

**CITY OF  
MORROW, GEORGIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDING  
JUNE 30, 2001**



**CITY OF MORROW, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2001**

**PREPARED BY:**  
**DEPARTMENT OF FINANCE**

**This sheet was intentionally left blank.**

# CITY OF MORROW, GEORGIA

Financial Statements  
June 30, 2001

## TABLE OF CONTENTS

	<u>Page(s)</u>
<b>I. <u>INTRODUCTORY SECTION</u></b>	
Letter of Transmittal	i-vi
Organizational Chart	vii
Listing of Principal Officials	viii
Certificate of Achievement For Excellence in Financial Reporting	ix
<b>II. <u>FINANCIAL SECTION</u></b>	
Independent Auditors' Report	1-2
<b>General Purpose Financial Statements (Combined Statements - Overview):</b>	
Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Unit	3-4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Unit	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Budgetary Basis) and Actual - General, Special Revenue, and Capital Projects Funds	6-7
Notes to the Financial Statements	8-21
<b>Combining, Individual Fund and Account Group Statements and Schedules:</b>	
<b>General Fund:</b>	
Comparative Balance Sheets	22
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	23
Schedule of Revenues Compared to Budget (Budgetary Basis)	24-25
Schedule of Expenditures Compared to Budget (Budgetary Basis)	26-29

# CITY OF MORROW, GEORGIA

Financial Statements

June 30, 2001

## TABLE OF CONTENTS

	<u>Page(s)</u>
<b>Special Revenue Fund:</b>	
Comparative Balance Sheets	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Budgetary Basis) and Actual	31
<b>Capital Projects Fund:</b>	
Comparative Balance Sheets	32
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	33
<b>General Fixed Assets Account Group:</b>	
Comparative Schedules of General Fixed Assets	34
Schedule of General Fixed Assets - By Function and Activity	35
Schedule of Changes in General Fixed Assets - By Function and Activity	36
<b>General Long-term Debt Account Group:</b>	
Comparative Schedules of General Long-term Debt	37
<b><u>III. STATISTICAL SECTION (UNAUDITED)</u></b>	
General Governmental Revenues By Source - Last Ten Fiscal Years	38
General Governmental Expenditures by Function - Last Ten Fiscal Years	39
Property Tax Levies and Collections - Last Ten Fiscal Years	40

# CITY OF MORROW, GEORGIA

Financial Statements  
June 30, 2001

## TABLE OF CONTENTS

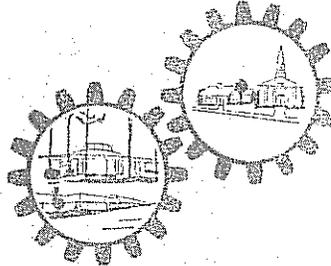
	<u>Page(s)</u>
<u>III. STATISTICAL SECTION (UNAUDITED) (continued)</u>	
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	41
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	42
Computation of Legal Debt Margin	43
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	44
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years	45
Computation of Direct and Overlapping Debt	46
Property Value, Construction and Bank Deposits - Last Ten Fiscal Years	47
Principal Taxpayers - June 30, 2001	48
Miscellaneous Statistical Facts	49
Demographic Statistics - Last Ten Fiscal Years	50
<u>IV. GOVERNMENT AUDIT SECTION</u>	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	51-52

This sheet was intentionally left blank.

## **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, 2001

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, 2001, 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 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 1999-2000. 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 auditors' 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 funds 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 communication, 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 4,900 permanent residents, as well as a daytime population of an estimated 70,000 persons. Included in these services are traditional governmental functions such as police and fire protection, emergency medical service, emergency communications, residential 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, Rich's, J.C. Penny and Sears, or relax in our four neighborhood parks. The City provides and supports for its citizens such programs as our new P.R.O.U.D. program, 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 quarterly color newsletters and twice-monthly mayor/council meetings. The City's web page is 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 eighth 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 City of Morrow continues to grow and to benefit from being a part of one of the top growth areas of the United States. The Metro Atlanta area represents one of the nation's primary transportation centers and is a major financial and consumer services leader. The economy of the City of Morrow as well as Clayton County is directly impacted by Hartsfield International Airport, the world's busiest airport. A portion of the airport lies within the county and is home to Delta Airlines, the County's largest employer and taxpayer.

Development in the area has remained strong with the city issuing 58 commercial permits during the fiscal year ended June 30, 2001, compared to 64 permits issued for the previous period ended June 30, 2000. The dollar value of construction totaled \$10,663,655, which represented an increase of \$4.4 million or 70.9%. This occurred primarily along the Mount Zion commercial corridor and was represented by new locations for businesses such as Goody's, Linens-N-Things, Famous Footwear, and Old Navy.

The close proximity of the city to the major economic hubs of the region and the amenities offered have been the stimulus for the first residential development in 25 years. Clearing has taken place on the approximately 27 acres, which will be the new Foxcroft Subdivision. There will be approximately 76 new single-family dwellings built with 1,800 square feet.

The prospects for the City of Morrow and the overall economic region are very favorable. It is anticipated that the City will continue to grow and attract new businesses. This growth will be enhanced by the City's efforts to improve its overall infrastructure and managed by the City's commitment to quality development and comprehensive ordinances and zoning requirements.

## MORROW FIRE DEPARTMENT

The Fire Department purchased a new 2000 Wheeled Coach heavy duty ambulance. The department has response time from the City's citizens dialing 911 at 3:54 minutes. Also, the response time within both Morrow and Lake City was 7 minutes or less 95.2% of the time. During the year ended December 31, 2000, the city's firefighters completed 5,383 hours of in-house training as well as 840 hours of off-site training.

The department has continued to provide fire safety education through tours of the fire station, the fire safety house, or by giving fire safety lectures. The department also has a fire clown and puppet program that has proven to be an effective method for alerting children to important lessons in fire safety.

## MORROW PUBLIC WORKS

The Public Works Department continues to play a major role in revitalizing the outward appearance of the City and improving the image that is seen by residents and visitors. The Department has installed 500 linear feet of brick paver sidewalks along one of the busiest commercial areas within the city. Unsightly iron bridge railings have been replaced with ornamental fence railing in two locations. There have been over 1300 shrubs and 65 trees planted throughout the city during the last fiscal year. The City applied an asphalt rejuvenator product to nine streets to replenish the asphalt binder and extend the pavement life. The City, in conjunction with Clayton County and Norfolk Southern Railroad, has replaced timber railroad grade crossings with concrete panel crossing material at two major crossing within the city. Each approach was milled and new asphalt installed. New innovative subdivision signs were installed at five Morrow locations. It is the City's long-range intentions to put these at the entrance of each subdivision.

## 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 accounting principles generally accepted in the United States of America. 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, 2001 along with the percentages of increases and decreases in relation to the prior year's revenues:

REVENUE	June 30, 2001 AMOUNT	Percent of TOTAL	June 30, 2000 AMOUNT	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$ 3,463,420	43.5%	\$ 3,519,062	\$ (55,642)	-1.6%
Licenses & Permits	1,145,428	14.3%	1,138,509	6,919	.6%
Franchises	564,943	7.1%	536,171	28,772	5.4%
Fines & Forfeitures	1,019,355	12.8%	1,091,086	(71,731)	-6.6%
Interest	480,073	6.0%	348,544	131,529	37.7%
EMS Calls	66,778	0.8%	73,569	(6,791)	-9.2%
Sale of Assets	150	0.0%	156,871	(156,721)	-99.9%
Lake City Contract	340,370	4.3%	327,838	12,532	3.8%
Sanitation	744,913	9.4%	447,471	297,442	66.5%
Miscellaneous	25,043	0.3%	12,030	13,013	108.2%
Intergovernmental	92,997	1.2%	111,175	(18,178)	-16.4%
Condemnations/Fines	20,401	0.3%	45,843	(25,442)	-55.5%
	<u>\$ 7,963,871</u>	<u>100.0%</u>	<u>\$ 7,808,169</u>	<u>\$ 155,702</u>	

One of the largest change in revenues was in sanitation which showed an increase of \$297,442 or 66.5%. This was the result of an ordinance passed by the City that requires all commercial business establishments to use the sanitation service provided by the City. This began in late 1999 and has grown to over 200 customers at this time. All construction projects within the City are required to use the sanitation service for waste disposal. All businesses must be on the City's service by April 2002.

The following schedule represents a summary of General Fund expenditures for the fiscal year ended June 30, 2001 along with the percentages of increases and decreases in relation to the prior year's expenditures:

Expenditures	June 30, 2001 Amount	Percent of Total	June 30, 2000 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
General and					
Administrative	\$ 1,735,268	29.6%	\$ 2,260,040	\$ (524,772)	-23.2%
Police Department	1,393,173	23.8%	1,362,097	31,076	2.3%
Fire Department	1,260,690	21.5%	1,193,752	66,938	5.6%
Public Works	1,162,283	20.0%	483,017	679,266	140.6%
Welcome Center	280,104	4.7%	-	280,104	100.0%
Capital Outlays	24,594	0.4%	14,314	10,280	71.8%
TOTAL	<u>\$ 5,856,112</u>	<u>100.0%</u>	<u>\$ 5,313,220</u>	<u>\$ 542,892</u>	

## 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 \$29,194,332 which is equal to 10% of the assessed valuation of property within the city limits of the City. The City had \$1,460,065 of outstanding long-term debt at the June 30, 2001 fiscal year end date. This represented a 15-year lease between the City of Morrow and the Clayton County Tourism Authority. Proceeds of this lease are set aside for financing the construction of the New City of Morrow Welcome Center.

## 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, error 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, 2000. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

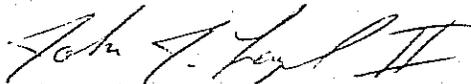
In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United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

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last seven fiscal years (1994-2000). We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting this report to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGEMENTS

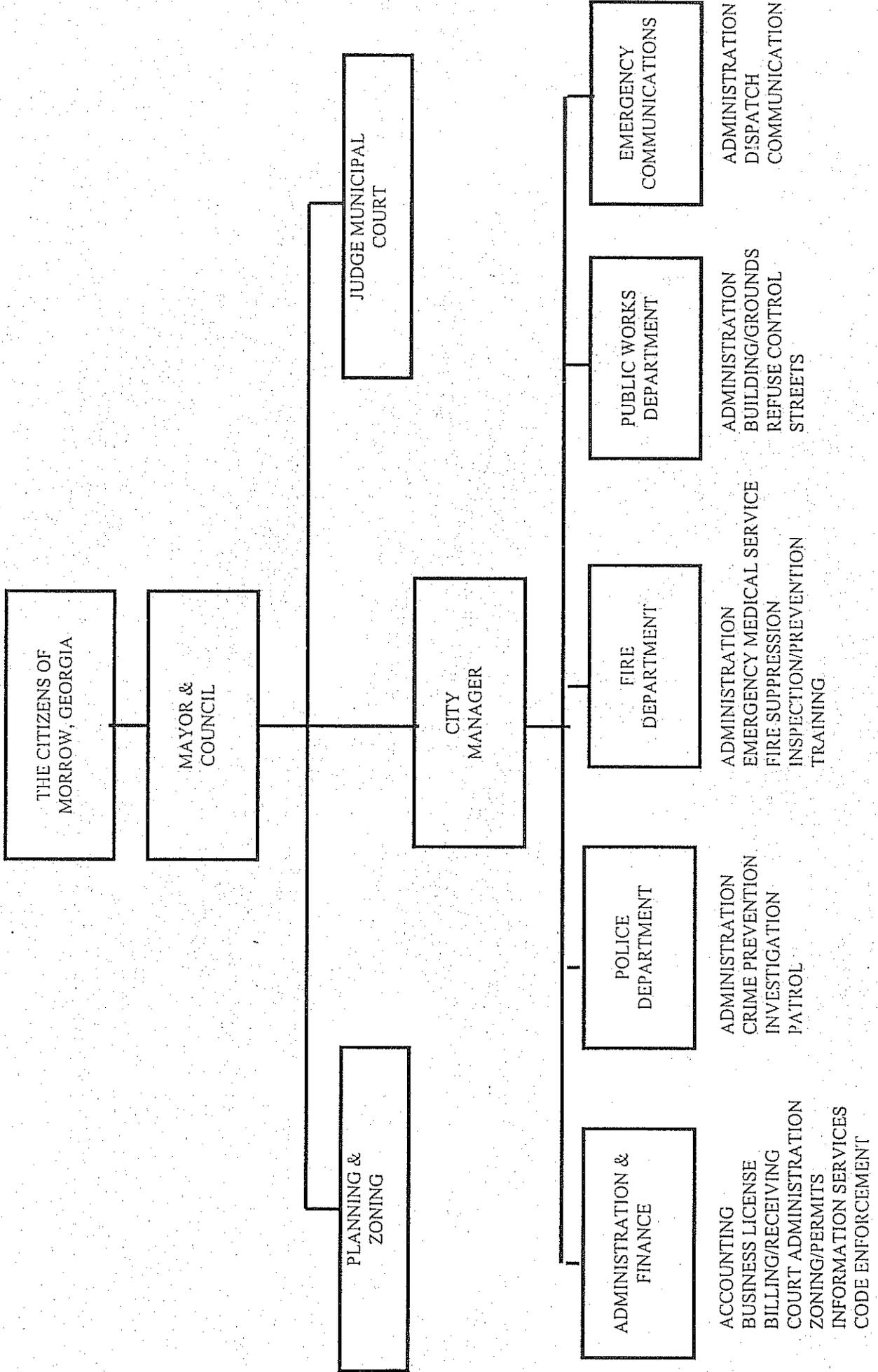
This report was produced through the dedication of the City's Finance Officer, Mr. Tom Sawyer. The City's excellent financial condition and accountability are due in part to his extensive efforts. I would also like to thank the City's department heads and other staff members for their efforts and cooperation. 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,



John J. Lampl, II  
City Manager

CITY OF MORROW, GEORGIA  
ORGANIZATIONAL CHART



**CITY OF MORROW, GEORGIA**

Principal Officials  
June 30, 2001

**ELECTED OFFICIALS**

JAMES H. MILLIRONS, SR.  
CHARLES R. HUIE  
CHARLES O. SORROW  
THOMAS J. LAPORTE  
VIRLYN SLATON

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**

MELVIN NEWMAN  
SHIRLEY WATTERSON  
WILLIAM C. (BILL) LEWIS  
DEWEY L. (BUCK) SHIRLEY  
CARL DEMARCO

CHAIRMAN  
VICE-CHAIRMAN  
BOARD MEMBER  
SECRETARY  
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, 2000

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.



*Thomas A. Howe*  
President

*Jeffrey L. Essler*  
Executive Director

**This sheet was intentionally left blank.**

## **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, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2001, 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Morrow, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The information included in the introductory and statistical section is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. This information was not subjected to the audit procedures applied in the audit of the general purpose financial statements. Accordingly, we do not express an opinion on such information.

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

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

Atlanta, Georgia  
October 24, 2001

**GENERAL PURPOSE FINANCIAL STATEMENTS**

CITY OF MORROW, GEORGIA  
 COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT  
 JUNE 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits</u>			
Assets:			
Cash and certificates of deposit	\$	\$	\$ 123,777
Investments	7,674,013		512,669
Taxes receivable	203,864		
Grants receivable			
Other assets			
Due from other funds		8,600	317,005
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>\$ 7,877,877</u>	<u>\$ 8,600</u>	<u>\$ 953,451</u>
<u>Liabilities, Equity and Other Credits</u>			
Liabilities:			
Accounts payable	\$ 394,949	\$ 497	\$ 15,103
Accrued expenditures	7,102	8,103	
Deferred revenue	27,127		
Payroll taxes payable	63,593		
Due to other funds	289,593		
Estimated liability for compensated absences			
Capital lease payable			
Total liabilities	782,364	8,600	15,103
Equity and other credits:			
Investment in general fixed assets			
Fund balance - reserved for encumbrances	42,009		630,886
Fund balance - unreserved	7,053,504		307,462
Total equity and other credits	<u>7,095,513</u>		<u>938,348</u>
Total liabilities, equity, and other credits	<u>\$ 7,877,877</u>	<u>\$ 8,600</u>	<u>\$ 953,451</u>

Account Groups		Totals (Memorandum Only) Primary Government	Component Unit Morrow Business and Tourism Association	Totals (Memorandum Only) Reporting Entity
General Fixed Assets	General Long-term Debt			
\$	\$	\$ 123,777	\$ 249,902	\$ 373,679
		8,186,682		8,186,682
		203,864		203,864
		325,605		325,605
8,398,038		8,398,038		8,398,038
	185,820	185,820		185,820
	1,460,065	1,460,065		1,460,065
<u>\$ 8,398,038</u>	<u>\$ 1,645,885</u>	<u>\$ 18,883,851</u>	<u>\$ 249,902</u>	<u>\$ 19,133,753</u>
\$	\$	\$ 410,549	\$	\$ 410,549
		15,205		15,205
		27,127		27,127
		63,593		63,593
		289,593	36,012	325,605
	185,820	185,820		185,820
	1,460,065	1,460,065		1,460,065
	1,645,885	2,451,952	36,012	2,487,964
8,398,038		8,398,038		8,398,038
		672,895		672,895
		7,360,966	213,890	7,574,856
<u>8,398,038</u>		<u>16,431,899</u>	<u>213,890</u>	<u>16,645,789</u>
<u>\$ 8,398,038</u>	<u>\$ 1,645,885</u>	<u>\$ 18,883,851</u>	<u>\$ 249,902</u>	<u>\$ 19,133,753</u>

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  
 ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
 YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			Totals (Memorandum Only) Primary Government	Component Unit Morrow Business and Tourism Association	Totals (Memorandum Only) Reporting Entity
	General	Special Revenue	Capital Projects			
<b>Revenues:</b>						
Taxes	\$ 3,463,420	\$	\$	\$ 3,463,420	\$ 158,660	\$ 3,622,080
Licenses, fees, and permits	1,145,428			1,145,428		1,145,428
Franchises	564,943			564,943		564,943
Fines and forfeitures	1,019,355			1,019,355		1,019,355
Interest	480,073			480,073		480,073
EMS calls	66,778			66,778		66,778
Sale of assets	150			150		150
Lake City contract	340,370			340,370		340,370
Sanitation	744,913			744,913		744,913
Miscellaneous	25,043			25,043	7,000	32,043
Intergovernmental	92,997			92,997		92,997
Condemnations/forfeitures	20,401			20,401		20,401
Emergency communications		116,049		116,049		116,049
<b>Total revenues</b>	<b>7,963,871</b>	<b>116,049</b>		<b>8,079,920</b>	<b>165,660</b>	<b>8,245,580</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General and administrative	1,735,268			1,735,268	43,013	1,778,281
Police department	1,393,173			1,393,173		1,393,173
Fire department	1,260,690			1,260,690		1,260,690
Public works	1,162,283			1,162,283		1,162,283
Emergency		529,275		529,275		529,275
Welcome Center	280,104			280,104		280,104
Capital outlays	24,594	74	1,363,285	1,387,953		1,387,953
<b>Total expenditures</b>	<b>5,856,112</b>	<b>529,349</b>	<b>1,363,285</b>	<b>7,748,746</b>	<b>43,013</b>	<b>7,791,759</b>
<b>Excess of revenues over (under) expenditures</b>	<b>2,107,759</b>	<b>(413,300)</b>	<b>(1,363,285)</b>	<b>331,174</b>	<b>122,647</b>	<b>453,821</b>
<b>Other financing sources (uses):</b>						
Operating transfers in		413,300	1,994,171	2,407,471		2,407,471
Operating transfers out	(2,407,471)			(2,407,471)		(2,407,471)
<b>Total other financing sources (uses)</b>	<b>(2,407,471)</b>	<b>413,300</b>	<b>1,994,171</b>			
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>(299,712)</b>		<b>630,886</b>	<b>331,174</b>	<b>122,647</b>	<b>453,821</b>
<b>Fund balances, June 30, 2000</b>	<b>7,395,225</b>		<b>307,462</b>	<b>7,702,687</b>	<b>91,243</b>	<b>7,793,930</b>
<b>Fund balances, June 30, 2001</b>	<b>\$ 7,095,513</b>	<b>\$</b>	<b>\$ 938,348</b>	<b>\$ 8,033,861</b>	<b>\$ 213,890</b>	<b>\$ 8,247,751</b>

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 FUNDS  
 YEAR ENDED JUNE 30, 2001

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 3,529,335	\$ 3,463,420	\$ (65,915)	\$	\$	\$
Licenses, fees, and permits	1,100,200	1,145,428	45,228			
Franchises	551,725	564,943	13,218			
Fines and forfeitures	980,000	1,019,355	39,355			
Interest	312,000	480,073	168,073			
EMS calls	80,000	66,778	(13,222)			
Sale of assets	3,000	150	(2,850)			
Lake City contract	333,000	340,370	7,370			
Sanitation	559,000	744,913	185,913			
Miscellaneous	5,500	25,043	19,543			
Intergovernmental	162,000	92,997	(69,003)			
Condemnations/forfeitures	48,051	20,401	(27,650)			
Emergency communications				105,500	116,049	10,549
<b>Total revenues</b>	<b>7,663,811</b>	<b>7,963,871</b>	<b>300,060</b>	<b>105,500</b>	<b>116,049</b>	<b>10,549</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General and administrative	2,255,299	1,764,916	490,383			
Police department	1,428,369	1,393,173	35,196			
Fire department	1,242,762	1,260,690	(17,928)			
Public works	1,077,580	1,174,283	(96,703)			
Emergency communications				510,452	529,275	(18,823)
Welcome center	84,860	280,104	(195,244)			
Capital outlays	24,240	24,955	(715)		74	(74)
<b>Total expenditures</b>	<b>6,113,110</b>	<b>5,898,121</b>	<b>214,989</b>	<b>510,452</b>	<b>529,349</b>	<b>(18,897)</b>
Excess of revenues over (under) expenditures	1,550,701	2,065,750	515,049	(404,952)	(413,300)	(8,348)
<b>Other financing sources (uses):</b>						
Operating transfers in				404,952	413,300	8,348
Operating transfers out	(1,550,701)	(2,407,471)	(856,770)			
<b>Total other financing sources (uses)</b>	<b>(1,550,701)</b>	<b>(2,407,471)</b>	<b>(856,770)</b>	<b>404,952</b>	<b>413,300</b>	<b>8,348</b>
Excess of revenues and other sources over expenditures and other uses	\$	(341,721)	\$ (341,721)	\$	\$	\$
Budgetary basis differences and encumbrances		42,009				
Fund balances, June 30, 2000		7,395,225				
Fund balances, June 30, 2001		\$ 7,095,513		\$		

Continued on next page



## CITY OF MORROW, GEORGIA

Notes to Financial Statements  
June 30, 2001

**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 accounting principles generally accepted in the United States of America 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 2000. 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.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Morrow (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

In conformity with accounting principles generally accepted in the United States of America, the financial statements the component unit have been included in the financial reporting entity as a discretely presented component unit. There were no blended component units.

The component unit's columns in the combined financial statements include the financial data of the Morrow Business and Tourism Association. This unit is reported in a separate column to emphasize that it is legally separate from the city.

## CITY OF MORROW, GEORGIA

Notes to Financial Statements  
June 30, 2001

**Note 1 - Summary of Significant Accounting Policies****A. The Reporting Entity (continued)**

Separate financial statements for the Morrow Business and Tourism Association may be obtained from the finance department at Morrow City Hall, located at 1500 Morrow Road in Morrow, Georgia, 30236.

The governing board members shall consist of five persons. Three directors shall serve in an ex officio capacity, with voting rights, by virtue of their holding offices within the government of the City of Morrow. The remaining two directors shall be elected from the membership at large to serve for one year terms, or until their successors are elected and have qualified. The mayor shall serve as Chairman of the Board of Directors.

**INCLUDED IN THE REPORTING ENTITY:**

Morrow Business and Tourism Association, Inc. – The primary purpose of the Association shall be to promote business, tourism, trade, and conventions for the City of Morrow.

**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 three generic fund types within one broad fund categories, and two account groups as follows:

**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.

## CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)

June 30, 2001

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

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.

**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, 2001

**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, Special Revenue 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, 2001

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

Budgetary basis expenditures	\$ 8,421,641
Add: Prior-year encumbrances outstanding as of June 30, 2000	-
Less: Current-year encumbrances outstanding as of June 30, 2001	<u>(672,895)</u>
Modified accrual basis expenditures	<u><u>\$ 7,748,746</u></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, 2001

**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, 2001, nonvesting accumulating sick pay benefits amounted to approximately \$448,433.

## CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)  
June 30, 2001

**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 accounting principles generally accepted in the United States of America. 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 \$99,965 and the bank balance was \$165,108. 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, 2001

## Note 2 - Deposits and Investments (continued)

The City's deposit risks are classified as follows at June 30, 2001:

	Category			Bank Balance
	1	2	3	
	\$	\$ 165,108	\$	\$ 165,108

The City has a zero balance maintenance arrangement with its primary financial institution whereby the bank accounts of the General, Special Revenue 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	\$ 1,983,469			\$ 1,983,469	\$ 1,983,469
Local Government Investment Pool				6,203,213	6,203,213
Total investments				<u>\$ 8,186,682</u>	<u>\$ 8,186,682</u>

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, 2001

## Note 3 - Fixed Assets

A summary of changes in General Fixed Assets follows:

	Balance June 30, 2000	Additions	Retirements	Balance June 30, 2001
Land and buildings	\$ 3,604,839	\$ 858,128	\$	\$ 4,462,967
Furniture and equipment	1,703,838	64,495		1,768,333
Vehicles	1,934,043	130,410		2,064,453
Park facilities and improvements	102,285			102,285
Total	<u>\$ 7,345,005</u>	<u>\$ 1,053,033</u>	<u>\$</u>	<u>\$ 8,398,038</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, 2001:

	Balance June 30, 2000	Additions	Reductions	Balance June 30, 2001
Accrued compensated absences	\$ 184,873	\$ 947	\$	\$ 185,820
Capital lease	1,500,000		(39,935)	1,460,065
Total	<u>\$ 1,684,873</u>	<u>\$ 947</u>	<u>\$ (36,935)</u>	<u>\$ 1,645,885</u>

## CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)  
June 30, 2001

## 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, 2001 is as follows:

Year Ending June 30,	Capital Lease		Total
	Principal	Interest	
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
2006	53,939	75,008	128,947
Later years	1,220,271	590,849	1,811,120
Total	\$ 1,460,065	\$ 995,161	\$2,455,226

## 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 6.0% 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 pension cost of \$189,540 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2001 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, 2001

**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 January 1, 2001 under the asset valuation method change.

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

Fiscal Year Funding	APC	% of APC Contributed	Net Pension Obligation
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
1/1/01	189,540	100	0

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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	43,559	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)	113.7	3,118,332	(19.1%)
1/1/01	5,188,847	4,568,034	(620,813)	113.6	3,144,758	(19.7%)

**Note 6 - Litigation**

No claims or lawsuits are pending against the City.

## CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)  
June 30, 2001

## Note 7 - Grants

Grants consisted of the following grant programs:

Grant MO-CDBG0001: U. S. Department of Housing and Urban Development and Clayton County Community Development Block Grant for the purchase of handicap swing door operators with radio controlled push plates to provide ADA compliant ingress and egress to public buildings.

Grant STP00-0000-00-344: Atlanta Regional Commission Livable Centers Initiative Study grant to implement the study of 14 acres located in the Gateway Village area.

Grant 00-C-L-117: Georgia Department of Community Affairs Local Assistance Grant to purchase sand and playground equipment for improvements to Duffey Park.

Grant LAU 30-8531-36 (063) Georgia Department of Transportation to resurface roads in the City.

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, 2001:

Fund	Interfund Receivable	Interfund Payable
General		\$289,593
Special Revenue:		
Emergency		
Communications	\$ 8,600	
General Capital		
Improvements	\$317,005	
Component Unit		\$ 36,012
	<u>\$325,605</u>	<u>\$325,605</u>

Interfund transfers for the year ended June 30, 2001, were as follows:

	Emergency Communications	General Capital Improvements	Grand Total
Funds transferred from General Fund	<u>\$ 413,300</u>	<u>\$1,994,171</u>	<u>\$2,407,471</u>

## CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)  
June 30, 2001

**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, 2001, are as follows:

Sales taxes from the State of Georgia

\$ 203,864

## CITY OF MORROW, GEORGIA

Notes to Financial Statements (continued)  
June 30, 2001

**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, 2001.

**Note 12 - Fund Balance**

The General Fund and Capital Projects Fund have designated \$42,009 and \$630,886 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, 2001 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, 2001:

Total Collected	\$527,804
Amounts required to be expended	87,967
Amounts expended for promotional purposes	87,967

**REQUIRED SUPPLEMENTAL INFORMATION**

This sheet was intentionally left blank.

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

This sheet was intentionally left blank.

## **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.

This sheet was intentionally left blank.

CITY OF MORROW, GEORGIA  
 GENERAL FUND  
 COMPARATIVE BALANCE SHEETS  
 JUNE 30, 2001 AND 2000

	2001	2000
<b>Assets:</b>		
Cash and Certificates of deposit	\$	\$ 788,740
Investments	7,674,013	6,833,034
Taxes receivable	203,864	203,864
Grants Receivable		
Total Assets	\$ 7,877,877	\$ 7,825,638
<u>Liabilities and Fund Balances</u>		
<b>Liabilities:</b>		
Accounts and contracts payable	\$ 394,949	\$ 126,614
Accrued expenditures	7,102	48,217
Deferred revenue	27,127	35,100
Payroll taxes payable	63,593	7,393
Due to other funds	289,593	29,745
Total liabilities	782,364	247,069
<b>Fund balance:</b>		
Unreserved, designated for subsequent year expenditures	42,009	183,344
Unreserved, not designated	7,053,504	7,395,225
Total liabilities and fund balance	\$ 7,877,877	\$ 7,825,638

CITY OF MORROW, GEORGIA  
GENERAL FUND

23

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
YEARS ENDED JUNE 30, 2001 AND 2000

Revenues:	2001	2000
Taxes	\$ 3,463,420	\$ 3,519,062
Licenses, fees and permits	1,145,428	1,138,509
Franchises	564,943	536,171
Fines and forfeitures	1,019,355	1,091,086
Interest	480,073	348,544
EMS calls	66,778	73,569
Sale of assets	150	156,871
Lake City contract	340,370	327,838
Sanitation	744,913	447,471
Miscellaneous	25,043	12,030
Intergovernmental	92,997	111,175
Condemnations/Forfeitures	20,401	45,843
	<hr/>	<hr/>
Total revenues	7,963,871	7,808,169
	<hr/>	<hr/>
Expenditures		
Current:		
General and administrative	1,735,268	2,260,040
Police department	1,393,173	1,318,119
Fire department	1,260,690	1,193,752
Public works	1,162,283	483,017
Welcome Center	280,104	
	<hr/>	<hr/>
Capital outlays	24,594	58,292
	<hr/>	<hr/>
Total expenditures	5,856,112	5,313,220
	<hr/>	<hr/>
Excess of revenues over expenditures	2,107,759	2,494,949
	<hr/>	<hr/>
Other financing sources (uses):		
Operating transfers out	(2,407,471)	(867,873)
	<hr/>	<hr/>
Total other financing uses	(2,407,471)	(867,873)
	<hr/>	<hr/>
Excess of revenues and other sources over expenditures and other uses	(299,712)	1,627,076
	<hr/>	<hr/>
Fund balance, beginning of year	7,395,225	5,768,149
	<hr/>	<hr/>
Fund balance, end of year	\$ 7,095,513	\$ 7,395,225
	<hr/>	<hr/>

## GENERAL FUND

## SCHEDULE OF REVENUES COMPARED TO BUDGET (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes:			
Insurance premium taxes	\$ 216,000	\$ 223,171	\$ 7,171
Hotel-Motel taxes	509,060	527,804	18,744
Alcohol sales and excise taxes	133,000	135,485	2,485
Alcohol sales mixed drink tax	63,000	58,522	(4,478)
Real estate transfer tax	4,000	3,217	(783)
Previous years taxes	500		(500)
Local option sales tax	2,603,775	2,515,221	(88,554)
	<u>3,529,335</u>	<u>3,463,420</u>	<u>(65,915)</u>
Total taxes			
Licenses, fees, and permits:			
Alcohol beverage licenses and permits	90,000	102,854	12,854
Business licenses	943,000	937,286	(5,714)
Building permits	29,000	54,432	25,432
Plumbing permits	4,000	4,470	470
Heating and air conditioning permits	4,000	4,445	445
Electrical permits	6,000	5,478	(522)
Rezoning permits	2,000	1,350	(650)
Tree removal permit	200	600	400
Community room fees & deposits	2,500	2,000	(500)
Delinquency fees	3,500	8,955	5,455
Accident report fees	11,000	9,118	(1,882)
Occupancy fees	2,500	2,183	(317)
False alarm fees			
Other	2,500	12,257	9,757
	<u>1,100,200</u>	<u>1,145,428</u>	<u>45,228</u>
Total licenses, fees and permits			
Franchises:			
Electrical franchise	392,225	388,643	(3,582)
Gas franchise	49,000	46,330	(2,670)
Telephone franchise	92,500	90,511	(1,989)
Cable television franchise	18,000	39,459	21,459
	<u>551,725</u>	<u>564,943</u>	<u>13,218</u>
Total franchises			

CITY OF MORROW, GEORGIA  
 GENERAL FUND

SCHEDULE OF REVENUES COMPARED TO BUDGET (BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2001  
 (CONTINUED)

	Budget	Actual	Variance Favorable (Unfavorable)
Fines and forfeitures	\$ 980,000	\$ 1,019,355	\$ 39,355
Interest income	312,000	480,073	168,073
EMS calls	80,000	66,778	(13,222)
Sale of assets	3,000	150	(2,850)
Lake City contract	333,000	340,370	7,370
Sanitation	559,000	744,913	185,913
Intergovernmental	162,000	92,997	(69,003)
Condemnation/Forfeitures	48,051	20,401	(27,650)
Miscellaneous	5,500	25,043	19,543
<b>Total revenues</b>	<b>\$ 7,663,811</b>	<b>\$ 7,963,871</b>	<b>\$ 300,060</b>

CITY OF MORROW, GEORGIA  
GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>General and Administrative:</u>			
Current:			
Mayor and council salaries	\$ 31,500	\$ 31,212	\$ 288
Salaries and wages	382,786	406,883	(24,097)
City attorney fees	12,000	5,219	6,781
Court recorder	15,600	17,000	(1,400)
Planning and rezoning commission	3,250	2,925	325
Advertising and public relations	6,000	(2,024)	8,024
Donations	3,000	4,059	(1,059)
Equipment service contracts	8,650	2,430	6,220
Photography fees	500	1,005	(505)
Utilities	70,000	75,741	(5,741)
Telephone	26,000	23,504	2,496
Travel		7,081	(7,081)
Insurance -group	294,010	292,105	1,905
Insurance - general	121,805	134,596	(12,791)
Insurance - dental	20,276	23,180	(2,904)
Office supplies	4,500	8,105	(3,605)
Office equipment	6,000	789	5,211
Dues and subscriptions	6,000	6,347	(347)
Miscellaneous	5,000	18,040	(13,040)
Equipment rental	7,315	6,977	338
FICA expense	4,597	6,327	(1,730)
Conventions, meetings and training	11,400	7,244	4,156
Pension retirement fund	5,640	5,144	496
Municipal court expense	16,000	17,243	(1,243)
Professional services	18,000	20,892	(2,892)
Codification	3,000	4,220	(1,220)
Employee retirement program	186,288	191,782	(5,494)
Inspector's fees	16,500	31,534	(15,034)
ACTIPS - ARC Grant	84,000	105,671	(21,671)
Fine add-ons	98,000	111,432	(13,432)
Safety program	200	-	200
Workmen's compensation insurance	55,000	66,738	(11,738)
Auditing fees	21,900	23,680	(1,780)
Mayor's emergency fund	500	-	500
Clayton County Convention and Visitor's Bureau	169,680	-	169,680

## CITY OF MORROW, GEORGIA

27

## GENERAL FUND

## SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2001

(CONTINUED)

	Budget	Actual	Variance Favorable (Unfavorable)
<u>General and Administrative (continued):</u>			
Current (continued):			
Peace officer A and B fund	\$ 25,400	\$ 21,985	\$ 3,415
Sanitation	-	7,198	(7,198)
Printing and postage	12,000	24,172	(12,172)
Employee betterment program	10,000	10,242	(242)
Equipment maintenance	3,000	2,986	14
CCMA	1,000	657	343
Tuition Reimbursement	41,450	25,066	16,384
Uniforms	-	155	(155)
Economic Development	445,452	12,114	433,338
Legal advertising	2,100	3,259	(1,159)
	<hr/>	<hr/>	<hr/>
Total current expenditures	2,255,299	1,764,916	490,383
	<hr/>	<hr/>	<hr/>
Capital Outlays	6,100	7,351	(1,251)
	<hr/>	<hr/>	<hr/>
Total general and administrative	2,261,399	1,772,267	489,132
	<hr/>	<hr/>	<hr/>
<u>Police Department:</u>			
Current:			
Salaries and wages	1,271,489	1,262,786	8,703
Vehicle maintenance	22,000	22,512	(512)
Gas and oil	200	183	17
Radio maintenance	1,000	968	32
Equipment service contracts	10,500	6,947	3,553
Uniforms	16,675	16,947	(272)
Photography fees	1,000	624	376
Uniforms - protective gear	4,290	5,160	(870)
Office supplies	5,500	5,830	(330)
Pension retirement fund	8,150	12,291	(4,141)
FICA expense	13,112	14,350	(1,238)
Dues and subscriptions	1,367	1,182	185
Miscellaneous	500	517	(17)
Supplies	1,500	1,761	(261)
Conventions and meetings	4,500	4,993	(493)
Professional Services	3,500	2,700	800
Equipment maintenance	3,000	3,157	(157)
Printing	4,000	3,555	445
Prisoner expense	500	284	216
Investigative expense	1,500	1,308	192
Equipment rental	4,935	5,552	(617)
Condemnation/Forfeitures	48,051	18,548	29,503
Safety program	100	-	100

CITY OF MORROW, GEORGIA  
GENERAL FUND

28

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2001  
(CONTINUED)

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Police Department (continued):</u>			
Current (continued):			
Crime prevention	\$ 1,000	\$ 1,018	\$ (18)
Total current expenditures	1,428,369	1,393,173	35,196
Capital outlays	8,000	6,909	1,091
Total police department	1,436,369	1,400,082	36,287
<u>Fire Department:</u>			
Current:			
Salaries and wages	1,142,310	1,152,413	(10,103)
Vehicle maintenance	10,000	9,069	931
Photography fees	200	131	69
Uniforms - protective gear	4,336	4,505	(169)
Gasoline and oil	250	289	(39)
Radio maintenance	1,800	486	1,314
Equipment rental	5,700	6,072	(372)
Pension retirement fund	8,510	12,083	(3,573)
Uniforms	4,750	4,677	73
Fire prevention	2,750	2,593	157
Travel and training	-	5,195	(5,195)
Office supplies	2,200	2,420	(220)
FICA expense	12,131	11,934	197
Emergency medical supplies	15,000	14,525	475
Office equipment	225	(388)	513
Dues and subscriptions	7,400	7,304	96
Miscellaneous	900	2,297	(1,397)
Tuition reimbursement	-	2,600	(2,600)
Safety program	300	186	114
Professional services	7,500	7,411	89
Equipment maintenance	2,000	2,688	(688)
Conventions and meetings	13,000	10,869	2,131
Printing	1,000	870	130
Other supplies	500	461	39
Total current expenditures	1,242,762	1,260,690	(17,928)
Capital outlays	9,640	9,460	180
Total fire department	1,252,402	1,270,150	(17,748)

CITY OF MORROW, GEORGIA  
GENERAL FUND

29

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2001  
(CONTINUED)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Public Works:</u>			
<u>Current:</u>			
Salaries and wages	\$ 253,280	\$ 239,753	\$ 13,527
Vehicle maintenance	5,000	3,025	1,975
Drainage/street repair	59,000	52,951	6,049
Buildings and grounds repair	25,000	23,030	1,970
Street lights	68,000	75,773	(7,773)
Equipment rental	4,400	4,685	(285)
Uniforms	4,000	3,452	548
Photography fees	100	81	19
	-	250	(250)
Office supplies	1,100	1,051	49
Pension retirement fund	1,100	1,231	(131)
Dues and subscriptions	300	195	105
Parks and recreation	5,000	2,926	2,074
Equipment maintenance	11,300	4,575	6,725
Professional services	500	36	464
Printing	4,500	476	4,024
LAU projects	37,000	-	37,000
Gasoline and oil	60,000	80,634	(20,634)
Radio maintenance	400	-	400
FICA expense	2,500	2,441	59
Office equipment	1,000	629	371
Conventions, meetings and training	1,000	360	640
Safety program	500	328	172
Traffic engineering	2,000	710	1,290
Landfill use	4,000	3,560	440
Housekeeping supplies	8,000	8,200	(200)
Sanitation	514,000	657,927	(143,927)
Other supplies	4,500	3,401	1,099
Miscellaneous	100	2,603	(2,503)
Total current expenditures	1,077,580	1,174,283	(96,703)
Capital outlays	500	1,235	(735)
Total public works	1,078,080	1,175,518	(97,438)
 <u>Welcome Center</u>	 84,860	 280,104	 (195,244)
Total expenditures	\$ 6,113,110	\$ 5,898,121	\$ 214,989

## **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  
 SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEETS  
 JUNE 30, 2001 AND 2000

	2001	2000
<b>Assets:</b>		
Prepaid Expenses		
Due from other funds	\$ 8,600	\$ 2,699
Total Assets	\$ 8,600	\$ 2,699
<u>Liabilities and Fund Balances</u>		
<b>Liabilities:</b>		
Accounts payable	\$ 497	\$ 798
Accrued expenditures	8,103	1,901
Total liabilities	8,600	2,699
Fund balance	-	
Total liabilities and fund balance	\$ 8,600	\$ 2,699

CITY OF MORROW, GEORGIA  
SPECIAL REVENUE FUND

31

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Fees	\$ 105,500	\$ 116,049	\$ 10,549
Total Revenues	105,500	116,049	10,549
<u>Expenditures:</u>			
Wages	440,062	437,524	2,538
Equipment service contracts	46,810	48,154	(1,344)
Uniforms		308	(308)
Retirement plan contribution	2,920	6,024	(3,104)
FICA expense	6,800	6,618	182
Dues and subscriptions	750	1,202	(452)
Miscellaneous	400	848	(448)
Other supplies	1,200	2,142	(942)
Conventions, meetings, & training	4,500	6,289	(1,789)
Equipment rental	2,660	5,182	(2,522)
Equipment maintenance	1,250	7,022	(5,772)
Equipment purchases	1,000	1,717	(717)
Radio maintenance	200		200
Safety program	400		400
Professional services	500		500
Printing	1,000		1,000
Telephone		4,459	(4,459)
Travel and training		1,786	(1,786)
Total current expenditures	510,452	529,275	(18,823)
Capital Outlays		74	(74)
Total expenditures	510,452	529,349	(18,897)
Excess of revenues under expenditures	(404,952)	(413,300)	(29,446)
<u>Other financing sources:</u>			
Operating transfers in	404,952	413,300	(8,348)
Total other financing sources	404,952	413,300	(8,348)
Excess of revenues and other financing sources over (under) expenditures and other uses			
Fund balances, June 30, 2000			
Fund balances, June 30, 2001	\$	\$	\$

This sheet was intentionally left blank.

## **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, 2001 AND 2000

Assets

	2001	2000
Cash and certificates of deposit	\$ 123,777	\$ 116,801
Investments	512,669	512,669
Due from other funds	317,005	27,046
	\$ 953,451	\$ 656,516

Liabilities and Fund Balances

Accounts payable	\$ 15,103	\$ 38,757
Total liabilities	15,103	38,757
Fund balance - reserved for encumbrances	630,886	310,298
Fund balance - unreserved Undesignated	307,462	307,462
Total fund balance	938,348	617,760
Total liabilities and fund balance	\$ 953,451	\$ 656,516

CITY OF MORROW, GEORGIA  
 CAPITAL PROJECTS FUND  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 YEARS ENDED JUNE 30, 2001 AND 2000

	2001	2000
Expenditures:		
Capital outlays	\$ 1,363,285	\$ 1,579,472
Debt service:		
Principal		182,235
Interest		1,848
Excess of expenditures over revenues	(1,363,285)	(1,763,555)
Other financing sources:		
Proceeds from capital leases		1,500,000
Operating transfers in	1,994,171	263,555
Total other financing sources	1,994,171	1,763,555
Excess of revenues and other financing sources over (under) expenditures and other uses	630,886	
Fund balance, beginning of year	307,462	307,462
Fund balance, end of year	\$ 938,348	\$ 307,462

**This sheet was intentionally left blank.**

## 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
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	291,335	507,855	65,017	181,779	71,074	4,611,046
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	173,969	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	799,449	336,271	960,486	98,865	6,803,202
2000	3,519,062	1,136,509	111,175	521,040	1,091,086	348,544	1,078,754	123,119	7,931,280
2001	3,463,420	1,145,428	92,997	1,152,061	1,019,355	480,073	610,537	116,049	8,079,920

## 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

General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Administration	Police Department	Emergency (2) Communications	Fire Department	Public Works	Debt Service	Capital Outlay	Total Expenditures
1992	1,107,883	752,233	N/A	655,458	240,248	62,290	30,216	2,848,328
1993	1,163,248	697,563	132,372	772,151	242,784	75,469	190,989	3,274,576
1994	1,217,864	723,375	122,629	794,331	276,358	136,280	326,588	3,597,425
1995	1,299,687	824,646	147,692	868,961	305,401	62,475	459,114	3,967,976
1996	1,307,623	892,386	185,365	912,828	380,959	58,435	655,331	4,392,927
1997	1,386,829	971,692	262,110	997,180	362,874	234,337	1,450,471	5,665,493
1998	1,537,412	1,050,012	382,849	1,060,127	403,540	233,115	967,545	5,634,600
1999	1,711,179	1,216,272	458,162	1,157,587	413,949	88,188	1,525,175	6,570,511
2000	2,260,040	1,362,097	459,058	1,193,752	483,017	449,607	1,596,641	7,804,212
2001	1,772,266	1,400,084	529,349	1,270,151	1,175,519	280,104	1,994,171 (3)	8,305,594

## Notes:

- (1) Includes General, Special Revenue and Capital Projects Funds.  
(2) These expenditure totals not available prior to fiscal year 1993.  
(3) Includes \$397,159 of expenditures for construction of the Morrow Welcome Center - Lease proceeds included in prior years revenue.

## 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
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
2001	2000	-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)

Tax Year	Fiscal Year	Assessed Tax Value	Estimated Actual Value	Ratio of Total Assessed to Total Estimated Actual Value
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%
2000	2001	291,943,223	729,858,058	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	Total	
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	
2001	0.0	17.916	4.047	0.25	22.213	

## 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, 2001  
(Unaudited)

Approximated Assessed Valuation (1)	<u>\$ 291,943,332</u>
Debt Limit: 10% of assessed value (2)	\$ 29,194,332
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 29,194,332</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
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	4,882	284,235,510	-0-	-	0	0.00%	0
2001	4,882	291,943,323	-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
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%
2001	0	0	0	7,748,746	0.00%

Note:

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

CITY OF MORROW, GEORGIA

Computation of Direct and Overlapping Debt  
June 30, 2001  
(Unaudited)

Jurisdiction	Net Bonded Debt Outstanding	Percent Applicable To The City of Morrow	Amount Applicable To The City of Morrow
Direct:			
Overlapping:			
Clayton County Board of Education (1)	\$ 680,000	5.91%	\$ 40,188
Total direct and overlapping general obligation debt	\$ 680,000	5.91%	\$ 40,188

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		
	Number of Permits	Value	Number of Permits	Value		Commercial	Residential	Tax Exempt (3)
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	562,835,503	92,643,848	17,543,878
2001	58	10,663,655	7	204,898	481,569,000	573,915,653	106,518,033	24,023,810

## 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, 2001  
(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%	\$ 24,324,506
Fourth Quarter Properties XI, LLC	Shopping Center Owner	40%	16,578,400
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%	3,898,800
All others	Various	40%	143,946,645
Total			<u>\$ 236,211,357</u>

Source: Clayton County Tax Commissioner

## CITY OF MORROW, GEORGIA

Miscellaneous Statistical Facts  
June 30, 2001  
(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	75
Number of Classrooms	74
Number of Modular Classrooms	21
Number of Teachers	116
Number of Students	1,558
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
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	4,882	15,716 (7)	32.2	1,709	3.90%
2001	4,882	15,716 (7)	30.5	1,558	4.20%(6)(8)

## 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) As of September 30, 2001



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 general purpose financial statements of the City of Morrow, Georgia ("the City") as of and for the year ended June 30, 2001, and have issued our report thereon dated October 24, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 other matters involving the internal control over financial reporting and its operation that we have reported to management of the City in a separate letter dated October 24, 2001.

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

Atlanta, Georgia  
October 24, 2001

This sheet was intentionally left blank.