping debt applicable is estimated using the assessed gross digest. Applicable percentages were estimated by determining the portion of the City's assessed taxable value that is within the County's boundaries and dividing it by the County's total gross digest.

# CITY OF MORROW, GEORGIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate	School Enrollment
2012	6,495 <sup>(1)</sup>	\$ 126,613,530 <sup>(1)</sup>	\$ 19,494 <sup>(1)</sup>	31.10 <sup>(1)</sup>	8.80% <sup>(2)</sup>	1,214 <sup>(3)</sup>
2013	6,859 <sup>(1)</sup>	132,474,726 <sup>(1)</sup>	19,314 <sup>(1)</sup>	31.10 <sup>(1)</sup>	8.80% <sup>(2)</sup>	1,339 <sup>(3)</sup>
2014	6,715 <sup>(1)</sup>	132,614,535 <sup>(1)</sup>	19,749 <sup>(1)</sup>	33.90 <sup>(1)</sup>	8.60% <sup>(2)</sup>	1,339 <sup>(3)</sup>
2015	6,715 <sup>(1)</sup>	141,541,083 <sup>(1)</sup>	19,749 <sup>(1)</sup>	33.90 <sup>(1)</sup>	7.90% <sup>(2)</sup>	1,339 <sup>(3)</sup>
2016	7,338 <sup>(1)</sup>	156,680,976 <sup>(1)</sup>	21,352 <sup>(1)</sup>	33.90 <sup>(1)</sup>	6.60% <sup>(2)</sup>	1,339 <sup>(3)</sup>
2017	7,276 <sup>(1)</sup>	147,615,488 <sup>(1)</sup>	20,288 <sup>(1)</sup>	39.50 <sup>(1)</sup>	9.60% <sup>(2)</sup>	1,416 <sup>(3)</sup>
2018	7,473 <sup>(1)</sup>	<sup>(4)</sup>	19,491 <sup>(1)</sup>	31.10 <sup>(1)</sup>	6.60% <sup>(2)</sup>	<sup>(5)</sup>
2019	7,494 <sup>(1)</sup>	146,552,664 <sup>(1)</sup>	19,556 <sup>(1)</sup>	39.00 <sup>(1)</sup>	7.10% <sup>(2)</sup>	<sup>(5)</sup>
2020	7,192 <sup>(1)</sup>	139,625,488 <sup>(1)</sup>	19,414 <sup>(1)</sup>	31.60 <sup>(1)</sup>	5.70% <sup>(2)</sup>	1,473 <sup>(6)</sup>
2021	7,192 <sup>(1)</sup>	139,625,488 <sup>(1)</sup>	19,414 <sup>(1)</sup>	31.60 <sup>(1)</sup>	5.70% <sup>(2)</sup>	1,433 <sup>(6)</sup>

**Sources:**

- <sup>(1)</sup> U. S. Census Bureau
- <sup>(2)</sup> U. S. Department of Labor Statistics
- <sup>(3)</sup> Clayton County Board of Education
- <sup>(4)</sup> Information not available due to federal government shutdown
- <sup>(5)</sup> Clayton County Public Schools website not updated
- <sup>(6)</sup> <https://www.niche.com/k12/search/best-schools/t/morrow-clayton-ga/> (Haynie and Morrow Elementary)

# CITY OF MORROW, GEORGIA

## TEN LARGEST EMPLOYERS IN THE CITY OF MORROW CURRENT YEAR AND NINE YEARS AGO

Business	2021			2012		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Chime Solutions	1,383	1	19.84%		1	0.00%
Clayton State University	1,215	2	17.43%	659	2	10.17%
Wal-Mart Super Center	317	3	4.55%	334	3	5.15%
Macy's	225	4	3.23%	217		3.35%
Sherwin Williams	198	5	2.84%		4	0.00%
Costco	187	6	2.68%	140	7	2.16%
Cracker Barrel	102	7	1.46%	98		1.51%
Carrabbas	92	8	1.32%		6	0.00%
Best Buy	86	9	1.23%	107		1.65%
Olive Garden	70	10	1.00%		5	0.00%
Target				135	8	2.08%
Sears				94	9	1.45%
Burlington Coat Factory				70	10	1.08%
Barnes and Noble			0.00%	59		0.91%
All Other Employers	3,096		44.41%	4,569		0.00%
Total Employment in City	6,971		100.00%	6,482		100.00%

Source: City's records.



# CITY OF MORROW, GEORGIA

## FULL-TIME EQUIVALENT CITY EMPLOYEES BY DEPARTMENT LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Government	Judicial	Police Department	Fire Department	Planning and Zoning	Economic Development	Public Works	E-911	Total
2012	25	-	34	33	1	-	-	11	104
2013	26	-	34	33	1	-	-	11	105
2014	25	-	35	34	1	2	-	11	108
2015	11	1	35	34	2	4	10	12	108
2016	7	1	31	34	1	3	10	12	99
2017	18	1	29	32	1	2	9	8	100
2018	11	1	29	33	1	2	9	-	86
2019	10	3	29	34	1	1	10	-	88
2020	6	3	27	32	1	1	7	-	77
2021	6	3	28	27	0.7	1.7	8	-	74

**Sources:** Various City Departments.

**Note:** Beginning with 2015, the employees in the General Government category were broken down more clearly by job function.

**CITY OF MORROW, GEORGIA**  
**PUBLIC SAFETY OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Citations issued	15,468	8,478	7,124	5,673	5,312	5,422	5,707	4,994	7,374	6,191
DUI Citations issued	94	43	50	34	26	41	55	18	30	34
Warnings issued	12,455	8,521	5,293	1,350	1,162	1,133	1,159	690	999	674
Crime Statistics:										
Aggravated Assault	10	3	1	7	14	17	9	8	11	10
Auto Theft	49	56	45	46	39	53	66	61	49	37
Rape	2	2	1	1	2	1	6	1	5	3
Robbery	21	12	27	20	24	31	30	26	15	18
Burglary	66	64	56	31	47	58	61	60	32	36
Theft	710	867	889	502	390	609	531	692	612	590
Fire										
Incident responses	2,213	2,008	1,937	2,030	2,142	1,859	1,730	1,697	1,894	1,841
Public Safety Education										
Events	114	111	106	115	102	80	9	31	17	15
Persons contacted	15,975	15,032	14,998	15,490	12,367	10,569	3,545	5,214	6,293	5,237

**Source:** City police and fire department records.

# CITY OF MORROW, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	0	1	1	1	1	1
Patrol units	43	43	43	43	43	35	35	35	35	35
Fire stations	2	2	2	2	2	2	2	2	2	2
Public works										
Streets (miles)	34	34	34	34	34	34	34	34	34	34
Streetlights	861	861	861	861	861	861	861	861	885	885
Parks and recreation										
Acreage	125	125	125	125	125	125	125	133	133	133
Playgrounds	11	11	11	11	11	12	12	12	12	12
Path system (miles)	2	2	2	2	2	2	2	2	2	2

**Sources:** Various City Departments.

**Note:** No capital asset indicators are available for the general government functions.

# CITY OF MORROW, GEORGIA

## CONSTRUCTION ACTIVITY LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Residential Permits Issued	Residential Value	Commercial Permits Issued	Commercial Value
2012	96	\$ 257,644	204 <sup>(1)</sup>	\$ 2,913,384
2013	218	5,091,743	236 <sup>(1)</sup>	8,528,004
2014	253	13,798,230	348	6,783,923
2015	216	12,007,372	249	13,713,698
2016	46	158,894	184	16,778,562
2017	39	159,913	286 <sup>(2)</sup>	13,919,063
2018	44	192,603	137	6,137,850
2019	42	192,916	205	5,386,584
2020	31	52,011	145	5,167,083
2021	37	137,787	181	6,404,010

**Source:** City's Planning and Zoning Department.

<sup>(1)</sup> The lower activity levels seen in Fiscal Years 2011 and 2012 is attributable to the financial impact of the "housing market bubble" and the resulting Great Recession.

<sup>(2)</sup> The lower residential activity shown in fiscal year 2016 resulted from several new neighborhoods that were under construction in prior fiscal years being built out.