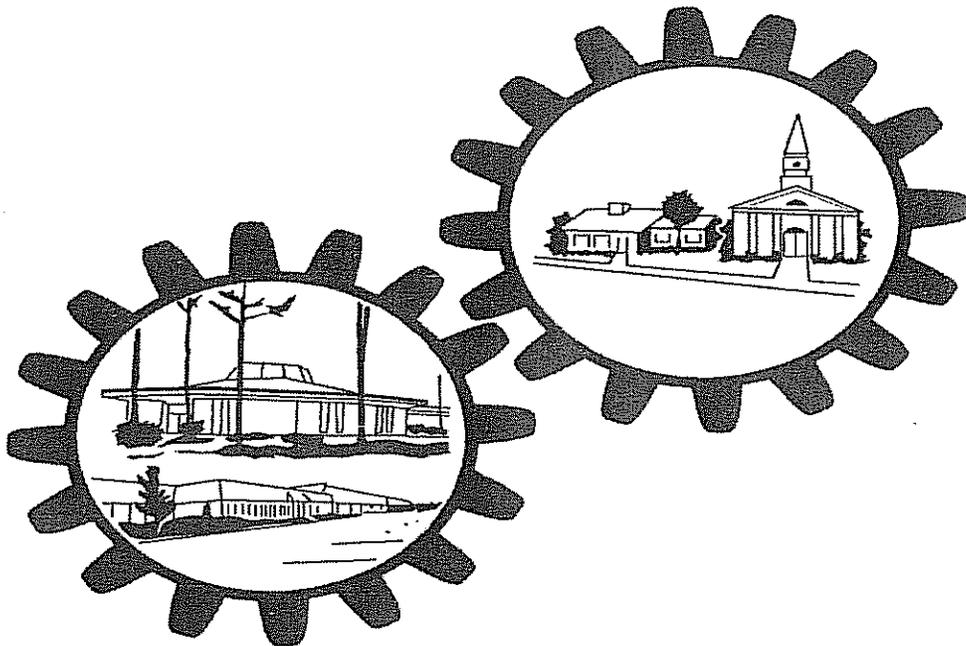


CITY OF MORROW, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING
JUNE 30, 2000

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CITY OF MORROW, GEORGIA

Financial Statements
June 30, 2000

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CITY OF MORROW, GEORGIA

Financial Statements
June 30, 2000

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CITY OF MORROW, GEORGIA

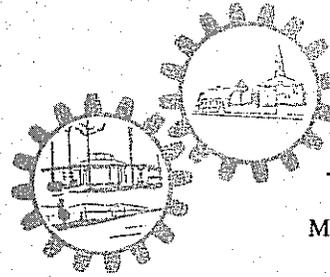
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June 30, 2000

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INTRODUCTORY SECTION

The Introductory Section includes a transmittal letter for the City Manager, a general government organization chart and a list of principal officials. The transmittal letter is intended to provide users with summarized financial information of the City, an analysis of the past operations, the City's current and future economic picture, as well as its major initiatives and financial accomplishments.



LETTER OF TRANSMITTAL

October 24, 2000

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

Dear Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Morrow, Georgia for the fiscal year ended June 30, 2000, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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 various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections and is written to be used and understood by a broad array of people. The introductory section includes this letter of transmittal, the City's organizational chart, a listing of the City's principal officials, and the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 1998-'99. The financial section includes the independent auditors' report, the general purpose financial statements, and additional information pertaining to individual funds and account groups. The statistical section includes pertinent financial and economic data indicating trends for comparative ten-year periods. The government audit section includes an independent auditor's report on compliance and internal control.

The City of Morrow is not required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations." The City does not receive federal funding at a level which requires single audit presentation; therefore, a single audit is not included in this report.

This report includes all fund and account groups of the City of Morrow, Georgia. The City, incorporated in 1943, operates under the council/manager form of government. The City's organization includes five departments: administration, emergency communications, fire, police and public works. The City Manager, who is appointed by the Mayor and Council, directly supervises these departments which provide a full range of general government services to the approximately 5,100 permanent residents, as well as a daytime population of an estimated 60,000 persons. Included in these services are traditional governmental functions such as police and fire protection, emergency medical service, emergency communications, residential and commercial sanitation, street and park maintenance, building inspections, zoning enforcement and economic development.

The citizens of the City of Morrow can walk through 162 acres of the Reynolds Nature Preserve, listen to world-renowned musicians in Spivey Hall, shop at our regional mall anchored by major department stores like Macy's, Richs, J.C. Penny and Sears, or relax in our three neighborhood parks. The City provides and supports for its citizens such programs as Neighborhood Watch Meetings for both business and residential areas, Police Academies, Drug Awareness Resistance Education (D.A.R.E.), "Certified Mentors" who become role models and assist participants with school work and help build self esteem, as well as Fire Safety Programs. They are kept informed of these activities and other city news via twice-monthly mayor/council meetings and the City's quarterly newsletter. The City's web page is now fully operational and provides typical information on the various city departments, upcoming events, contact information, court schedules, hours of operation and is used for posting the minutes of the most recent Council Meetings. The City's web site points visitors to an address where they can learn about and even download city codes and ordinances.

The data in this report is believed to be accurate in all material respects and conforms substantially with the standards of the GFOA program for the Certificate of Achievement for Excellence in Financial Reporting. This report will again be submitted to the GFOA for evaluation of eligibility for the Certificate for the seventh consecutive year. All necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the City's financial activity.

ECONOMIC CONDITION AND OUTLOOK

The economic condition of the City of Morrow remains extremely strong with additions to fund balances for Fiscal Year 1999-'00 of \$1,627,076. This increased the General Fund balance to \$7,578,569 or a 27.3% increase over the \$5,951,493 balance at the fiscal year end of June 30, 1999. Of this balance, \$183,344, is encumbered, along with \$310,298 of the Capital Projects Fund, for subsequent years' expenditures and include funds to be used for upgrades to both financial and emergency communication software, fuel management system, overhead lighted street signs and parking lot and street construction, patching and leveling. The 71 building permits for fiscal year ended June 30, 2000 totaled \$6,299,246, a decrease of 67.51% from the amount issued in the previous fiscal year. This was the result mainly of major renovations of the large regional shopping mall, Southlake Mall, and construction of privately owned dormitories for students at Clayton College and State University in the prior year.

The City again has assessed no taxes on its citizens and continues to rely heavily on the collection of local option sales tax for its major source of revenue. The sales tax totaled \$2,594,417 for 1999-'00 and exceeded the amount collected in 1998-'99 by 8.22%. The taxes collected for the June 30, 2000 Fiscal Year represented 33.22% of total revenues for this fiscal year.

The future economic outlook for the City of Morrow has great potential. The Gateway Village project should create substantial growth for the Northern part of the City. The redevelopment ordinances will continue to revitalize older shopping centers and ultimately return these buildings to economic viability. As new businesses continue to come to Morrow, growth is managed by commitment to quality development, smart growth guidelines, and comprehensive ordinances and zoning measures.

MAJOR INITIATIVES FOR THE YEAR

The City of Morrow has undertaken several initiatives this year that will strengthen the City's infrastructure as well as improve the overall quality of life.

During Fiscal Year 1999-'00, the City began to focus on Livable Center/Activity Center areas within the City. The evidence of the dedication to this goal can be seen in the Gateway Village Project near Clayton College & State University. Several phases of the Gateway Project are now completed, including a master plan for the Gateway Village area, a master plan for C.U.P.D. and the new student housing. A new phase is underway within the Gateway Village Project entitled "City of Morrow-Transportation Activity Center Study." Morrow was fortunate to receive grant monies through the Atlanta Regional Commission to assist in the funding of this study. A multi-modal hub is proposed to encompass alternate models of transportation within the City to aid in relief of daily traffic gridlock. The multi-modal hub will be one proposed area for a stop along Governor Barnes' proposed commuter rail line, will be the beginning area of pedestrian, biking, and electric golf cart paths throughout the City, and will be a stop along Clayton County's proposed bus route. The addition of this multi-modal hub in the Gateway Village area will make the area "transportation friendly" to residents and visitors in the City of Morrow.

The City passed several ordinances that required the owners or new tenants of commercial property to update their buildings and landscaping to the current codes upon the change of ownership or percentage of leased space. This concept will provide for the continued redevelopment of older buildings and shopping centers. The intent of the ordinance is to stabilize the tax base and to increase the potential for businesses to produce more revenue for the City as well as the property owner. The visual aesthetics of Morrow were further enhanced due to the strengthened tree and landscaping codes. Also, curb and gutter, sidewalks, and streetlights are required if they do not already exist. The City requires contractors to submit building and landscaping plans that meet the city code before permits can be issued. All construction must be completed before a final certificate of occupancy is issued.

The Fire Department added a new 2000 Ford E-450 Type III ambulance (Van front/Modular rear) at a net cost to the City of \$74,693.00. The City was given credit for trading in Unit Rescue 31. The Police Department upgraded all of their patrol cars with laptop computers with monies provided by a Federal COPS grant. The Panasonic Toughbook Computers are specifically designed with durability in mind. The titanium case and other special features make the new computers especially suited for mobile use.

The City has completed a number of roadway projects during the fiscal year ended June 30, 2000. Two new streets, Murphy Drive and Shirley Drive, were constructed in order to help alleviate traffic gridlock by providing alternative routes for residents.

Thanks to the plans of the Department of Transportation, landscape architects from the state working in cooperation with Roy Ashley, adjacent business owners, and the City of Morrow, the City has committed to building a \$1.5 million welcome center immediately off Exit 233 of Interstate-75. Land has already been purchased, and development is underway. Designed as both a leisure and business and traveler welcome center, local as well as regional information will be available to travelers. The funding for the Welcome Center was procured with the cooperation of Morrow's six hotels, the City Council and State Legislature. There will be no cost to Morrow's taxpayers.

The City was required by the Department of Community Affairs to file a five-year update to our Comprehensive Solid Waste Management Plan. Based on a state request to reduce the metric tons of total waste by 25%, the City entered into a five-year contract with United Waste Service, Inc. for all residential and commercial waste disposal. United Waste is required to submit quarterly the actual metric tons of waste removed from the City.

The City continues to produce and distribute a quarterly newspaper. It updates citizens about City news and upcoming events. Improvements are seen each quarter as production experience continues to grow. Next year's improvements include a newsletter printed in color versus grayscale.

To better serve our citizens, we have begun to accept electronic payments via debit and credit cards. These can be used to pay for various permits and city services, as well as fines. We anticipate changing billing for residential sanitation collection from quarterly to semiannually and offering payment options via direct debit of checking/savings accounts.

FOR THE FUTURE

In an effort to continue to improve the overall infrastructure of the City and to better serve the citizens, the City is planning to expand current programs and to undertake new initiatives in the purchasing of new equipment with street and highway corridor improvements.

We have chosen a vendor and are in the process of purchasing new computer software for the City's financial system. This will allow for an enhanced payroll package, a more unified purchasing system, and more accountability for departments. This will also include offering direct deposit of payroll checks, among other things.

Morrow was recently selected as one of 12 cities out of 51 applicants to receive the Livable Centers Initiative Grant from the Atlanta Regional Commission. Money from this grant will be used to determine plans for a pedestrian-friendly Gateway Village and Morrow Rail Station. Morrow selected the architectural firm Sizemore Floyd to head up this study, along with input from civic leaders, adjacent landowners to the property, and Morrow's citizens. Once these plans are determined, the next step will be to procure funds to implement them.

Morrow will soon begin construction on its first new subdivision in 25 years. Foxcroft will be a clubhouse and pool community with 75 homes each around 1,750 square feet. Foxcroft will offer housing alternatives to professionals wishing to enjoy the benefits of a friendly neighborhood while avoiding a lengthy commute into Atlanta.

As of now, the power lines that are in place on land slated for the Gateway Development Project are aboveground. City of Morrow officials are working with the Georgia Power Company to have these power lines placed underground. For aesthetic reasons, this will benefit the new development. Additionally, the movement of power lines underground will allow for greater use of existing space in an area where land use is at a premium. This will free up a major corridor of land as well as address concerns of those not wanting to locate in the immediate vicinity of overhead power lines for fear of interference with communications and computer equipment. This is a critical concern since the targeted establishments for this area are high-tech businesses and Class A office space.

The City of Morrow has purchased 54 acres for the development of a walking/biking/golf cart trail connecting residential areas of the City with Clayton College and State University, the Gateway Village Project, and Reynolds Nature Preserve. The City recently applied for a TE-grant to help fund the trail along Jester's Creek. The City is also researching the possibility of building a nine-hole golf course on available land, and designers are being sought for early development plans. If built, this course would play a major role in residential areas, the university, and nature preserve with the overall concept to not only provide recreation areas but alternative transportation while preserving green space and providing a sense of community.

A Morrow Business and Tourism Association will be set into motion by the City. This will tie into the management of Morrow's Business Welcome Center, which is slated to open its doors for business on July 1, 2001.

Improvements to the Municipal Court/Council Chambers will be completed in the upcoming fiscal year, including replacing the rear driveway to the Municipal Complex.

Near the Welcome center along the I-75 and State Highway 54 interchange, plans are being drawn to add several hundred trees, plant islands, and season color and to replace weeds and mixed grasses with consistent sod. Also, a high-mast lighting will be installed to guide visitors toward our great city. This particular transportation link will serve as a "you have arrived" gateway.

The City is working to tie all of these projects and concepts together and come up with one fully master planned city. Because of the City's size, we have the ability to redevelop our entire City by uniting our college campus, residential subdivisions and the regional shopping district. The majority of the commercial infrastructures are here, and Jester's Creek offers us the opportunity to create walking and bicycle path corridors for our residents.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from losses, theft, or misuse, as well as to assure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates in judgment by management.

SINGLE AUDIT

The City is not a recipient of federal or state financial assistance to the extent that a Single Audit is required or recommended.

BUDGETARY CONTROLS

The City maintains budgetary controls, the purpose of which 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, Emergency Communications Fund, and General Capital Improvements Fund 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 department 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. The following schedule represents a summary of General Fund revenues for fiscal year ended June 30, 2000 along with the percentages of increases and decreases in relation to the prior year's revenues:

Revenues	June 30, 2000 Amount	Percent of Total	June 30, 1999 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$ 3,519,062	45.07%	\$ 3,211,123	\$ 307,939	9.59%
Licenses & Permits	1,138,509	14.58%	1,168,266	(29,757)	(2.55%)
Franchises	536,171	6.87%	555,638	(19,467)	(3.50%)
Fines & Forfeitures	1,091,086	13.97%	709,449	381,637	53.79%
Interest	348,544	4.46%	336,271	12,273	3.65%
EMS Calls	73,569	0.94%	76,701	(3,132)	(4.08%)
Sale of assets	156,871	2.01%	15,602	141,269	905.45%
Lake City Contract	327,838	4.20%	376,903	(49,065)	(13.02%)
Sanitation	447,471	5.73%	136,312	311,159	228.27%
Miscellaneous	12,030	0.15%	2,109	9,921	470.41%
Intergovernmental	111,175	1.42%	105,729	5,446	(3.96%)
Condemnations/Fines	45,843	0.60%	10,235	35,608	347.90%
Total	\$ 7,808,169	100.00%	\$ 6,704,338	\$ 1,103,831	16.46%

The largest increase in revenues was in fines and forfeitures, which showed an increase during the fiscal year of \$381,637 or a percentage increase of 53.79%. This resulted primarily from an overall restructuring of the bond schedule in late 1998 as well as stricter enforcement of existing laws, codes and ordinances.

The following schedule represents a summary of General Fund expenditures for the fiscal year ended June 30, 2000 along with the percentages of increases and decreases in relation to the prior year's expenditures:

Expenditures	June 30, 2000 Amount	Percent of Total	June 30, 1999 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
General and Administrative	\$ 2,260,040	42.54%	\$ 1,711,179	\$ 548,861	32.07%
Police department	1,362,097	25.63%	1,216,271	145,826	11.99%
Fire department	1,193,752	22.47%	1,157,588	36,164	3.12%
Public Works	483,017	9.09%	413,949	69,068	16.68%
Debt Service	0	0.00%	0	0	0.00%
Capital Outlays	14,314	0.27%	23,488	(9,174)	(39.06%)
Total	\$ 5,313,220	100.00%	\$ 4,522,475	\$ 790,745	17.48%

PENSION BENEFIT PLAN

The City contributes to the Georgia Municipal Employees Benefit System, an agent/ multiple employer public employee retirement system administered by the Georgia Municipal Association. All full-time City employees and all City officials are eligible to participate in the system. The employee becomes fully vested after ten years of service. The participation by the City's employees is noncontributory; however, the city is subject to the minimum funding standards for the Public Retirement System Standard Law. The policy set by the City for contributing the annual pension expenses exceeds the minimum requirements of this law. The Georgia Municipal Employees Benefit System is actuarially sound with all indications that this will continue.

DEBT ADMINISTRATION

The City's general obligation bonded debt legal limit was \$28,423,551, which is equal to 10% of the assessed valuation of property within the city limits of the City. The City had \$1,500,000 of outstanding long-term debt at the June 30, 2000 fiscal year end date. This represented a 15-year lease between the City of Morrow and the Clayton County Tourism Authority.

CASH MANAGEMENT

The City invests its idle cash in accounts earning competitive yields with a minimum of credit and market risk. All funds are either insured by the Federal Deposit Insurance Corporation or collateralized by issuers' investments. All collateral for deposits was held by a financial institution's trust department in the City's name. These funds are invested in Certificates of Deposit, obligations of agencies of the U. S. government, and the State of Georgia Local Government Investment Pool. The City's operating funds are maintained in interest bearing accounts.

RISK MANAGEMENT

The City of Morrow is a member of the Georgia Interlocal Risk Management Agency or GIRMA. GIRMA is the risk management pool of local governments in Georgia that funds insurance losses for auto liability, general liability, errors and omissions, EMS, property damage/loss and other lines of insurance. The City has \$1 million worth of coverage on each of these lines with the exception of property, which is covered at 100% of the value of the City's holdings.

Workers' Compensation Insurance is provided through the Georgia Workers' Compensation Self-Insurance Fund which, like GIRMA, is a pooled workers' compensation fund consisting of local governments in Georgia. Both GIRMA and the Georgia Workers' Compensation Self-Insurance Fund are financially healthy and actuarially sound.

OTHER INFORMATION, INDEPENDENT AUDIT

Georgia law requires cities to have an audit performed annually by an independent certified public accountant. The City complies with this requirement. The firm of Cherry, Bekaert & Holland, LLP was selected to perform the audit. The auditors' report on General Purpose Financial Statements, Individual Fund Statements and schedules are included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Morrow, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

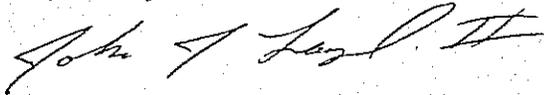
In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valued for a period of one year only. The City has received a Certificate of Achievement for the last six fiscal years (1994-1999). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting this report to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

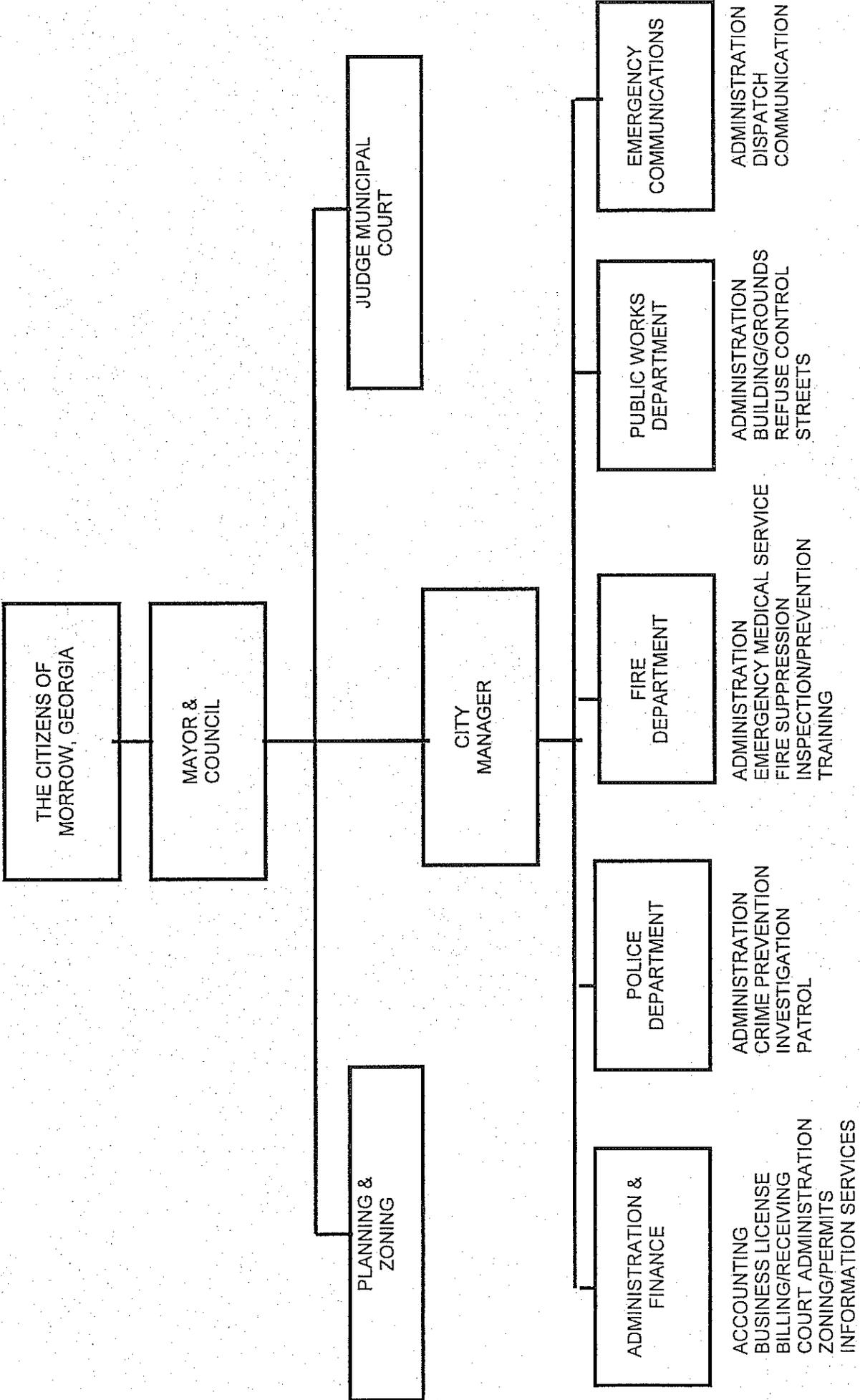
This report was produced through the dedication of the City's Finance Officer, Mr. Tom Sawyer. The City's excellent financial condition and accountability are due in part to his extensive efforts. I would also like to thank the City's department heads and other staff members for their efforts and cooperation. Finally, I would like to thank the Morrow Mayor and Council for their continued leadership, support, and vision. It has propelled the gears for quality growth in the City of Morrow.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John J. Lampl, II". The signature is written in a cursive style with a large, sweeping initial "J".

John J. Lampl, II
City Manager

CITY OF MORROW, GEORGIA
ORGANIZATIONAL CHART



CITY OF MORROW, GEORGIA

Principal Officials
June 30, 2000

ELECTED OFFICIALS

JAMES H. MILLIRONS, SR.
VIRGIL L. KILBY
CHARLES R. HUIE
CHARLES O. SORROW
THOMAS J. LAPORTE

MAYOR
COUNCIL MEMBER
COUNCIL MEMBER
COUNCIL MEMBER
COUNCIL MEMBER

APPOINTED OFFICIALS

JOHN J. LAMPL, II
THOMAS L. SAWYER
BRENDA J. ALLEN
ANDREW J. WHALEN, III
FROST A. WARD
KENNY L. SMITH
DAVID M. WALL
JEFFREY A. EADY
JO ANN ACREE
BEN MANCE

CITY MANAGER
FINANCE OFFICER
CITY CLERK
CITY ATTORNEY
MUNICIPAL COURT JUDGE
POLICE CHIEF
FIRE CHIEF
PUBLIC WORKS DIRECTOR
EMERGENCY COMMUNICATIONS
INFORMATION SERVICES DIRECTOR

PLANNING & ZONING BOARD

VIRLYN SLATON
MELVIN NEWMAN
SHIRLEY WATTERSON
WILLIAM C. (BILL) LEWIS
DEWEY L. (BUCK) SHIRLEY

CHAIRMAN
VICE-CHAIRMAN
SECRETARY
BOARD MEMBER
BOARD MEMBER

INDEPENDENT AUDITORS

CHERRY, BEKAERT & HOLLAND, L.L.P.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Morrow,
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinsey
President

Jeffrey L. Esser
Executive Director

FINANCIAL SECTION

The Financial Section includes the audited financial statements and schedules of the City. The basic financial statements present an overview of the City's entire financial operations. Combining and individual fund statements present each of the separate funds and account groups of the City, while schedules provide other information and additional details.



INDEPENDENT AUDITORS' REPORT

Honorable Mayor
Members of the City Council
City of Morrow, Georgia

We have audited the accompanying general purpose financial statements of the City of Morrow, Georgia (the City), as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the City's financial position as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cherry, Bekaert & Holland, L.L.P.

636 South Central Avenue • Suite 201 • (30354-1988) • P.O. Box 82472 • Atlanta, GA 30354-0472

(404) 762-7758 • Fax (404) 767-3217 • E-mail: atlanta@cbh.com

Offices Throughout The Southeast • Represented Internationally Through Summit International Associates, Inc.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The information listed as supporting schedules and statistical data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Morrow, Georgia. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

CHERRY, BEKAERT & HOLLAND, L.L.P.

Cherry, Bekaert & Holland, L.L.P.
Certified Public Accountants

October 24, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF MORROW, GEORGIA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets and Other Debits</u>			
Assets:			
Cash and certificates of deposit	\$ 788,740	\$	\$ 116,801
Investments	6,833,034		512,669
Taxes receivable	203,864		
Grants receivable			
Other assets			
Due from other funds		2,699	27,046
Fixed assets			
Other debits:			
Amount to be provided for payment of compensated absences			
Amount to be provided under capitalized leases			
Total assets and other debits	<u>\$ 7,825,638</u>	<u>\$ 2,699</u>	<u>\$ 656,516</u>
<u>Liabilities, Equity and Other Credits</u>			
Liabilities:			
Accounts payable	\$ 126,614	\$ 798	\$ 38,756
Accrued expenditures	19,060	1,901	
Deferred revenue	35,100		
Payroll taxes payable	36,550		
Due to other funds	29,745		
Estimated liability for compensated absences			
Capital lease payable			
Total liabilities	247,069	2,699	38,756
Equity and other credits:			
Investment in general fixed assets			
Fund balance - unreserved:			
Designated for subsequent year expenditures	183,344		310,298
Undesignated	<u>7,395,225</u>		<u>307,462</u>
Total equity and other credits	<u>7,578,569</u>		<u>617,760</u>
Total liabilities, equity, and other credits	<u>\$ 7,825,638</u>	<u>\$ 2,699</u>	<u>\$ 656,516</u>

Continued on next page

Account Groups		Totals	
General Fixed Assets	General Long-term Debt	(Memorandum Only)	
		2000	1999
\$	\$	\$ 905,541	\$ 523,971
		7,345,703	6,041,684
		203,864	207,554
			21,264
			3,089
		29,745	66,401
7,345,005		7,345,005	6,445,486
	184,873	184,873	147,428
	1,500,000	1,500,000	439,428
<u>\$ 7,345,005</u>	<u>\$ 1,684,873</u>	<u>\$ 17,514,731</u>	<u>\$ 13,896,306</u>
\$	\$	\$ 166,168	\$ 148,142
		20,961	5,060
		35,100	30,198
		36,550	44,910
		29,745	66,400
	184,873	184,873	147,428
	1,500,000	1,500,000	439,428
	1,684,873	1,973,397	881,567
7,345,005		7,345,005	6,445,486
		493,642	635,643
		<u>7,702,687</u>	<u>5,933,610</u>
<u>7,345,005</u>		<u>15,541,334</u>	<u>13,014,739</u>
<u>\$ 7,345,005</u>	<u>\$ 1,684,873</u>	<u>\$ 17,514,731</u>	<u>\$ 13,896,306</u>

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

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CITY OF MORROW, GEORGIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			Totals (Memorandum Only)	
				Year Ended June 30,	
	General	Special Revenue	Capital Projects	2000	1999
Revenues:					
Taxes	\$ 3,519,062	\$	\$	\$ 3,519,062	\$ 3,211,123
Licenses, fees, and permits	1,138,509			1,138,509	1,168,265
Franchises	536,171			536,171	555,638
Fines and forfeitures	1,091,086			1,091,086	709,449
Interest	348,544			348,544	336,271
EMS calls	73,569			73,569	76,701
Sale of assets	156,871			156,871	15,602
Lake City contract	327,838			327,838	376,903
Sanitation	447,471			447,471	136,312
Miscellaneous	12,030			12,030	2,109
Intergovernmental	111,175			111,175	105,729
Condemnations/forfeitures	45,843			45,843	10,235
Emergency communications		123,119		123,119	98,865
Total revenues	7,808,169	123,119		7,931,289	6,803,202
Expenditures:					
Current:					
General and administrative	2,260,040			2,260,040	1,711,179
Police department	1,362,097			1,362,097	1,216,271
Fire department	1,193,752			1,193,752	1,157,587
Public works	483,017			483,017	413,949
Emergency		459,058		459,058	458,162
Debt service:					
Principal		257,192	182,235	439,427	80,682
Interest		8,333	1,847	10,180	7,506
Capital outlays	14,314	2,855	1,579,472	1,596,641	1,525,175
Total expenditures	5,313,220	727,437	1,763,555	7,804,212	6,570,511
Excess of revenues over (under) expenditures	2,494,949	(604,318)	(1,763,555)	127,076	232,692
Other financing sources (uses):					
Proceeds from capitalized leases			1,500,000	1,500,000	467,520
Operating transfers in		604,318	263,555	867,873	1,481,651
Operating transfers out	(867,873)			(867,873)	(1,481,651)
Total other financing sources (uses)	(867,873)	604,318	1,763,555	1,500,000	467,520
Excess of revenues and other sources over expenditures and other uses	1,627,076			1,627,076	700,211
Fund balances, June 30, 1999	5,951,493		617,760	6,569,253	5,869,042
Fund balances, June 30, 2000	\$ 7,578,569	\$	\$ 617,760	8,196,329	\$ 6,569,253

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

CITY OF MORROW, GEORGIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUND TYPES
 YEAR ENDED JUNE 30, 2000

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,239,000	\$ 3,519,062	\$ 280,062	\$	\$	\$
Licenses, fees, and permits	1,102,400	1,138,509	36,109			
Franchises	568,500	536,171	(32,329)			
Fines and forfeitures	620,000	1,091,086	471,086			
Interest	290,000	348,544	58,544			
EMS calls	75,000	73,569	(1,431)			
Sale of assets	2,500	156,871	154,371			
Lake City contract	322,000	327,838	5,838			
Sanitation	278,000	447,471	169,471			
Miscellaneous	1,900	12,030	10,130			
Intergovernmental	65,068	111,175	46,107			
Condemnations/forfeitures		45,843	45,843			
Emergency communications				85,000	123,119	38,119
Total revenues	6,564,368	7,808,169	1,243,801	85,000	123,119	38,119
Expenditures:						
Current:						
General and administrative	1,971,929	2,415,712	(443,783)			
Police department	1,317,550	1,387,299	(69,749)			
Fire department	1,207,121	1,195,906	11,215			
Public works	525,838	483,332	42,506			
Emergency communications				492,548	459,058	(33,490)
Debt Service					265,525	265,525
Capital outlays	13,288	14,314	(1,026)		2,855	2,855
Total expenditures	5,035,726	5,496,563	(460,837)	492,548	727,437	234,889
Excess of revenues over (under) expenditures	1,528,642	2,311,606	782,964	(407,548)	(604,318)	(196,770)
Other financing sources (uses):						
Proceeds from capitalized leases						
Operating transfers in				407,548	604,318	196,770
Operating transfers out	(1,528,642)	(867,873)	660,769			
Total other financing sources (uses)	(1,528,642)	(867,873)	660,769	407,548	604,318	196,770
Excess of revenues and other sources over expenditures and other uses	\$	1,443,732	\$ 1,443,732	\$	\$	\$
Appropriations of Fund Balance						
Budgetary basis differences and encumbrances		183,344				
Fund balances, June 30, 1999		5,951,493				
Fund balances, June 30, 2000	\$	7,578,569		\$		

Continued on next page

CITY OF MORROW, GEORGIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET (BUDGETARY BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUND TYPES
 YEAR ENDED JUNE 30, 2000

	Capital Projects Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$	\$	\$	\$ 3,239,000	\$ 3,519,062	\$ 280,062
Licenses, fees, and permits				1,102,400	1,138,509	36,109
Franchises				568,500	536,171	(32,329)
Fines and forfeitures				620,000	1,091,086	471,086
Interest				290,000	348,544	58,544
EMS calls				75,000	73,569	(1,431)
Sale of assets				2,500	156,871	154,371
Lake City contract				322,000	327,838	5,838
Sanitation				278,000	447,471	169,471
Miscellaneous				1,900	12,030	10,130
Intergovernmental				65,068	111,175	46,107
Condemnations/forfeitures					45,843	45,843
Emergency communications				85,000	123,119	38,119
Total revenues				6,649,368	7,931,288	1,281,920
Expenditures:						
Current:						
General and administrative				1,971,929	2,415,712	(443,783)
Police department				1,317,550	1,387,299	(69,749)
Fire department				1,207,121	1,195,906	11,215
Public works				525,838	483,332	42,506
Emergency communications				492,548	459,058	33,490
Debt Service	47,464	184,083	(136,619)	47,464	449,608	(402,144)
Capital outlays	1,673,441	1,254,127	419,313	1,686,729	1,271,296	415,433
Total expenditures	1,720,905	1,438,210	282,695	7,249,179	7,662,211	(413,032)
Excess of revenues over (under) expenditures	1,720,905	1,438,210	282,695	(599,811)	269,077	868,888
Other financing sources (uses):						
Proceeds from capitalized leases		1,500,000	1,500,000		1,500,000	1,500,000
Operating transfers in	1,121,094	263,555	(857,539)	1,528,642	867,873	(660,769)
Operating transfers out				(1,528,642)	(867,873)	660,769
Total other financing sources (uses)	1,121,094	1,763,555	642,461		1,500,000	1,500,000
Excess of revenues and other sources over expenditures and other uses	(599,811)	325,345	925,156	(599,811)	1,769,077	2,368,888
Appropriations of Fund Balance	\$ 599,811		\$	\$ 599,811		\$
Budgetary basis differences and encumbrances		(325,345)			(142,001)	
Fund balances, June 30, 1999		617,760			6,569,253	
Fund balances, June 30, 2000		\$ 617,760			\$ 8,196,329	

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

CITY OF MORROW, GEORGIA

Notes to Financial Statements
June 30, 2000

Note 1 - Summary of Significant Accounting Policies

The City of Morrow, Georgia (the "City") was incorporated in 1943, under the provisions of the State of Georgia. The City operates under an elected Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, parks and recreation, community development, planning and zoning, and general administrative services. The City's comprehensive annual financial report includes the accounts of all City operations.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City adopted GASB Statement No. 32 – Accounting and Financial Reporting for Internal Code Section 457 Deferred Compensation Plans during 1999. The GASB Statement requires that the City not report the balances and activities of the Section 457 plan if there is no fiduciary relationship. Consequently the City no longer reports the Section 457 plan as an Agency Fund.

The GASB has issued Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This Statement will be adopted by the City over the next several reporting periods. The City has not yet fully determined the impact this Statement will have on the City's financial statements.

This summary of the City's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. The Reporting Entity

The City of Morrow, Georgia is a municipal corporation governed by a Mayor and a four member Council. As required, the City has adopted Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". The City has considered all potential component units for inclusion in these financial statements. For the year ended June 30, 2000, it has been determined that the City has no component units.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types within two broad fund categories, and two account groups as follows:

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 1 - Summary of Significant Accounting Policies (continued)**B. Fund Accounting (continued)****GOVERNMENTAL FUNDS**

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The City utilizes one fund of this type called the Emergency Communications Fund.

Capital Projects Fund - This fund is established to account for the acquisition or construction of major capital facilities and equipment.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. Account Groups are not funds. They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

The following are the City's account groups:

General Fixed Assets Account Group - This group accounts for the general fixed assets of the City.

General Long-term Debt Account Group - This group accounts for the long-term liabilities and certain other noncurrent liabilities of the City expected to be financed from governmental funds.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 1 - Summary of Significant Accounting Policies (continued)**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Those revenues susceptible to accrual are local option sales taxes, interest revenue and charges for services. Sales taxes collected by the State at year-end on behalf of the City are also recognized as revenue. Fines, permits and other revenues are not susceptible to accrual because they are generally not measurable until received in cash.

A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest of long-term debt and vacation pay which is recorded as an expenditure when due and payable from available spendable resources. Accumulated vested unpaid vacation pay is recognized as an expenditure only to the extent that it will be paid from "available spendable resources" (net current assets). Those costs that are not to be paid from current resources are recorded in the General Long-term Debt Account Group.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 1 - Summary of Significant Accounting Policies (continued)**D. Budgets and Budgetary Accounting**

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

1. Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. During June, the budget is legally enacted through passage of an ordinance by the mayor and council.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Capital Projects Fund.
5. Budgets for the General Fund, Emergency Communications Fund and Capital Projects Fund are adopted on a budgetary basis as explained below. The legal level of control (the level at which the City Council must approve expenditures in excess of appropriations) for each legally adopted annual operating budget is at the department level, and the City Manager can transfer budgeted amounts within a department without the prior approval of City Council.

Budget amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were amended.

6. Appropriations, except for encumbrances lapse at year end.

E. Budgetary Reporting Basis

The financial statements prepared on the budgetary basis differs from the GAAP basis statements in that appropriations in the governmental funds are charged for encumbrances when commitments are made. Certain debt service expenditures are budgeted in other program budgets. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. A reservation of the fund balance is provided for outstanding encumbrances at year-end and serves as authorization for expenditures in the subsequent year. All budgets are adopted as explained in Note 1 (D) except those encumbrances are treated as budgeted expenditures when the commitment to purchase is made. Budgetary comparisons in the financial statements are presented in this budgetary basis. Adjustments necessary to reconcile the expenditures at the end of the year on the budgetary basis to the modified accrual basis are as follows:

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 1 - Summary of Significant Accounting Policies (continued)**E. Budgetary Reporting Basis (continued)**

Budgetary basis expenditures	\$ 7,662,211
Add: Prior-year encumbrances outstanding as of June 30, 1999	635,643
Less: Current-year encumbrances outstanding as of June 30, 2000	<u>(493,642)</u>
Modified accrual basis expenditures	<u>\$ 7,804,212</u>

F. Cash and Cash Equivalents

Cash and cash equivalents shown on the balance sheet represent demand deposits. All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

G. Investments

The statutes of the State of Georgia authorize the City to invest in U.S. Government obligations; U.S. Government agency obligations; State of Georgia obligations; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "A" or better by Moody's Investors Service, Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. Government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are stated at fair value, except for certificates of deposit, which are stated at cost.

H. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

I. Fixed Assets

The accounting and reporting treatment applied to fixed assets associated with a fund are determined by its measurement focus. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are capitalized in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 1 - Summary of Significant Accounting Policies (continued)**I. Fixed Assets (continued)**

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized. No depreciation has been provided on general fixed assets.

J. Long-term Debt

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

K. Compensated Absences

The City allows employees to accumulate a maximum of 160 hours of unused vacation. Earned vacation time is generally required to be used within one year of accrual. Upon termination, an employee is paid for up to 160 hours of prior years' unused vacation and the current year's earned, but unused, vacation time.

City employees can accumulate up to 480 hours of unused sick time. Unused sick leave is not paid upon termination, but will be paid only upon illness while employed by the City.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-term Debt Account Group. No expenditure is reported for these amounts.

The City does not record an estimated liability for nonvesting accumulative sick pay benefits. At June 30, 2000, nonvesting accumulating sick pay benefits amounted to approximately \$367,380.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 1 - Summary of Significant Accounting Policies (continued)**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

N. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - Deposits and Investments

Deposits: At year end, the carrying amount of the City's deposits (not including petty cash of \$965) was \$904,576 and the bank balance was \$1,252,162. The amount of the total bank balance is classified into three categories of credit risk: 1) insured or collateralized with securities held by the City or by its agent in the City's name; 2) collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and 3) uncollateralized including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the City's name.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 2 - Deposits and Investments (continued)

The City's deposit risks are classified as follows at June 30, 2000:

Category			Bank Balance
1	2	3	
\$ 200,000	\$ 1,052,162	\$	\$ 1,252,162

The City has a zero balance maintenance arrangement with its primary financial institution whereby the bank accounts of the General, Emergency Communications and Capital Projects Funds are funded on a daily basis for checks presented for payment. The funding is provided by the City's Concentration Account, in which balances are generally invested in overnight instruments.

Investments: The City's investments are categorized as either (1) insured or registered or securities held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the financial institution's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the financial institution's trust department or agent but not in the City's name.

	Category			Carrying Amount	Fair Value
	1	2	3		
Certificates of deposit	\$ 1,716,358	\$	\$	\$ 1,716,358	\$ 1,716,358
U. S. Treasury note	379,043			379,043	379,043
Local Government Investment Pool				5,250,302	5,250,302
Total investments				\$ 7,345,703	\$ 7,345,703

The Local Government Investment Pool is administered by the State of Georgia and is registered with the Securities Exchange Commission. The fair value of the City's position in the investment pool is the same as the value of the pool shares.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000**Note 3 - Fixed Assets**

A summary of changes in General Fixed Assets follows:

	<u>Balance June 30, 1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2000</u>
Land and buildings	\$ 2,953,735	651,104		\$ 3,604,839
Furniture and equipment	1,583,836	124,002		1,707,838
Vehicles	1,805,630	186,413	(62,000)	1,930,043
Park facilities and improvements	102,285			102,285
Total	<u>\$ 6,445,486</u>	<u>\$ 961,519</u>	<u>\$ (62,000)</u>	<u>\$ 7,345,005</u>

Note 4 - Changes in Long-term Debt

The following is a summary of the changes in capital lease payable and accrued compensated absences of the City for the year ended June 30, 2000:

	<u>Balance June 30, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2000</u>
Accrued compensated absences	\$ 147,428	37,445		\$ 184,873
Capital lease	439,428	1,500,000	(439,428)	1,500,000
Total	<u>\$ 586,856</u>	<u>1,537,445</u>	<u>(439,428)</u>	<u>\$ 1,684,873</u>

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 4 - Changes in Long-term Debt (continued)

The City entered into a capital lease for the construction and purchase of the Morrow Welcome Center for \$1,500,000. Payments are due in quarterly installments of approximately \$32,000 until April 2020 at a 5.98% rate of interest. A summary of the annual requirements as of June 30, 2000 is as follows:

Year Ending June 30,	Capital Lease		Total
	Principal	Interest	
2001	\$ 39,935	\$ 81,097	\$ 121,032
2002	42,411	86,378	128,789
2003	45,042	83,783	128,825
2004	47,613	81,028	128,641
2005	50,789	78,115	128,904
Later years	1,274,210	665,857	1,940,067
Total	<u>\$ 1,500,000</u>	<u>\$1,076,258</u>	<u>\$2,576,258</u>

Note 5 - Defined Benefit Pension Plan

Plan Description - The City contributes to the Georgia Municipal Employees Benefit System (the System), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Morrow Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigns the authority to establish and amend the plan to the City of Morrow. The Georgia Municipal Employees Benefit System 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.

Funding Policy - The City's employees participation is noncontributory. The City is required to contribute at an actuarially determined rate; the current rate is 6.4% 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.

Annual Pension Cost - The City's annual pension cost of \$200,047 was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 1999 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases of 4.5% for inflation and 1.0% for merit or seniority. The actuarial value of the Plan's assets was determined using a roll forward of prior year's actuarial value with contributions, disbursements and expected return on investments, plus 10% of investment gain (losses) during 10 prior years. The plan's period for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization periods, if applicable, are open for this plan year.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 5 - Defined Benefit Pension Plan (continued)

To minimize the effect of random variations in financial market values on the recommended contribution, the Board of Trustees adopted GASB Statement No. 27, which provides for the use of an asset valuation method for use in the calculation. The method of determining the actuarial value of assets is part of the GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets. The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 8%, which is the valuation's investment return assumption.

The actuarial value of assets was restated at market value of assets as of July 1, 2000 under the asset valuation method change.

Trend Information - Trend information for the Annual Pension Cost (APC) is presented below:

<u>Fiscal Year Funding</u>	<u>APC</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
7/1/95	141,329	100	0
7/1/96	143,314	100	0
7/1/97	170,389	100	0
7/1/98	196,900	100	0
7/1/99	167,272	100	0
7/1/00	200,047	100	0

Supplementary Information - The schedule of funding progress for the Plan is presented below:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded (Excess) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/95	2,259,832	2,303,108	43,276	98.1	1,892,820	2.3%
7/1/96	2,542,219	2,546,959	4,740	99.8	2,056,246	0.2%
7/1/97	2,835,101	2,878,700	43,259	98.5	2,316,724	1.9%
7/1/98	3,246,507	3,314,764	68,257	97.9	2,601,607	2.6%
7/1/99	4,449,764	3,840,575	(609,189)	115.9	2,972,940	(20.5%)
7/1/00	4,935,639	4,340,174	(595,465)	101.3	3,118,332	(19.1%)

Note 6 - Litigation

No claims or lawsuits are pending against the City.

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 7 - Grants

Grants consisted of the following grant programs:

Grant 99CMWX2811: U. S. Department of Justice grant COPS MORE Grant for the purchase of computer equipment allowing the redeployment of 1.5 FTE officers.

Grant 99 : U. S. Department of Justice Grant LLEBG (block grant) for purchase of a Ford Explorer.

Grant 98LBVX2924: U. S. Department of Justice grant CPOS Problem Solving Partnership for the purchase of computer equipment.

The transactions related to revenues and expenditures of the State of Georgia Grants to Municipalities Program have been expended in compliance with statutory requirements.

Note 8 - Interfund Receivables and Payables and Interfund Transfers

Interfund receivables and payables at June 30, 2000:

Fund	Interfund Receivable	Interfund Payable
General		\$ 29,745
Special Revenue:		
Emergency Communications	\$ 2,699	
General Capital Improvements	\$ 27,046	

Interfund transfers for the year ended June 30, 2000, were as follows:

	Emergency Communications	General Capital Improvements	Grand Total
Funds transferred from General Fund	\$ 604,318	\$ 263,555	\$ 867,873

CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 9 - Risk Management

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employee; 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 (GIRMA) and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity-risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The City pays an annual premium to GIRMA for its general insurance and has coverage of \$1,000,000 for the risks discussed above, except for buildings, which are covered at 100% of the value of the City's holdings. The City's coverage for worker's compensation claims is \$1,000,000.

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

The City continues to carry commercial insurance for other risks of loss, employee health and accident insurance. Settled claims in the past three years have not exceeded the commercial insurance coverage.

Note 10 - Taxes Receivable

Taxes receivable at June 30, 2000, are as follows:

Sales taxes from the State of Georgia	<u>\$ 203,864</u>
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CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)
June 30, 2000

Note 11 - Excess Expenditures Over Appropriations

The Emergency Communication Fund and Capital Projects Fund had excess expenditures over revenues. The major source of revenue for both of these funds is transfers from the General Fund. The City's policy is to transfer sufficient funds so that neither fund operates at a deficit and this policy was adhered to this year since neither fund had a deficit for the year.

No funds had a deficit fund balance at June 30, 2000.

Note 12 - Fund Balance

The General Fund and Capital Projects Fund have designated \$183,344 and \$310,298 respectively, of their fund balances for expenditures related to software purchases, road improvement projects, and street lighting projects.

Note 13 - Joint Venture

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). Membership in an ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an ARC. Separate financial statements may be obtained from the Atlanta Regional Commission, 3715 Northside Parkway, 200 North Creek Suite 300, Atlanta, Georgia 30327.

Note 14 - Hotel / Motel Taxes

Under the provisions of the Official Code of Georgia Annotated (OCGA) Section 48-13-51, the City has imposed and collected hotel/motel taxes. The Code section requires that the City expend a percentage of the taxes collected for the purpose of promoting tourism, conventions, trade shows etc, and promoting the City and business therein. During the year ended June 30, 2000 the City expended for promotional purposes approximately 15% such taxes collected. The following is a summary of the collections and expenditures for the year ended June 30, 2000:

Total Collected	\$512,422
Amounts required to be expended	\$ 78,555
Amounts expended for promotional purposes	\$ 78,555

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**COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES**

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GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund.

CITY OF MORROW, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2000 AND 1999

Assets

	<u>2000</u>	<u>1999</u>
Assets:		
Cash and Certificates of deposit	\$ 788,740	\$ 413,735
Investments	6,833,034	5,529,015
Taxes receivable	203,864	207,554
Grants Receivable		<u>21,264</u>
Total Assets	<u>\$ 7,825,638</u>	<u>\$ 6,171,568</u>

Liabilities and Fund Balances

Liabilities:		
Accounts and contracts payable	126,614	78,348
Accrued expenditures	48,217	27,545
Deferred revenue	35,100	30,198
Payroll taxes payable	7,393	17,582
Due to other funds	<u>29,745</u>	<u>66,401</u>
Total liabilities	247,069	220,075
Fund balance:		
Unreserved, designated for subsequent year expenditures	183,344	635,643
Unreserved, not designated	<u>7,395,225</u>	<u>5,315,850</u>
Total liabilities and fund balance	<u>\$ 7,825,638</u>	<u>\$ 6,171,568</u>

CITY OF MORROW, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2000 AND 1999

Revenues:	2000	1999
Taxes	\$ 3,519,062	\$ 3,211,123
Licenses, fees and permits	1,138,509	1,168,266
Franchises	536,171	555,638
Fines and forfeitures	1,091,086	709,449
Interest	348,544	336,271
EMS calls	73,569	76,701
Sale of assets	156,871	15,602
Lake City contract	327,838	376,903
Sanitation	447,471	136,312
Miscellaneous	12,030	2,109
Intergovernmental	111,175	105,729
Condemnations/Forfeitures	45,843	10,235
	<hr/>	<hr/>
Total revenues	7,808,169	6,704,338
	<hr/>	<hr/>
Expenditures		
Current:		
General and administrative	2,260,040	1,711,181
Police department	1,318,119	1,216,271
Fire department	1,193,752	1,157,588
Public works	483,017	413,949
Capital outlays	58,292	23,488
	<hr/>	<hr/>
Total expenditures	5,313,220	4,522,477
	<hr/>	<hr/>
Excess of revenues over expenditures	2,494,949	2,181,861
	<hr/>	<hr/>
Other financing sources (uses):		
Operating transfers out	(867,873)	(1,481,651)
	<hr/>	<hr/>
Total other financing uses	(867,873)	(1,481,651)
	<hr/>	<hr/>
Excess of revenues and other sources over expenditures and other uses	1,627,076	700,210
	<hr/>	<hr/>
Fund balance, beginning of year	5,951,493	5,251,282
	<hr/>	<hr/>
Fund balance, end of year	\$ 7,578,569	\$ 5,951,493

CITY OF MORROW, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes:			
Insurance premium taxes	212,000	210,115	(1,885)
Hotel-Motel taxes	407,000	512,422	105,422
Alcohol sales and excise taxes	132,000	135,364	3,364
Alcohol sales mixed drink tax	65,000	60,958	(4,042)
Real estate transfer tax	2,000	5,785	3,785
Previous years taxes	1,000		(1,000)
Local option sales tax	<u>2,420,000</u>	<u>2,594,417</u>	<u>174,417</u>
 Total taxes	 <u>3,239,000</u>	 <u>3,519,062</u>	 <u>280,062</u>
 Licenses, fees, and permits:			
Alcohol beverage licenses and permits	88,000	96,150	8,150
Business licenses	930,000	951,077	21,077
Building permits	45,000	37,165	(7,835)
Plumbing permits	6,000	3,238	(2,762)
Heating and air conditioning permits	5,000	3,804	(1,196)
Electrical permits	5,000	6,539	1,539
Rezoning permits	3,000	1,400	(1,600)
Tree removal permit	200	450	250
Community room fees & deposits	2,500	2,600	100
Delinquency fees	3,500	9,338	5,838
Accident report fees	9,000	11,553	2,553
Occupancy fees	4,000	2,000	(2,000)
False alarm fees			
Other	<u>1,200</u>	<u>13,194</u>	<u>11,994</u>
 Total licenses, fees and permits	 <u>1,102,400</u>	 <u>1,138,509</u>	 <u>36,109</u>
 Franchises:			
Electrical franchise	415,000	377,861	(37,139)
Gas franchise	49,000	47,374	(1,627)
Telephone franchise	89,000	91,173	2,173
Cable television franchise	<u>15,500</u>	<u>19,763</u>	<u>4,263</u>
 Total franchises	 <u>568,500</u>	 <u>536,171</u>	 <u>(32,329)</u>

CITY OF MORROW, GEORGIA
 GENERAL FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET (BUDGETARY BASIS)
 YEAR ENDED JUNE 30, 2000
 (CONTINUED)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Fines and forfeitures	\$ 620,000	\$ 1,091,086	\$ 471,086
Interest income	290,000	348,544	58,544
EMS calls	75,000	73,569	(1,431)
Sale of assets	2,500	156,871	154,371
Lake City contract	322,000	327,838	5,838
Sanitation	278,000	447,471	169,471
Intergovernmental	65,068	111,175	46,107
Condemnation/Forfeitures		45,843	45,843
Miscellaneous	<u>1,900</u>	<u>12,031</u>	<u>10,131</u>
 Total revenues	 <u>\$ 6,564,368</u>	 <u>\$ 7,808,169</u>	 <u>\$ 1,243,801</u>

CITY OF MORROW, GEORGIA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)
 YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>General and Administrative:</u>			
Current:			
Mayor and council salaries	33,600	31,224	2,376
Salaries and wages	337,121	354,832	(17,711)
City attorney fees	13,000	5,048	7,952
Court recorder	15,000	15,000	
Planning and rezoning commission	3,250	2,370	880
Advertising and public relations	6,000	3,744	2,256
Donations	1,500	1,500	
Equipment service contracts	3,450	1,947	1,503
Photography fees	300	1,182	(882)
Utilities	65,000	68,267	(3,267)
Telephone	33,000	29,296	3,704
Travel	19,640	13,065	6,575
Insurance -group	267,035	306,960	(39,925)
Insurance - general	110,000	206,067	(96,067)
Insurance - dental	19,354	25,832	(6,478)
Office supplies	4,700	6,130	(1,430)
Office equipment	6,000	2,948	3,052
Dues and subscriptions	6,112	7,333	(1,221)
Miscellaneous	5,000	26,014	(21,014)
Equipment rental	3,690	4,222	(532)
FICA expense	4,366	5,281	(915)
Conventions, meetings and training	10,000	6,851	3,149
Pension retirement fund	3,809	3,521	288
Municipal court expense	16,436	13,498	2,938
Professional services	38,000	92,635	(54,635)
Codification	2,000	4,611	(2,611)
Employee retirement program	235,466	174,310	61,156
Business licenses refunds	2,500		2,500
Inspector's fees	15,000	31,102	(16,102)
ACTIPS - ARC Grant		5,802	(5,802)
Fine add-ons	85,000	126,833	(41,833)
Safety program	200		200
Workmen's compensation insurance	65,000	58,313	6,687
Auditing fees	21,900	27,920	(6,020)
Mayor's emergency fund	500		500
Clayton County Convention and Visitor's Bureau	162,800	207,743	(44,943)

CITY OF MORROW, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2000
(CONTINUED)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>General and Administrative (continued):</u>			
Current (continued):			
Peace officer A and B fund	\$ 20,000	\$ 23,026	\$ (3,026)
Sanitation	263,000	465,181	(202,181)
Printing and postage	15,000	28,745	(13,745)
Employee betterment program	10,000	5,722	4,278
Equipment maintenance	3,800	2,132	1,668
CCMA	1,000	1,134	(134)
Tuition Reimbursement	40,900	16,302	24,598
Uniforms		(86)	86
Legal advertising	<u>2,500</u>	<u>2,155</u>	<u>345</u>
Total current expenditures	1,971,929	2,415,711	(443,782)
Capital Outlays		<u>(1,018)</u>	<u>1,018</u>
Total general and administrative	<u>1,971,929</u>	<u>2,414,694</u>	<u>(442,765)</u>
<u>Police Department:</u>			
Current:			
Salaries and wages	1,207,446	1,196,633	10,813
Vehicle maintenance	22,500	23,658	(1,158)
Gas and oil	200	177	23
Radio maintenance	1,200	812	388
Housekeeping supplies	200	81	119
Equipment service contracts	10,293	13,225	(2,932)
Uniforms	20,155	15,782	4,373
Travel and training		488	(488)
Photography fees	1,550	1,507	43
Uniforms - protective gear	1,400	752	648
Office supplies	6,500	4,832	1,668
Pension retirement fund	6,763	7,946	(1,183)
FICA expense	14,300	13,312	988
Dues and subscriptions	1,335	1,355	(20)
Miscellaneous	400	416	(16)
Supplies	1,600	1,727	(127)
Conventions and meetings	4,000	(476)	4,476
Professional Services	3,275	1,066	2,209
Equipment maintenance	1,000	1,212	(212)
Printing	5000	4,732	268
Prisoner expense	1000	209	791
Investigative expense	1500	1,300	200
Equipment rental	4333	4,327	6
Condemnation/Forfeitures		20,630	(20,630)
Safety program	100		100

CITY OF MORROW, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2000
(CONTINUED)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Police Department (continued):</u>			
Current (continued):			
Crime prevention	1,500	1,203	297
Grant Expenditures		<u>70,396</u>	
Total current expenditures	<u>1,317,550</u>	<u>1,387,299</u>	(69,749)
Capital outlays	<u>4,838</u>	<u>6,313</u>	(1,475)
Total police department	<u>1,322,388</u>	<u>1,393,613</u>	(71,225)
<u>Fire Department:</u>			
Current:			
Salaries and wages	1,107,680	1,093,734	13,946
Vehicle maintenance	10,000	17,901	(7901)
Photography fees	250	226	24
Uniforms - protective gear	5,000	3,453	1,547
Gasoline and oil	250		250
Radio maintenance	2,200	1,405	795
Equipment rental	4,500	6,057	(1,557)
Pension retirement fund	9,000	8,369	631
Uniforms	7,600	7,865	(265)
Fire prevention	2,825	2,731	94
Travel and training		334	(334)
Office supplies	2,200	2,208	(8)
FICA expense	11,465	11,331	134
Emergency medical supplies	15,000	14,887	113
Office equipment	2,000	618	1,382
Dues and subscriptions	7,400	7,399	1
Miscellaneous	500	1,180	(680)
Tuition reimbursement		110	(110)
Safety program	300	331	(31)
Professional services	7,500	4,725	2,775
Equipment maintenance	2,000	1,790	210
Conventions and meetings	7,951	7,938	13
Printing	1,000	545	455
Other supplies	<u>500</u>	<u>772</u>	<u>(272)</u>
Total current expenditures	1,207,121	1,195,907	11,214
Capital outlays	<u>6,300</u>	<u>6,533</u>	(233)
Total fire department	<u>1,213,421</u>	<u>1,202,440</u>	10,981

CITY OF MORROW, GEORGIA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)
 YEAR ENDED JUNE 30, 2000
 (CONTINUED)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Public Works:</u>			
Current:			
Salaries and wages	244,388	232,601	11,787
Vehicle maintenance	5,000	4,555	445
Drainage/street repair	46,400	36,552	9,848
Buildings and grounds repair	25,000	29,429	(4,429)
Street lights	65,000	65,240	(240)
Equipment rental	4,400	3,809	591
Uniforms	5,000	3,319	1,681
Photography fees	250	40	210
Office supplies	1,500	1,075	425
Pension retirement fund	1,200	988	212
Dues and subscriptions	300	300	
Parks and recreation	5,000	8,870	(3,870)
Equipment maintenance	10,800	7,474	3,326
Professional services	750		750
Printing	3,200	462	2,738
LAU projects	27,000		27,000
Gasoline and oil	50,000	64,418	(14,418)
Radio maintenance	500		500
FICA expense	4,800	2,325	2,475
Office equipment	1,750	876	874
Conventions, meetings and training	1,000	170	830
Safety program	500	444	56
Traffic engineering	2,000	2,581	(581)
Landfill use	7,000	3,339	3,661
Housekeeping supplies	8,000	11,030	(3,030)
Other supplies	5,000	3,295	1,705
Miscellaneous	100	138	(38)
Total current expenditures	<u>525,838</u>	<u>483,332</u>	<u>42,506</u>
Capital outlays	<u>2,150</u>	<u>2,484</u>	<u>(334)</u>
Total public works	<u>527,988</u>	<u>485,816</u>	<u>42,172</u>
Total expenditures	<u>5,035,726</u>	<u>5,496,563</u>	<u>(460,837)</u>

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SPECIAL REVENUE FUND

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

Emergency Communications Fund - to account for fee collection and the operations of the Emergency 911 system within the City.

CITY OF MORROW, GEORGIA
EMERGENCY COMMUNICATIONS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2000 AND 1999

	Emergency Communications Fund	
	<u>2000</u>	<u>1999</u>
Assets:		
Prepaid Expenses		3,089
Due from other funds	<u>2,699</u>	<u>17,092</u>
Total Assets	<u>\$ 2,699</u>	<u>\$ 20,182</u>
	<u>Liabilities and Fund Balances</u>	
Liabilities:		
Accounts payable	798	15,340
Accrued expenditures	<u>1,901</u>	<u>4,841</u>
Total liabilities	2,699	20,182
Fund balance	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 2,699</u>	<u>\$ 20,182</u>

CITY OF MORROW, GEORGIA
EMERGENCY COMMUNICATIONS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Fees	\$ 85,000	\$ 123,119	\$ 38,119
 Total Revenues	 85,000	 123,119	 38,119
<u>Expenditures:</u>			
Wages	431,327	400,634	30,693
Equipment service contracts	32,926	32,271	655
Uniforms	2,500	1,299	1,201
Retirement plan contribution	930	2,510	(1,580)
FICA expense	7,165	6,866	299
Dues and subscriptions	1,000	551	449
Miscellaneous	400	613	(213)
Other supplies	3,400	1,365	2,035
Conventions, meetings, & training	4,500	2,074	2,426
Equipment rental	3,000	3,414	(414)
Equipment maintenance	1,000	1,167	(167)
Equipment purchases	1,000	4,376	(3,376)
Radio maintenance	1,000		1,000
Safety program	400	185	215
Professional services	1,000	25	975
Printing	1,000	499	501
Travel and training		1,210	(1,210)
 Total current expenditures	 492,548	 459,058	 33,490
Capital Outlays		2,855	(2,855)
Debt Service:			
Principal		257,192	(257,192)
Interest		8,333	(8,333)
Total expenditures	492,548	727,437	30,635
 Excess of revenues under expenditures	 (407,548)	 (604,318)	 (68,754)
<u>Other financing sources:</u>			
Operating transfers in	407,548	604,318	(196,770)
Total other financing sources	407,548	604,318	(196,770)
 Excess of revenues and other financing sources over (under) expenditures and other uses			
 Fund balances, June 30, 1999	 _____	 _____	 _____
 Fund balances, June 30, 2000	 \$ _____	 \$ _____	 \$ _____

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CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and improvements.

CITY OF MORROW, GEORGIA
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEETS
 JUNE 30, 2000 AND 1999

Assets

	<u>2000</u>	<u>1999</u>
Cash and certificates of deposit	\$ 116,801	\$ 110,236
Investments	512,669	512,669
Due from other funds	27,046	49,309
	<hr/>	<hr/>
Total Assets	<u>\$ 656,516</u>	<u>\$ 672,213</u>

Liabilities and Fund Balances

Accounts payable	<u>\$ 38,757</u>	<u>\$ 54,453</u>
Total liabilities	38,757	54,453
Fund balance - unreserved		
Designated for subsequent year expenditures	310,298	
Undesignated	<u>307,462</u>	<u>617,760</u>
Total fund balance	<u>617,760</u>	<u>617,760</u>
Total liabilities and fund balance	<u>\$ 656,516</u>	<u>\$ 672,213</u>

CITY OF MORROW, GEORGIA
 CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Expenditures:		
Capital outlays	\$ 1,579,472	\$ 1,348,712
Debt service:		
Principal	182,235	222,764
Interest	<u>1,847</u>	<u>10,351</u>
Excess of expenditures over revenues	(1,763,555)	(1,581,827)
Other financing sources:		
Proceeds from capital leases	1,500,000	467,520
Operating transfers in	<u>263,555</u>	<u>1,114,307</u>
Total other financing sources	<u>1,763,555</u>	<u>1,581,827</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u> </u>	<u> </u>
Fund balance, beginning of year	<u>617,760</u>	<u>617,760</u>
Fund balance, end of year	<u>\$ 617,760</u>	<u>\$ 617,760</u>

CITY OF MORROW, GEORGIA

General Governmental Revenues by Source (1)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Interest	Miscellaneous	Emergency Communications (3)	Total Revenues
1991	\$ 1,850,554	\$ 676,397	\$ 20,272	\$ 104,788	\$ 149,244	\$ 7,262	\$ 19,642	N/A	\$ 2,828,159
1992	2,023,305	714,172	21,217	108,792	181,748	10,135	21,217	N/A	3,080,586
1993	2,053,433	857,028	18,720	167,881	345,770	14,736	184,805	\$ 88,349	3,730,722
1994	2,605,454 (2)	938,471	40,661	201,335	507,855	65,017	181,779	71,074	4,611,646
1995	3,841,989 (2)	1,038,142	30,706	208,848	421,507	136,319	172,060	64,981	5,914,552
1996	3,270,152 (2)	1,020,856	75,460	181,184	436,546	238,034	206,301	68,915	5,497,448
1997	3,365,718 (2)	962,437	121,587	173,869	495,603	239,951	179,681	72,282	5,611,228
1998	3,614,389 (2)	1,221,603	39,996	183,746	545,195	332,519	209,974	77,303	6,224,725
1999	3,211,123 (2)	1,168,266	105,729	213,013	708,449	336,271	960,486	98,865	6,803,202
2000	3,519,062	1,138,509	111,175	521,040	1,091,086	348,544	1,078,754	123,119	7,931,289

Notes:

- (1) Includes General and Special Revenue Funds
(2) Includes Local Option Sales Tax Revenue
(3) This revenue total not available prior to fiscal year 1993

CITY OF MORROW, GEORGIA

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Year	Total Tax Levy (2)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes To Tax Levy
1991	1990	\$ 991,972	\$ 909,594	91.70%	\$ 58,257	\$ 967,851	97.57%	\$ 72,444	7.30%
1992	1991	1,006,066	976,048	97.02%	33,045	1,009,093	100.30%	101,213	10.06%
1993	1992	1,034,999	974,637	94.17%	34,230	1,008,867	97.48%	88,711	8.57%
1994	1993	1,064,002	1,061,291	99.75%	107,086	1,168,377	109.81%	39,247	3.69%
1995	1994	1,065,726	1,059,844	99.45%	32,398	1,092,242	102.49%	18,377	1.72%
1996	1995	182,361	178,176	97.71%	5,292	183,468	100.61%	1,539	0.84%
1997	1996	-0-	-0-	N/A	2,307	2,307	N/A	-0-	N/A
1998	1997	-0-	-0-	N/A	-0-	-0-	N/A	-0-	N/A
1999	1998	-0-	-0-	N/A	-0-	-0-	N/A	-0-	N/A
2000	1999	-0-	-0-	N/A	-0-	-0-	N/A	-0-	N/A

Notes:

- (1) After write-off of taxes.
(2) No millage rate after sales tax rollback.

CITY OF MORROW, GEORGIA

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Assessed Tax Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
1990	1991	\$ 188,303,166	\$ 470,757,915	40%
1991	1992	224,923,012	562,307,530	40%
1992	1993	219,939,689	549,849,222	40%
1993	1994	224,032,172	560,080,430	40%
1994	1995	237,108,667	592,771,668	40%
1995	1996	222,431,067	556,077,668	40%
1996	1997	240,818,203	602,045,508	40%
1997	1998	262,421,522	656,053,805	40%
1998	1999	277,619,981	694,049,952	40%
1999	2000	284,235,510	710,588,775	40%

Source: Clayton County Tax Commissioner

CITY OF MORROW, GEORGIA

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Direct		Overlapping				Total
	City	School District	County	State	Per \$1,000 of Net Assessed Value (1)		
1991	5.0	18.7	10.59	0.25			34.54
1992	5.0	18.7	10.59	0.25			34.54
1993	5.0	20.0	10.59	0.25			35.84
1994	5.0	20.0	12.59	0.25			37.84
1995	5.0	19.84	9.35	0.25			34.44
1996	0.91	19.84	9.10	0.25			30.10
1997	0.0	19.84	4.88	0.25			24.97
1998	0.0	18.34	4.65	0.25			23.24
1999	0.0	18.34	4.11	0.25			22.70
2000	0.0	17.916	3.913	0.25			22.079

Notes:

(1)

Net assessed value is assessed value less exemptions.

Source:

Clayton County Tax Commissioner

CITY OF MORROW, GEORGIA

Computation of Legal Debt Margin
June 30, 2000

Approximated Assessed Valuation (1)	<u>\$ 284,235,510</u>
Debt Limit: 10% of assessed value (2)	\$ 28,423,551
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 28,423,551</u>

Notes:
(1) Source - Clayton County Tax Commissioner
(2) State of Georgia Constitutional Limit

CITY OF MORROW, GEORGIA

Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (%)		Net Bonded Debt Per Capita
						Bonded Debt	Assessed Value (%)	
1991	5,168	\$ 188,303,166	\$ 280,000	-	\$ 280,000	0.15%		\$ 54
1992	5,424	224,923,012	240,000	-	240,000	0.11%		44
1993	5,424	219,939,689	200,000	-	200,000	0.09%		37
1994	5,424	224,032,172	155,000	-	155,000	0.07%		29
1995	5,424	237,108,667	105,000	-	105,000	0.04%		19
1996	5,424	222,431,067	55,000	-	55,000	0.02%		10
1997	5,424	240,818,203	-0-	-	0	0.00%		0
1998	5,424	262,421,522	-0-	-	0	0.00%		0
1999	5,206	277,619,981	-0-	-	0	0.00%		0
2000	(4)	284,235,510	-0-	-	0	0.00%		0

Notes:

- (1) Source - Georgia Department of Industry & Trade
- (2) Source - Clayton County Tax Commissioner
- (3) General Obligation Bonds
- (4) Not available waiting on 2000 census

CITY OF MORROW, GEORGIA

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Principal	Interest Charges	Total Debt Service	Total General Governmental Expenditures (1)	Percentage of Debt Service To General Expenditures
1991	\$ 35,000	\$ 25,055	\$ 60,055	\$ 2,920,408	2.06%
1992	40,000	22,290	62,290	2,848,328	2.19%
1993	54,899	20,570	75,469	3,274,576	2.30%
1994	105,801	30,479	136,280	3,597,425	3.79%
1995	50,000	12,475	62,475	3,967,976	1.57%
1996	50,000	8,435	58,435	4,392,927	1.33%
1997	55,000	4,345	59,345	5,665,493	1.05%
1998	0	0	0	5,634,600	0.00%
1999	0	0	0	6,570,514	0.00%
2000	0	0	0	7,788,217	0.00%

Note:

(1) Includes General, Special Revenue and Capital Projects Funds

CITY OF MORROW, GEORGIA

Computation of Direct and Overlapping Debt
June 30, 2000
(Unaudited)

Jurisdiction	Net Bonded Debt Outstanding	Percent Applicable To The City of Morrow	Amount Applicable To The City of Morrow
Direct:			
City of Morrow	\$ 0	100%	\$ 0
Overlapping:			
Clayton County Board of Education (1)	3,840,000	5.91%	226,944
Clayton County (1)	21,027,193	5.91%	1,242,707
Total direct and overlapping general obligation debt			\$ 1,826,024

Sources:
(1) Clayton County Accounting Office

CITY OF MORROW, GEORGIA

Property Value, Construction and Bank Deposits
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Commercial Construction		(1) Residential Construction		(2) Commercial Bank Deposits	(3) Property Value		(3) Tax Exempt
	Number of Permits	Value	Number of Permits	Value		Commercial	Residential	
1991	102	\$ 2,636,265	8	\$ 39,945	\$ 117,818,000	\$ 245,781,653	\$ 86,001,505	\$ 9,597,163
1992	125	4,336,140	9	81,508	126,630,000	243,318,110	85,814,815	9,584,230
1993	125	5,045,293	3	27,250	168,102,000	238,682,000	82,485,238	9,964,520
1994	162	10,341,734	5	20,473	346,910,000	238,577,440	82,506,488	10,030,740
1995	42	7,154,195	5	62,300	408,084,000	299,142,135	83,695,380	30,019,125
1996	61	15,775,194	10	46,400	436,999,000	295,063,935	86,476,280	81,367,960
1997	50	4,078,466	8	42,265	446,157,000	316,407,635	86,599,083	83,436,920
1998	75	11,606,524	8	71,270	488,695,000	513,595,208	92,292,993	72,743,105
1999	65	14,656,031	14	4,734,676	516,455,000	544,423,250	92,568,935	17,719,453
2000	64	6,241,006	7	58,240	N/A	552,835,503	92,643,848	17,543,878

Sources:

- (1) City of Morrow Zoning Department
(2) Federal Deposit Insurance Corporation - 1998 figures not yet available
(3) Clayton County Tax Commissioner

CITY OF MORROW, GEORGIA

Principal Taxpayers
 JUNE 30, 2000
 (Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Percent of Assessed Value</u>	<u>Total Assessed Value</u>
Southlake Mall, LLC	Regional Mall Owner	40%	\$ 30,003,007
Fourth Quarter Properties XI, LLC	Shopping Center Owner	40%	12,681,400
Secured Properties Investors XI	Shopping Center Owner	40%	8,458,803
Southlake Pavilion Co., Inc.	Retail/Property Management/Leasing	40%	5,996,904
Rich's Real Estate	Retail/Property Management/Leasing	40%	4,800,000
Sears Roebuck & Co.	Retail	40%	4,167,200
Glenwood Morrow	Retail	40%	4,165,014
Clayton Place	Student Apartments	40%	4,151,722
Sherwin Williams Co.	Retail and Manufacturing	40%	3,862,557
Southern Bell Telephone & Telegraph	Utility	40%	3,883,527
Costco	Warehouse/Retail	40%	3,810,000
Dayton Hudson	Retail	40%	3,179,600
Macy's	Retail	40%	3,193,200
All others	Various	40%	191,882,576
Total			\$ 284,235,510

Source: Clayton County Tax Commissioner

CITY OF MORROW, GEORGIA

Miscellaneous Statistical Facts
 June 30, 2000
 (Unaudited)

Date of Incorporation	1943
Form of Government	Council/Manager
City Limits Area	4.0 Square Miles
Miles of Streets	29 Miles
Number of Street Lights	470
Education: (1)	
Attendance Centers	2
Number of Classrooms	74
Number of Modular Classrooms	21
Number of Teachers	77
Number of Students	1,709
Building Permits Issued	71
Recreation and Culture:	
Number of Parks	3
Community Center	1
Employees:	
Full-Time	93
Part-Time	3
Elected Officials	5
Appointed Officials	10

Source:

(1) Clayton County Board of Education

CITY OF MORROW, GEORGIA

Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	(1) Population	(1) Per Capita Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
1991	5,168	\$15,716	32.2	1,051	5.80%
1992	5,424	\$15,716	32.3	1,279	7.20%
1993	5,424	\$15,716	32.3	1,272	6.00%
1994	5,424	\$15,716	32.4	1,338	5.40% *
1995	5,424	\$15,716	32.4	1,371	5.00%
1996	5,424	\$15,716	32.4	1,373	3.30%
1997	5,206	\$15,716	32.4	1,535	3.20%
1998	5,206	\$15,716	32.4	1,303	2.80%
1999 (5)	5,133	\$15,716 (7)	32.2	1,629	3.60% (6)
2000 (8)		\$15,716	32.2 (8)		3.90%

Sources:

- (1) U. S. Census Bureau
- (2) U. S. Census Bureau
- (3) Clayton County Board of Education
- (4) Georgia Department of Labor - * figures revised per Georgia Department of Labor
- (5) U. S. Census Bureau
- (6) Clayton County - N/A for cities under 10,000 population
- (7) Calculated at last census - 1990
- (8) Not available waiting on 2000 census

CITY OF MORROW, GEORGIA

Analysis of Funding Progress in the
Georgia Municipal Employee Benefit System
(Unaudited)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded (Excess) AAL (UAAL) (2) - (1)	(4) Funded Ratio (2) / (1)	(5) Annual Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (2)-(1)/(5)
7/1/91	\$ 1,217,179	\$ 1,154,362	(62,817)	105.4%	\$ 1,478,231	(4.2)%
7/1/92	1,482,292	1,342,906	(139,386)	110.4%	1,475,100	(9.4)%
7/1/93	1,791,750	1,628,992	(162,758)	110.1%	1,684,180	(9.7)%
7/1/94	2,018,614	1,782,002	(236,612)	113.3%	1,673,688	(14.1)%
7/1/95	2,259,832	2,303,108	43,276	98.1%	1,892,820	2.3%
7/1/96	2,542,219	2,546,959	4,740	99.8%	2,056,246	0.2%
7/1/97	2,835,101	2,878,700	43,599	98.5%	2,316,724	1.9%
7/1/98	3,246,507	3,314,764	68,257	97.9%	2,601,607	2.6%
7/1/99	4,449,764	3,840,575	(609,189)	115.9%	2,972,940	(20.5)%
7/1/00	4,935,639	4,340,575	(595,465)	101.3%	3,118,332	(19.1)%

NOTE: Information not available prior to fiscal year 1989.
SOURCE: GMEBS, Georgia Municipal Association

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

Honorable Mayor
Members of the City Council
City of Morrow, Georgia

We have audited the financial statements of the City of Morrow, Georgia ("the City") as of and for the year ended June 30, 2000, and have issued our report thereon dated October 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the Organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Cherry, Bekaert & Holland, L.L.P.
Certified Public Accountants

October 24, 2000

