

***CITY OF NORCROSS, GEORGIA***

***Annual Financial Report***

***For the year ended December 31, 2013***

This page intentionally left blank.

**CITY OF NORCROSS, GEORGIA**  
**FINANCIAL REPORT**  
**For the year ended December 31, 2013**

**TABLE OF CONTENTS**

---

**INTRODUCTORY SECTION:**

	<u>Page(s)</u>
Table of Contents	i-v

**FINANCIAL SECTION:**

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-23

**BASIC FINANCIAL STATEMENTS**

Exhibit

<b>Government-wide Statements</b>	
A-1 Statement of Net Position	24-25
A-2 Statement of Activities	26
<b>Fund Financial Statements</b>	
A-3 Balance Sheet – Governmental Funds	27
A-4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	28
A-5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	29
A-6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
A-7 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) to Actual – General Fund	31
A-8 Statement of Net Position – Proprietary Funds	32
A-9 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	33
A-10 Statement of Cash Flows – Proprietary Funds	34-35
A-11 Statement of Fiduciary Assets and Liabilities	36

**CITY OF NORCROSS, GEORGIA**  
**FINANCIAL REPORT**  
*For the year ended December 31, 2013*

---

*Table of Contents, continued*

---

**BASIC FINANCIAL STATEMENTS, continued**

<u>Exhibit</u>		<u>Page(s)</u>
A-12	<b>Notes to the Financial Statements</b>	<b>37-74</b>

<u>Item #</u>		<u>Page #</u>
1.	Description of Government Unit	37
2.	Summary of Significant Accounting Policies	37-51
3.	Deposit and Investment Risk	51-53
4.	Accounts Receivable	53
5.	Intergovernmental Receivables	54
6.	Taxes Receivable	54-55
7.	Interfund Receivables and Payables	55
8.	Interfund Transfers	56
9.	Capital Assets	57-58
10.	Property held for Resale	58
11.	Note Receivable	59
12.	Operating Lease Agreements	59
13.	Long-Term Debt	60-61
14.	Intradepartmental Billings	62
15.	Retirement Plans	62-65
16.	Deferred Compensation Plans	66
17.	Post-employment Health Care Benefits	67-70
18.	Hotel/Motel Lodging Tax	70
19.	Joint Ventures	70-71
20.	Related Organizations	71
21.	Risk Management	71-72
22.	Extraordinary Item	72
23.	Commitments and Contingencies	73-74

**CITY OF NORCROSS, GEORGIA**  
**FINANCIAL REPORT**  
*For the year ended December 31, 2013*

---

*Table of Contents, continued*

---

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES**

<u>Exhibit</u>		<u>Page (s)</u>
B-1	Combining Balance Sheet – Nonmajor Governmental Funds	75-76
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	77-78
 <b>GENERAL FUND</b>		
C-1	Comparative Balance Sheets	79
C-2	Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	80
C-3	Schedule of Revenues - Budget (GAAP Basis) and Actual	81
C-4	Schedule of Expenditures - Budget (GAAP Basis) and Actual	82-84
 <b>SPECIAL REVENUE FUNDS</b>		
D-1	Confiscated Assets Special Revenue Fund Comparative Balance Sheets	85
D-2	Confiscated Assets Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	86
D-3	Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets	87
D-4	Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	88
D-5	Federal Seized Drug Special Revenue Fund Comparative Balance Sheets	89
D-6	Federal Seized Drug Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	90
D-7	Police Grant Special Revenue Fund Comparative Balance Sheets	91
D-8	Police Grant Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	92
D-9	Technology Surcharges Special Revenue Fund Comparative Balance Sheets	93
D-10	Technology Surcharges Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	94

**CITY OF NORCROSS, GEORGIA**  
**FINANCIAL REPORT**  
*For the year ended December 31, 2013*

---

*Table of Contents, continued*

---

**SUPPLEMENTARY INFORMATION, continued**

**COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES (continued)**

<u>Exhibit</u>		<u>Page (s)</u>
<b><i>CAPTIAL PROJECTS FUNDS</i></b>		
E-1	2004 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Balance Sheets	95
E-2	2004 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	96
E-3	2009 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Balance Sheets	97
E-4	2009 Special Purpose Local Option Sales Tax Capital Projects Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	98
E-5	Grants Capital Projects Fund Comparative Balance Sheets	99
E-6	Grants Capital Projects Fund Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	100
<b><i>ENTERPRISE FUNDS</i></b>		
F-1	Water and Sewer Utility Enterprise Fund Comparative Statements of Net Position	101
F-2	Water and Sewer Utility Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	102
F-3	Water and Sewer Utility Enterprise Fund Comparative Statements of Cash Flows	103
F-4	Electric Utility Enterprise Fund Comparative Statements of Net Position	104
F-5	Electric Utility Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	105
F-6	Electric Utility Enterprise Fund Comparative Statements of Cash Flows	106
F-7	Solid Waste Enterprise Fund Comparative Statements of Net Position	107
F-8	Solid Waste Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	108
F-9	Solid Waste Enterprise Fund Comparative Statements of Cash Flows	109

**CITY OF NORCROSS, GEORGIA**  
**FINANCIAL REPORT**  
*For the year ended December 31, 2013*

---

*Table of Contents, continued*

---

**SUPPLEMENTARY INFORMATION, continued**

**COMBINING AND INDIVIDUAL FINANCIAL STATEMENTS AND SCHEDULES (continued)**

<u>Exhibit</u>		<u>Page (s)</u>
	<b><i>ENTERPRISE FUNDS, continued</i></b>	
F-10	Storm Water Utility Enterprise Fund Comparative Statements of Net Position	110
F-11	Storm Water Utility Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Position	111
F-12	Storm Water Utility Enterprise Fund Comparative Statements of Cash Flows	112
	<b><i>AGENCY FUND</i></b>	
G-1	Municipal Court Agency Fund Comparative Statements of Assets and Liabilities	113
G-2	Municipal Court Agency Fund Statement of Changes in Assets and Liabilities	114
	<b><i>COMPONENT UNIT</i></b>	
H-1	Downtown Development Authority Comparative Balance Sheets	115
H-2	Downtown Development Authority Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	116
	<b>SINGLE AUDIT SECTION</b>	
	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	117-118
	Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major program and Internal Control over Compliance in Accordance with OMB Circular A-133	119-120
I-1	Schedule of Expenditures of Federal Awards	121
I-2	Notes to the Schedule of Expenditures of Federal Awards	122
I-3	Schedule of Findings and Questioned Costs	123-125
	<b>STATE REPORTING SECTION</b>	
J-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	126

This page intentionally left blank.



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norcross, Georgia, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norcross, Georgia, as of December 31, 2013, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norcross, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, and the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Norcross, Georgia's basic financial statements for the year ended December 31, 2012, which are not presented with the accompanying financial statements. In our report dated May 22, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norcross's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2011 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial statements and schedules related to the 2012 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of the City of Norcross, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norcross' internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
June 16, 2014

This page intentionally left blank.



## **Karen A. Slaton-Dixon**

**Administrative Services Director**

**65 Lawrenceville Street**

**Norcross, Georgia 30071**

**770-448-2122**

[kdixon@norcrossga.net](mailto:kdixon@norcrossga.net)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the City of Norcross provides this Management's Discussion and Analysis for readers of the City's financial statements for the year ended December 31, 2013. The purpose of this narrative is to provide readers of these financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Norcross. This narrative overview of the City's financial activities should be read in conjunction with the information presented in the letter of transmittal found at the front of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Norcross exceeded its liabilities at the close of the year by \$75,365,609 (reported as "net position"). Of this amount \$8,207,140 is unrestricted, of which \$3,516,588 is Governmental Activities and \$4,690,552 is Business-Type Activities. This unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$6,332,095.
- The City's governmental funds reported combined ending fund balances of \$12,193,516. Approximately 78 percent of this amount, \$9,497,619 is available for spending at the City's discretion (unassigned fund balance in the General Fund).
- The City's proprietary funds reported net position of \$16,839,678 at year end, a decrease of \$8,030,670 as a result of the current year's operations.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the City of Norcross. The financial statements of the City of Norcross comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

#### ***Government-wide financial statements.***

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Norcross. The government-wide financial statements include the statement of net position and the statement of activities. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

### **Statement of Net Position**

The statement of net position (pages 24-25), presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The City's net position, which is the difference between assets (what the citizens own), and liabilities (what the citizens owe), is one way to measure the City's financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and utility systems) must be considered to assess the overall health of the City.

### **Statement of Activities**

The statement of activities (page 26), presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Net Position and the Statement of Activities are divided into three types of activities:

- **Governmental activities** - Most of the City's basic services are reported under this category. These services include police, infrastructure maintenance, parks and recreation, and general administration. Taxes, fines/forfeitures and intergovernmental revenues (governmental activities) finance most of these activities.
- **Business-Type activities** - The City charges fees to customers to offset most of the cost of certain services it provides. The City's utility and solid waste services are reported under this category.
- **Discretely Presented Component Unit** - Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Norcross, and, therefore, has been included as an integral part of the primary government.

### ***Fund Financial Statements.***

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by state law. The City of Norcross uses two categories of funds: governmental funds and proprietary funds.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements beginning on page 75.

### **Governmental funds**

Most of the City's basic governmental activities reported in the government-wide statements are accounted for in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation beside the fund financial statements.

In addition to the General Fund, which is considered a major fund, the City of Norcross maintains two governmental funds types:

1. Special Revenue Funds
2. Capital Projects Funds

The 2009 Special Purpose Local Option Sales Tax (SPLOST) and Grants Capital Projects Funds are considered major Governmental funds.

The City of Norcross adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with these budgets.

The City's basic governmental fund financial statements can be found on pages 27-31 of this report.

Because the focus of the governmental fund financial statements is more narrow than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance that reconciles the two statements is provided at the bottom of each statement.

#### **Proprietary funds**

When the City charges customers for the full or partial cost of the services it provides (whether to outside customers or to other units of the City), these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities, using the accrual basis of accounting. Enterprise funds are a type of proprietary fund used to account for functions reported as business-type activities in the government-wide statements. The City uses four enterprise funds to account for separate business-type activities, and the major funds are reported in the basic proprietary fund financial statements on pages 32-35 of this report. The City of Norcross uses enterprise funds to account for its water and sewer, electric, storm water, and solid waste functions. The Water and Sewer Utility, Electric Utility, Storm Water Utility and Solid Waste Enterprise Funds are considered major funds.

#### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City acts as a fiduciary for the Municipal Court Agency Fund.

Fiduciary funds are presented in the fund financial statements, but are not reported in the government-wide financial statements.

The City's fiduciary fund Statement of Assets and Liabilities is presented on page 36.

#### ***Notes to the financial statements.***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-74 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combined financial statements for non-major funds described earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the City.

This report includes two schedules on pages 28 and 30 that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement, but are reported as deferred revenue on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Repayment of debt principal reduces a liability on the government-wide statements, but is an expenditure on the fund financial statements.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

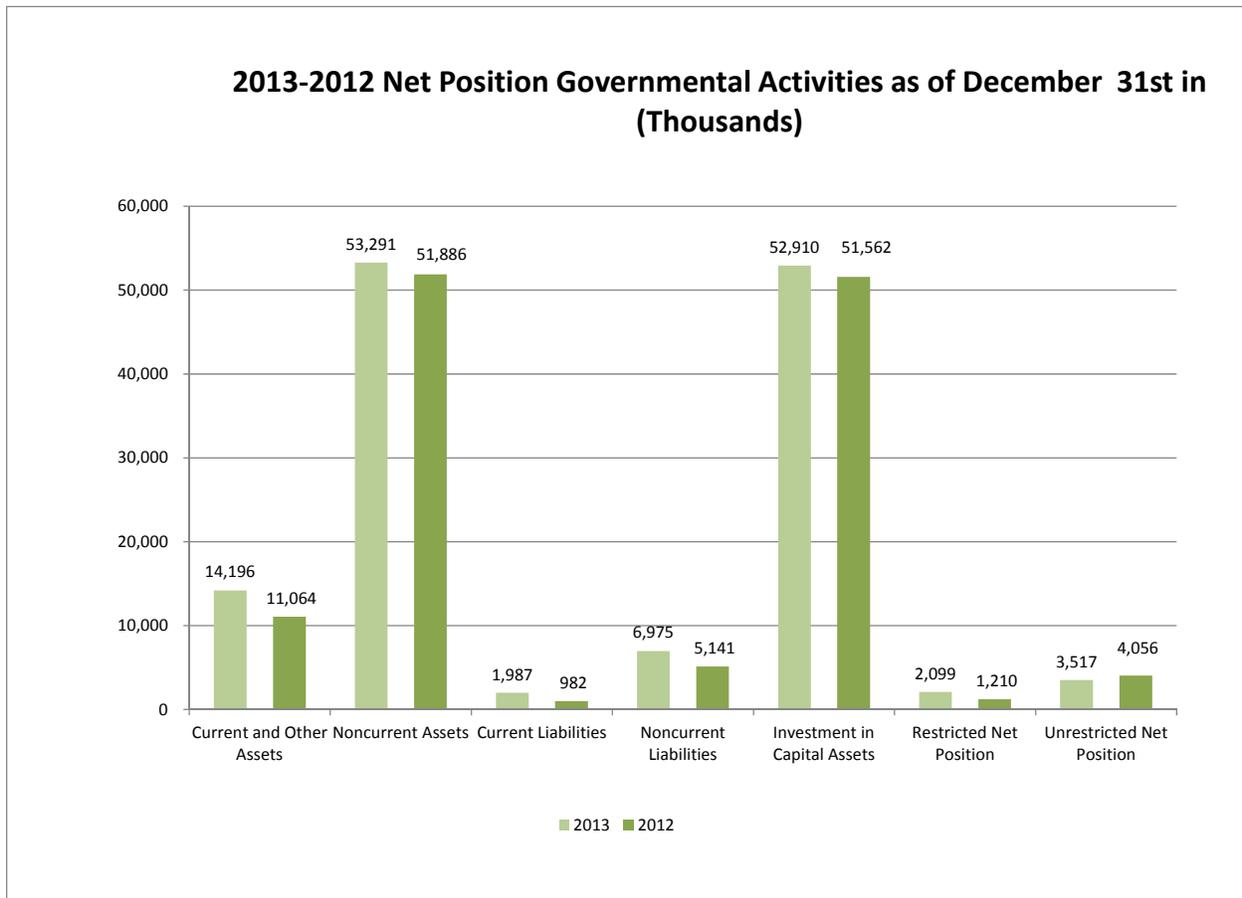
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by \$75,365,609 as of December 31, 2013. The following table provides a summary of the City's governmental and business-type net position for the years ended December 31.

### City of Norcross Net Position as of December 31, 2013 and 2012 (in Thousands)

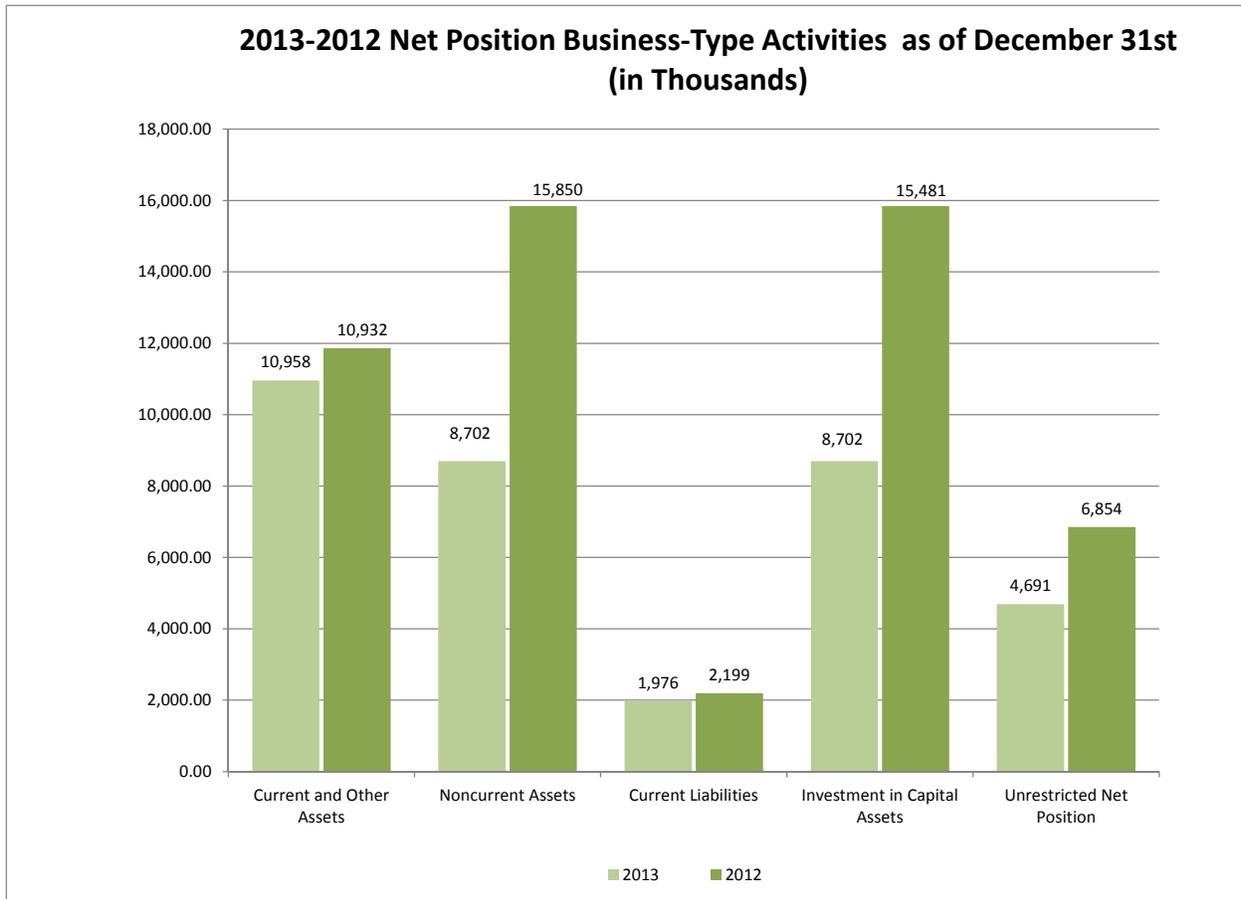
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$14,196	\$11,064	\$10,958	\$11,867	\$25,154	\$22,931
Capital Assets	53,099	51,693	8,702	15,850	61,801	67,543
Other Noncurrent Assets	193	193	0	0	193	193
<b>Total Assets</b>	<b>67,488</b>	<b>62,950</b>	<b>19,660</b>	<b>27,717</b>	<b>87,148</b>	<b>90,667</b>
Current Liabilities	1,987	982	1,976	2,199	3,963	3,181
Long-term Liabilities	6,975	5,141	844	647	7,819	5,788
<b>Total Liabilities</b>	<b>8,961</b>	<b>6,123</b>	<b>2,820</b>	<b>2,846</b>	<b>11,782</b>	<b>8,969</b>
Net Investment in Capital Assets	52,910	51,562	8,702	15,850	61,612	67,412
Restricted Net Position	2,099	1,210	3,447	2,166	5,546	3,376
Unrestricted Net Position	3,517	4,056	4,691	6,854	8,208	10,910
<b>Total Net Position</b>	<b>\$58,526</b>	<b>\$56,828</b>	<b>\$16,840</b>	<b>\$24,870</b>	<b>\$75,366</b>	<b>\$81,698</b>

The largest portion of the City's net position as of December 31, 2013 (90%) reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment and the Street and sidewalks). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Governmental Activities:** Capital assets increased by 3% over 2012. Unrestricted net position decreased in 2013 by 13%.



**Business-Type:** Current assets decreased by 8%, capital assets decreased by 45%, and unrestricted net position decreased by 32%.



Restricted net position of the primary government totaling \$5,546,663 are constrained by debt covenants or legal requirements and are not available for day-to-day operations of the City. The remaining balance is unrestricted net position of \$8,207,140, which may be used to meet the City's ongoing obligations to citizens and creditors. The portion of unrestricted net position from business-type activities was \$4,690,552 at the end of the year.

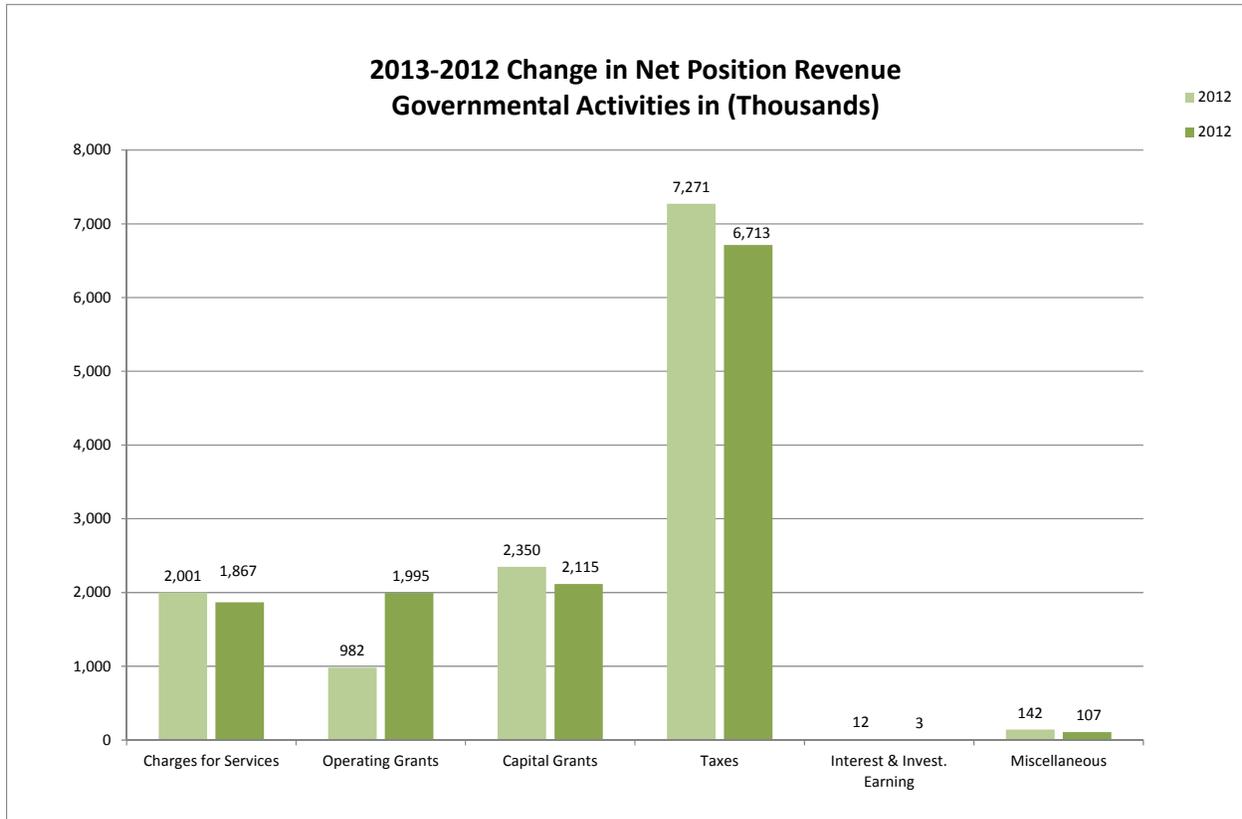
The City's net position decreased by \$6,332,095 during the current year. Governmental activities resulted in a increase in net position of \$1,698,575 while business-type activities resulted in a decrease of net position of \$8,030,670. The following table was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the year.

**City of Norcross**  
**Changes in Net Position for the Years ended December 31, 2013 and 2012**  
(in Thousands)

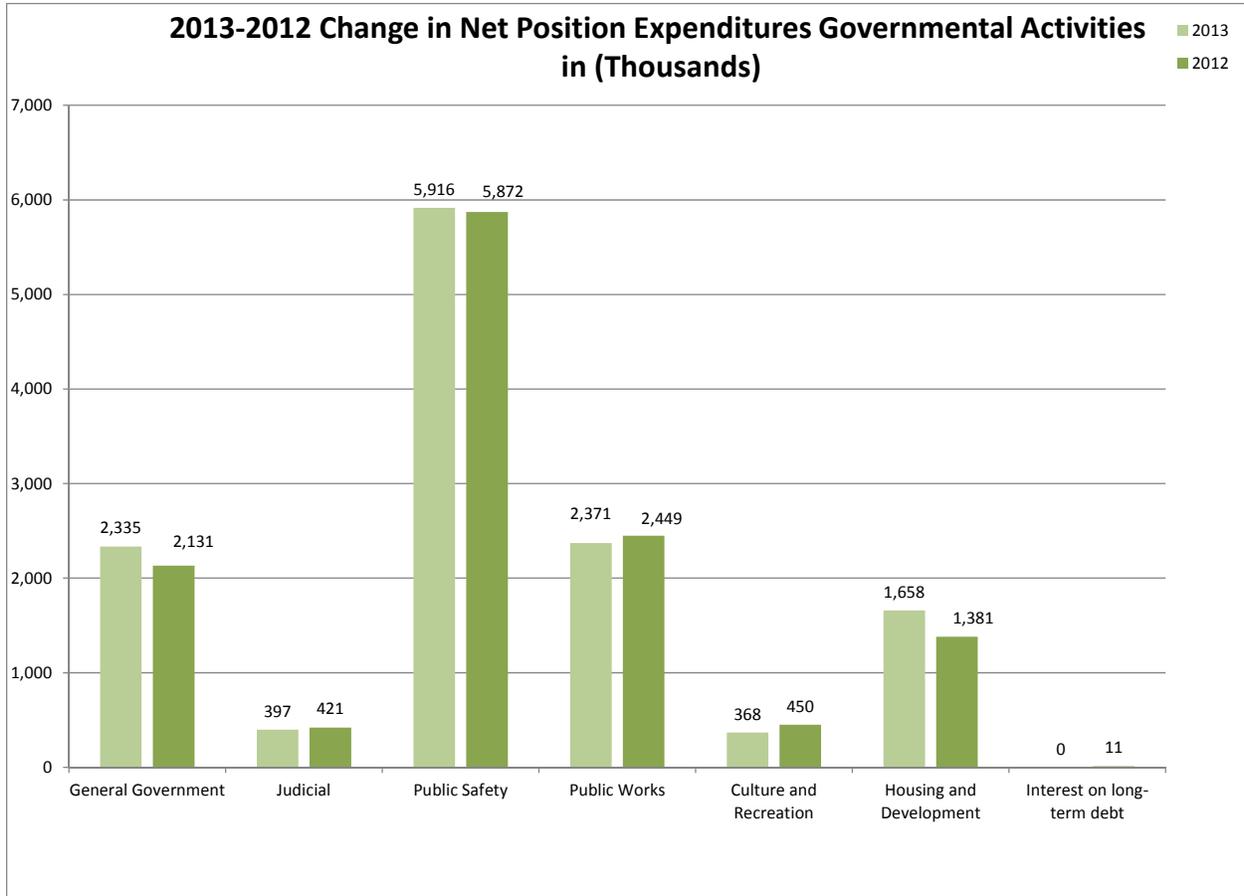
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$2,001	\$1,867	\$13,632	\$17,147	\$15,633	\$19,014
Operating Grants	982	1,995	0	0	982	1,995
Capital Grants	2,350	2,115	0	0	2,350	2,115
General Revenues:						
Taxes	7,271	6,713	0	0	7,271	6,713
Interest and Investment Earnings	12	3	59	53	71	56
Payment component	0	0	0	0	0	0
Miscellaneous	142	107	11	36	153	143
<b>Total Revenues</b>	<b>12,758</b>	<b>12,800</b>	<b>13,702</b>	<b>17,236</b>	<b>26,460</b>	<b>30,036</b>
<b>Expenses:</b>						
General Government	2,335	2,131	0	0	2,335	2,131
Judicial	397	421	0	0	397	421
Public Safety	5,916	5,872	0	0	5,916	5,872
Public Works	2,371	2,449	0	0	2,371	2,449
Culture and Recreation	368	450	0	0	368	450
Housing and Development	1,658	1,381	0	0	1,658	1,381
Interest on long-term debt	0	11	0	0	0	11
Water and Sewer	0	0	832	2,113	832	2,113
Electric	0	0	11,296	10,965	11,296	10,965
Solid Waste	0	0	1,881	1,838	1,881	1,838
Storm Water	0	0	466	443	466	443
<b>Total Expenses</b>	<b>13,045</b>	<b>12,715</b>	<b>14,475</b>	<b>15,359</b>	<b>27,520</b>	<b>28,074</b>
<b>Increase in net position before extraordinary items and transfers</b>	<b>(287)</b>	<b>85</b>	<b>(773)</b>	<b>1,877</b>	<b>(1,060)</b>	<b>2,554</b>
Extraordinary item	0	0	(5,272)	0	(5,272)	0
Transfers	1,986	1,117	(1,986)	(1,117)	0	0
<b>Change in Net Position</b>	<b>1,699</b>	<b>1,202</b>	<b>(8,031)</b>	<b>760</b>	<b>(6,332)</b>	<b>1,962</b>
Net Position - January 1	56,827	55,625	24,870	24,110	81,697	79,735
Prior period adjustments	0	0	0	0	0	0
<b>Dec. 31 Net Position</b>	<b>\$58,526</b>	<b>\$56,827</b>	<b>\$16,839</b>	<b>\$24,870</b>	<b>\$75,365</b>	<b>\$81,697</b>

**Governmental Activities.** Governmental Activities increased the City's net position by \$1,698,575. Revenues for the City's governmental activities decreased by <1% (\$42,089) over 2012. This decrease in revenue was the result of a decrease in franchise taxes. Expenses are up by 3% over 2012 (\$330,218). This increase in expenses was the result of an increase in the General Government function.

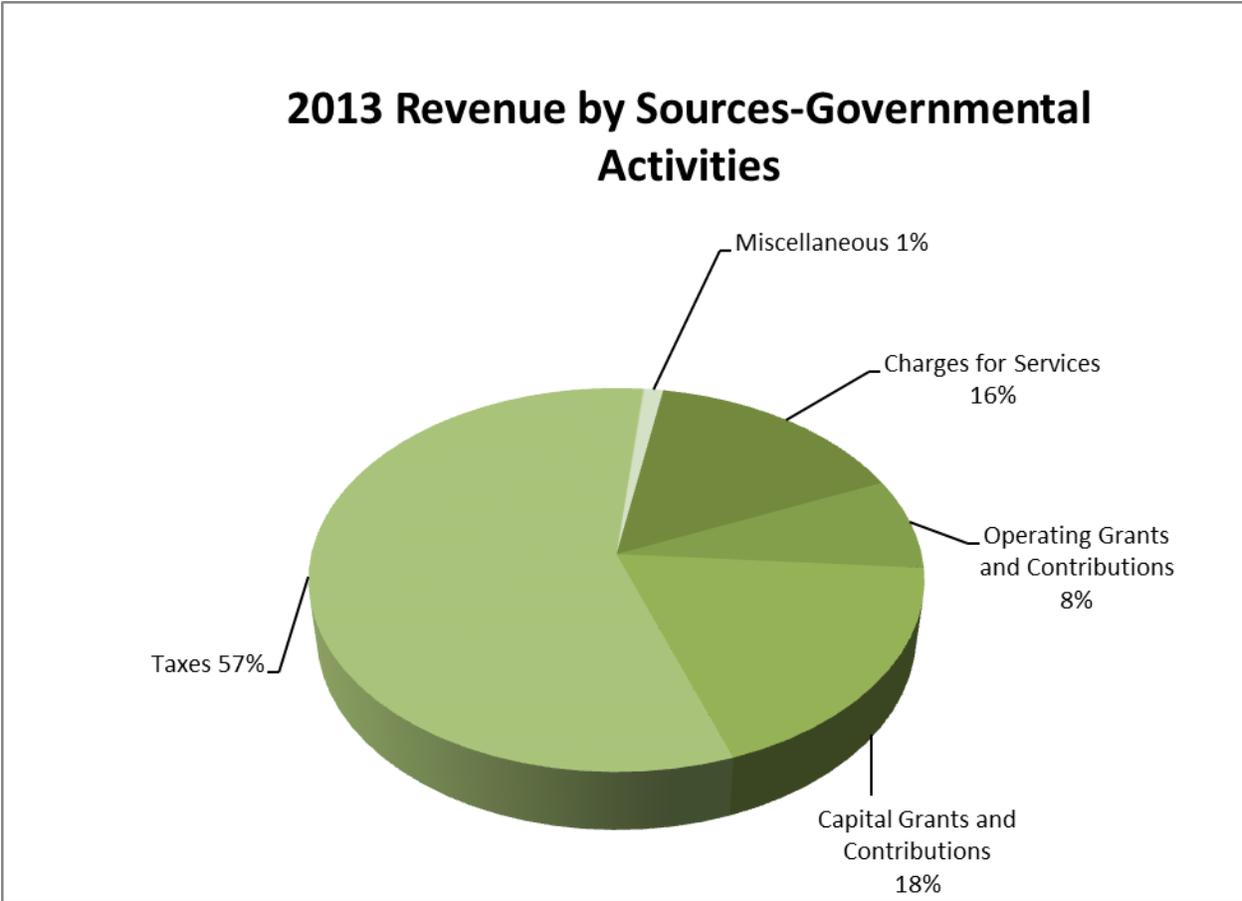
Operating Grants and Contributions decreased 51%, Capital Grants and Contributions increased 11%, Taxes increased 8%, Interest and Investment Earnings increased 325%.



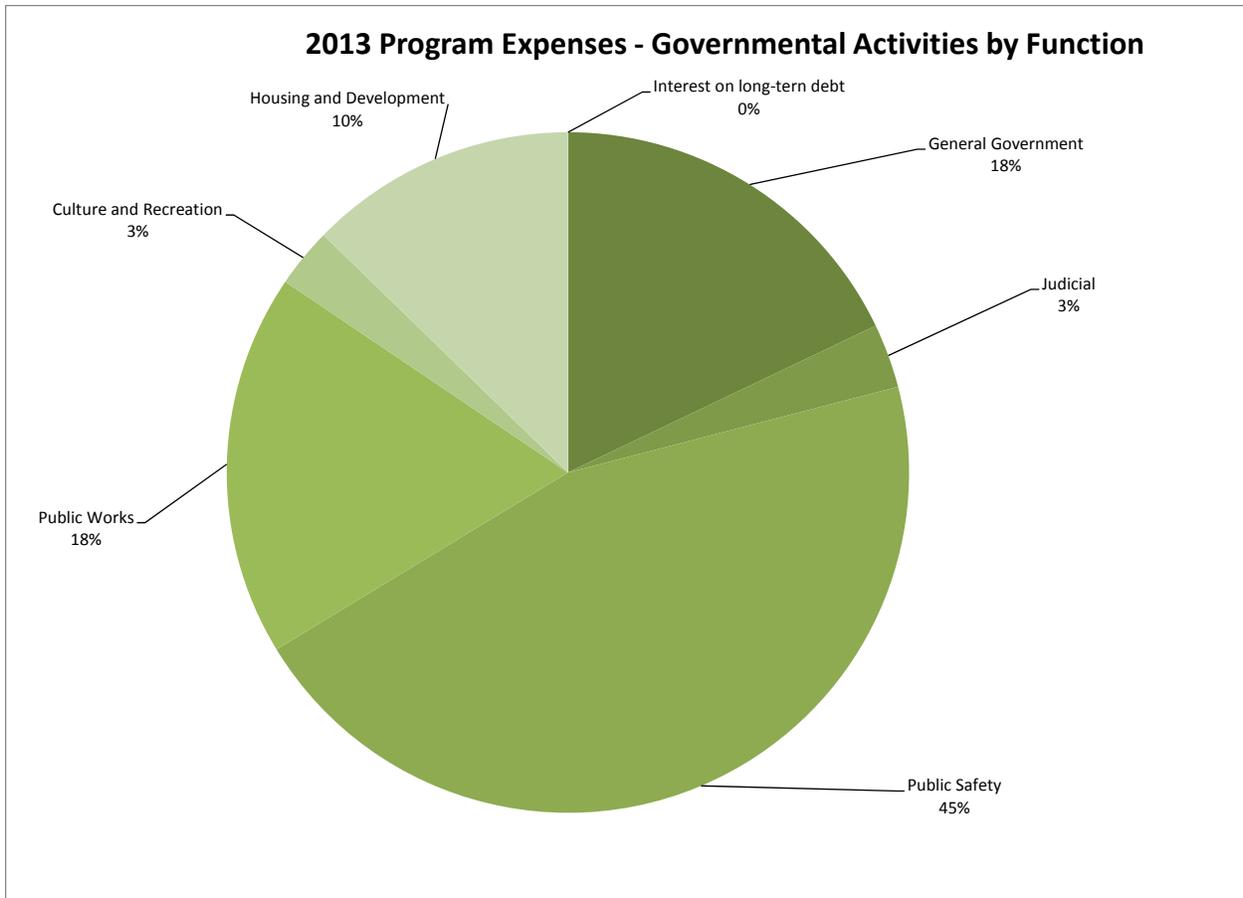
**Governmental Activities:** General Government expenses increased by 3%, Public Safety increased <1%, Judicial decreased 6%, Culture Art decreased 18%, Public Works decreased 3%, Housing and Development increased 20% and Interest on long term debt decreased 100%.



Revenue for governmental activities was \$12.70 million. The major revenue sources were taxes (57%), capital grants and contributions (18%), charges for services (16%), operating grants and contributions (8%) and miscellaneous (1%).

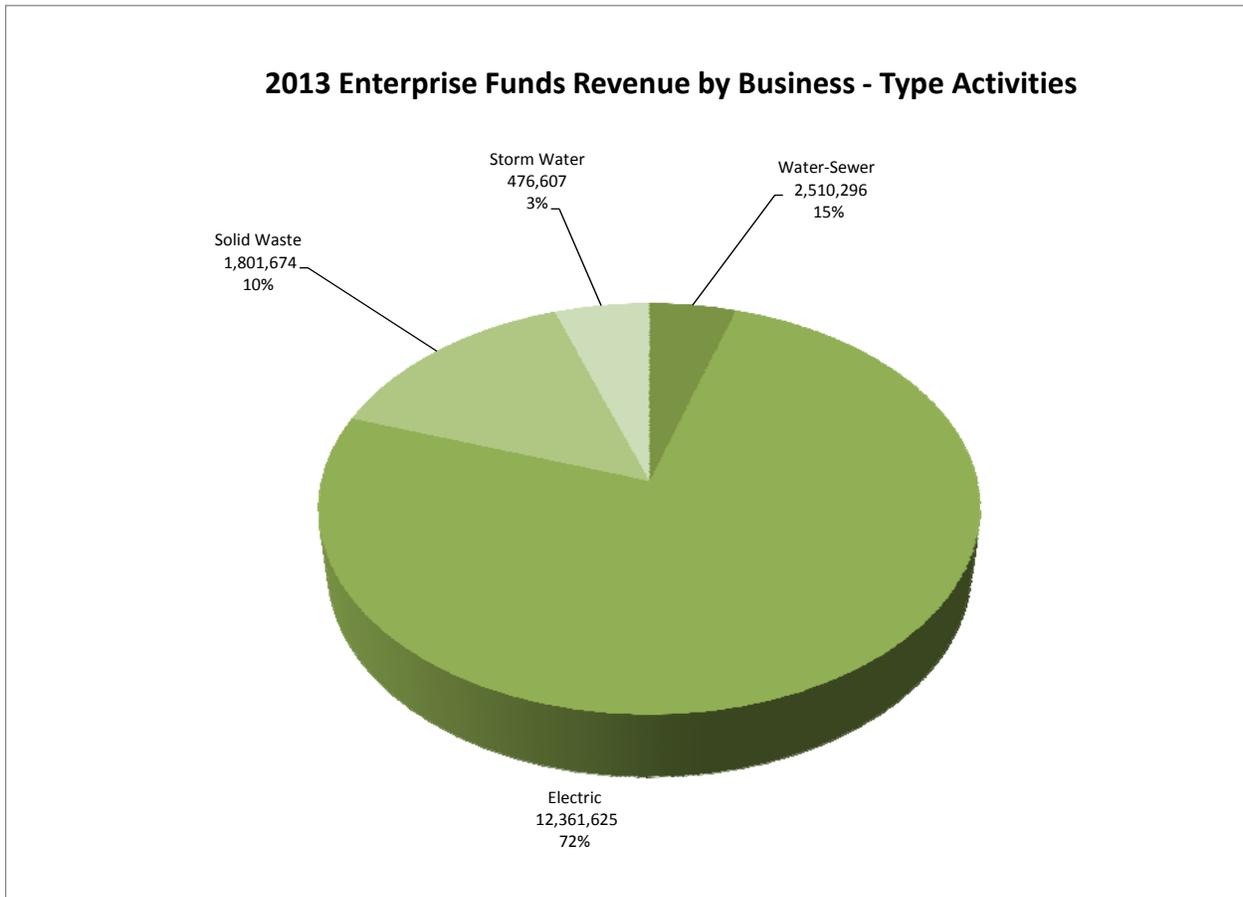


Expenses for the Governmental Activities were \$13.0 million, of which Public Safety accounted for 45%, Public Works 18%, General Government 18%, Housing and Development 13%, Judicial 3%, and Culture and Recreation 3% .

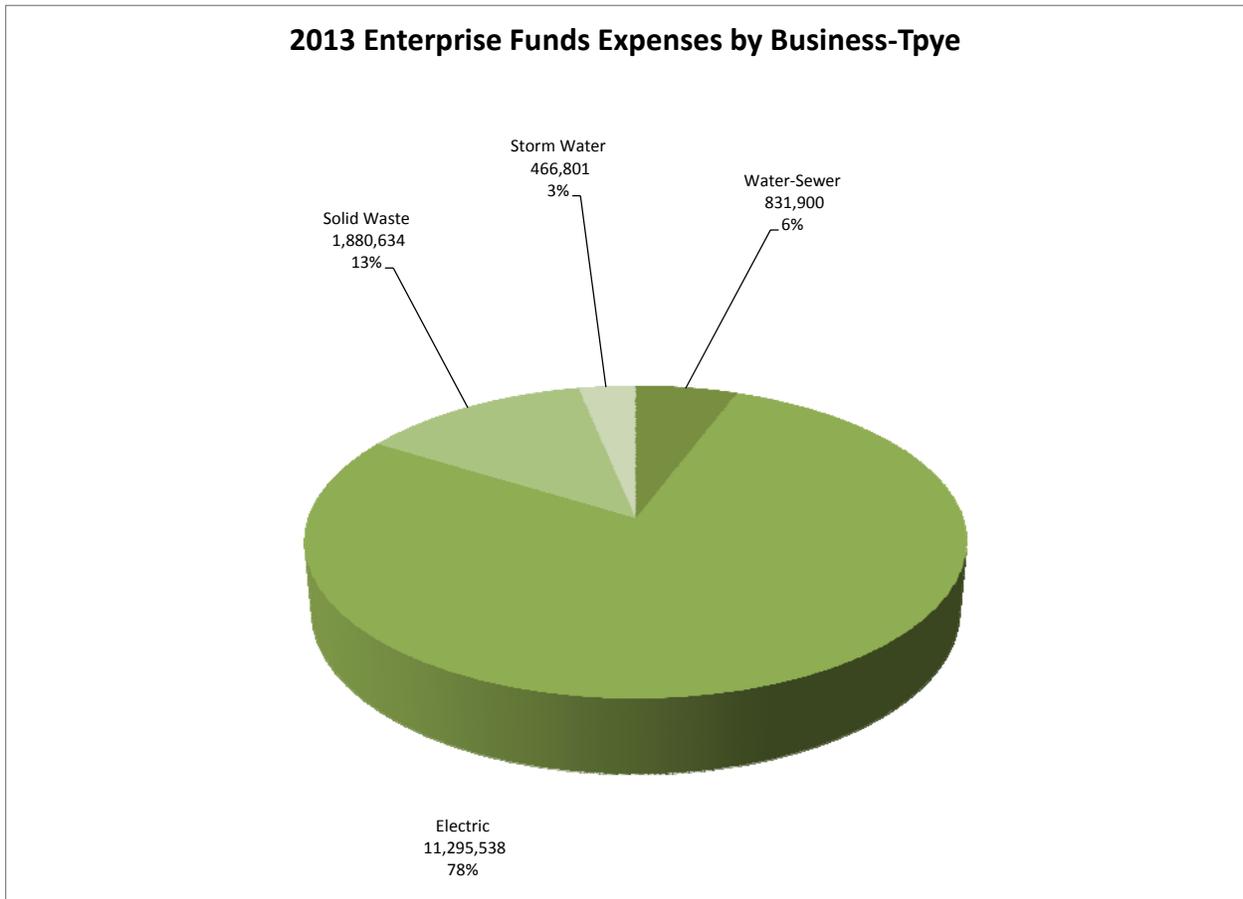


**Business-Type Activities.** Operations of business-type activities decreased the City's net position by \$8,030,670. Key elements of this increase were as follows:

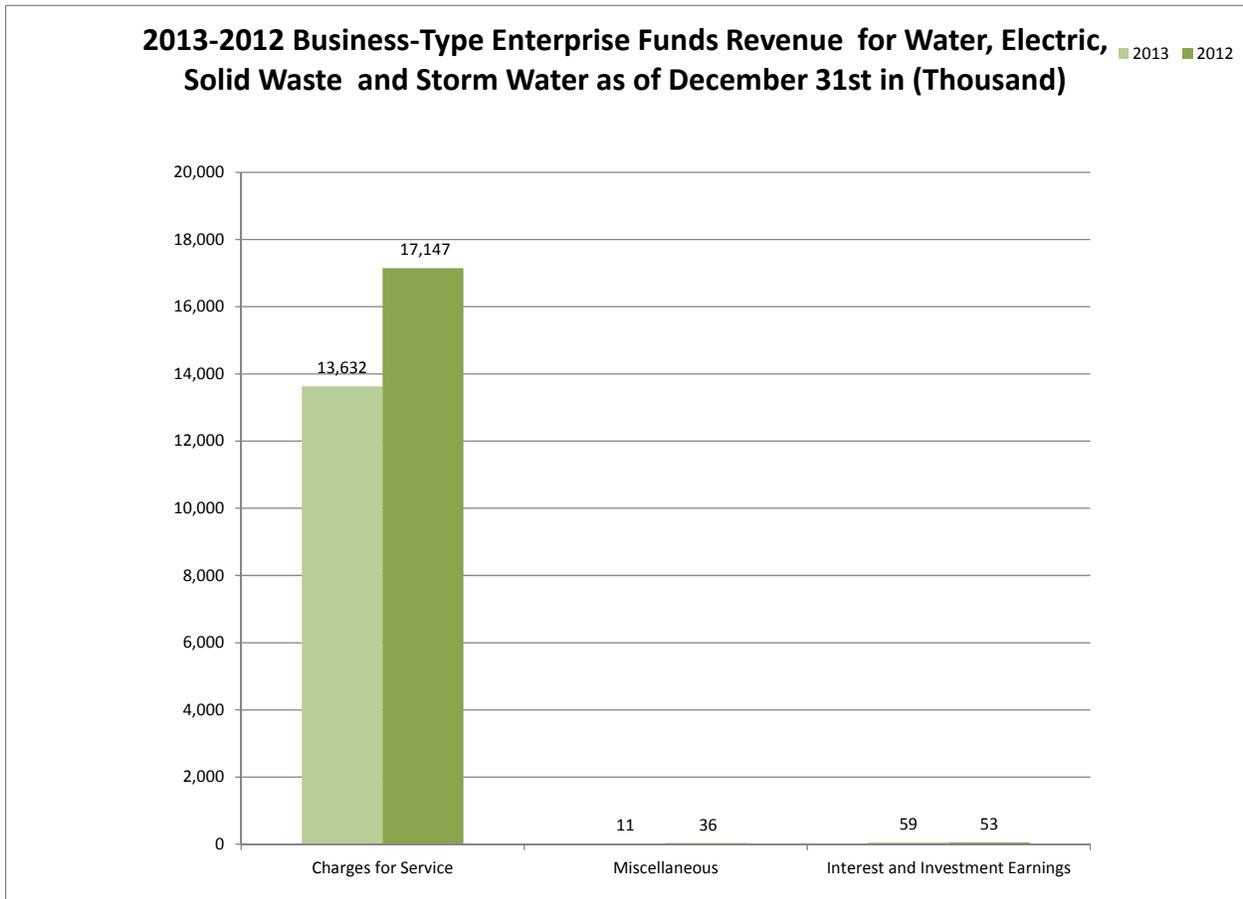
Sales for Business-Type activities were \$13,632,095 an decrease of 20% over the prior year sales of \$17,147,202.



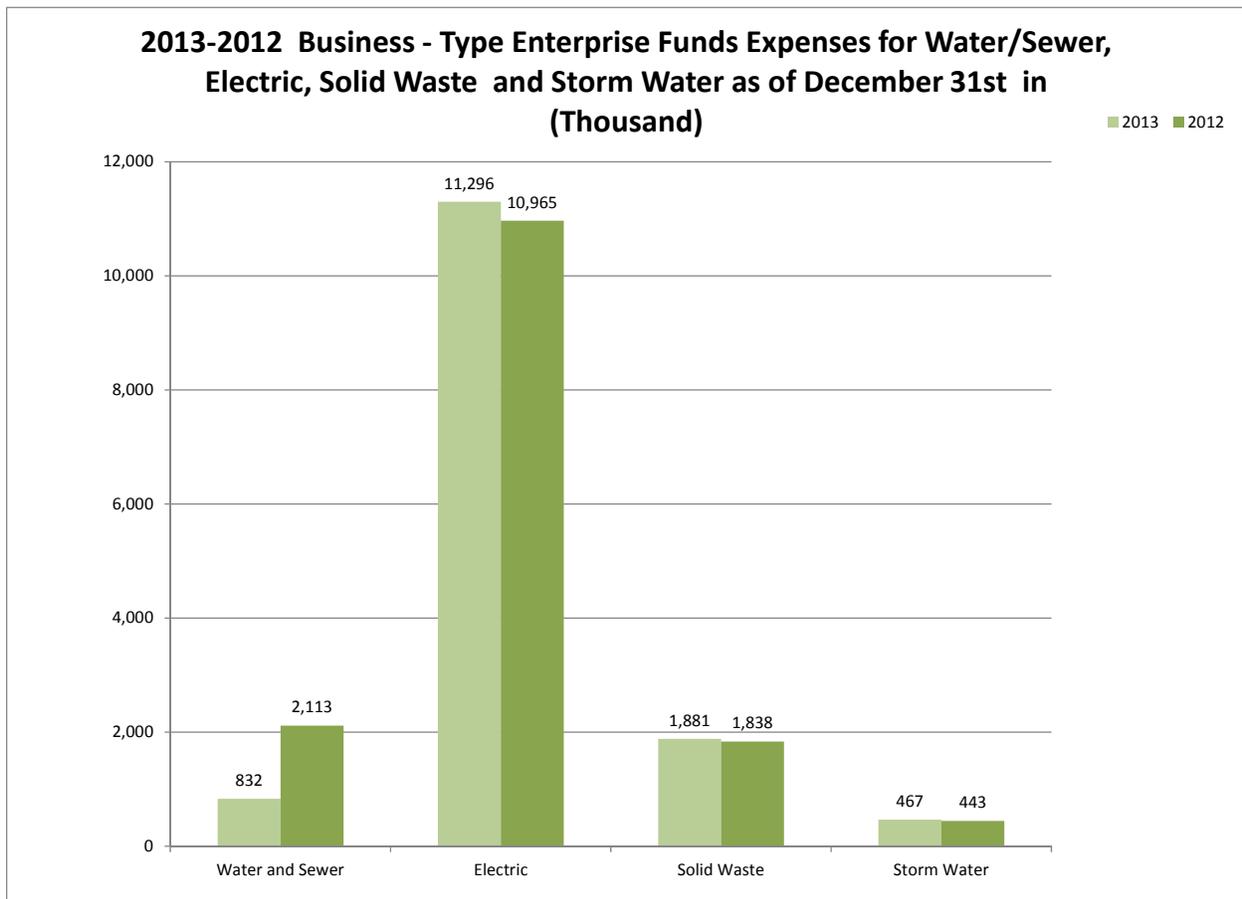
Expenses for the Business-type Activities were \$14.4 million, of which Electric accounted for 78%, Water/Sewer 6%, Solid Waste 13% and Storm Water 3%.



**Business-Type;** Water/Sewer, Electric, Storm Water, and Solid Waste charges for services decreased 20%, Miscellaneous decreased 69% and Interest on Investment Earning increased by 11%



**Business-Type:** Water/Sewer expenses decreased 61%, Electric increased 3%, Solid Waste increased 2% and Storm Water increased 5%.



The Water and Sewer Utility Enterprise Fund net position decreased by \$7,323,894. The decrease in net position was due to the transfer to the General Fund compared to \$0 in 2012 and the loss on sale of capital assets in the amount of \$5,272,289 due to the sale of the water system.

The Electric Utility Enterprise Fund net position decreased by \$928,172. This was a decrease from 2012 of \$527,019 due to the delay in raising the electrical rates due to the rise in the cost of purchased power.

The Solid Waste Utility Enterprise Fund net position increased by \$99,504. This is an increase from 2012 of a loss of \$208,547 due to the addition of additional service coverage area.

The Storm Water Utility Fund net position increased by \$121,892. This is an increase from 2012 of \$34,358 due to a decrease in personal services.

Review pages 101-112 (Exhibits F-1 thru F-12) for additional information on Enterprise Funds.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S INDIVIDUAL FUNDS

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

**Governmental funds.** The City uses governmental funds to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, an unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The City of Norcross uses nine governmental funds.

At the end of the current year, the City's General Fund reported an ending fund balance of \$9,836,451 an increase of \$862,389 or (10%) in comparison with the prior year. Approximately 96.5% of this amount (\$9,497,619) constitutes an unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is in a nonspendable form.

As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 73% of total general fund expenditures for the current year.

Key factors in the increase of the General Fund's fund balance of \$862,389 during the current year are:

- This increase is due to the ongoing payment as a result of the settlement of the Service Delivery Strategy with the County
- For 2013, there were transfers in of \$2,130,440. \$2,000,000 was transferred in from the Water Sewer Enterprise Fund and \$130,440 was transferred in from the Hotel/Motel Fund.

Below is a breakdown of 2013-2012 Revenues and Expenses comparison:

- 2013-2012 Revenues comparison: Revenues for 2013 are \$9,106,681 and 2012 revenues were \$10,074,184. Revenues decreased by \$967,503 which is a decrease of 10% over 2012.
- 2013-2012 Expenditures comparison: Expenditures for 2013 are \$10,214,312 and 2012 expenditures were \$9,100,575. Expenditures increased by \$1,113,737, a 12% increase over 2012.

Below are several revenue line items that have an increase (decrease) in revenue over 2012.

- Tax revenue decreased by \$4,194 (<1%) as a result of a slight decrease in various types of taxes.
- Investment earnings increased by \$7,371 (360%) due to the market rate being up on investments.
- Licenses and permits decreased by \$26,115 (6%) due to the closing of a few businesses.
- Fine, fees and forfeitures increased by \$47,202 (4%) over 2012 due to the increase in collection efforts.
- Charges for services increased by \$17,051 (13%) due to the increase in fees.
- Other increased by \$30,748 (29%) due to the increase in miscellaneous revenue

Review pages 79-84 (Exhibits C-1 thru C-4) for additional information on the General Fund.

## SPECIAL REVENUE FUNDS

- Confiscated Assets Fund: The fund balance for 2012 was \$4,807 and for 2013 is \$4,810. This is a increase of \$3 which is a <1% increase over 2012.
- Hotel/Motel Tax Fund: The fund balance for 2012 was \$226,198 and for 2013 is \$257,621. This is a increase of \$31,423, which is a 14% increase over 2012.
- Federal Seized Drug Fund: The fund balance for 2012 was \$9,249 and for 2013 is \$80,754. This is an increase of \$71,505, which is a 773% increase over 2012.
- Police Grant Fund: The fund balance for 2012 was \$0 and for 2013 is \$0. All projects are complete and this Grant Fund has been closed out.
- Technology Surcharges Fund: The fund balance for 2012 was \$62,469 and for 2013 is \$106,041. This is an increase of \$43,572, which is a 70% increase over 2012.

Review pages 85-94 (Exhibits D-1 thru D-10) for additional information on the Special Revenue Funds.

## CAPITAL PROJECTS FUNDS

The City has two Special Purpose Local Option Sale Tax funds for the purpose of funding capital projects. These funds were voted on and approved by the citizens of Norcross by referendum in an election.

- 2009 Special Purpose Local Option Sales Tax Fund: The fund balance for 2012 is \$993,059 and for 2013 is \$1,645,727. This is an increase of \$652,668.
- Capital Grants: The fund balance for 2012 was \$144,490 and for 2013 is \$262,112. This is an increase of \$117,622 which is a increase of 81% over 2012.

Review pages 95-100 (Exhibits E-1 thru E-6) for additional information on the Capital Projects Funds.

## PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

2013 Net position of the City's four proprietary funds are as follows:

Water and Sewer Utility	\$ 1,220,300
Electric Utility	13,362,166
Solid Waste Utility	1,161,086
Storm Water Utility	1,096,126

The decrease in net position for the funds was \$8,030,670, which is a 957% decrease over 2012. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's Business-type Activities.

Review pages 101-112 (Exhibits F-1 thru F-12) for additional information on the Enterprise Funds.

## COMPONENT UNIT

The Component Unit 2012 Balance Sheet shows fund balance of \$424,150 and 2013 Balance Sheet shows fund balance of \$397,106. This is a decrease of \$27,044 which is a decrease of 6% over 2012.

Review pages 115-116 (Exhibits H-1 thru H-2) for additional information on the Downtown Development Component Unit.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund 2013 adopted budget was \$8,775,219. Final year end budget total was \$10,819,913. There were budget adjustments of \$2,044,694 due to the transfer from the sale of the Water/Sewer Fund and other projects within the various departments.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

#### **Governmental and Business-Type**

The investment in capital assets for the City's Governmental and Business- type activities as of December 31, 2013, amounted to \$61,800,888 (net of accumulated depreciation), which is a 9% decrease from 2012. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and distribution systems for water/sewer, electricity and storm water.

During the year ended December 31, 2013, the City invested \$3,563,413 in new capital assets. Investment for business-type activities totaled \$508,131, while \$3,055,282 was for governmental activities. Major capital asset events during the current year included the following:

Governmental Activities : \$3,055,282

- \$1,185,483 Purchase of Land
- \$1,308,163 Construction in Progress
- \$113,638 Buildings
- \$77,419 Infrastructure
- \$299,500 Vehicles and equipment
- \$71,079 Furniture and Fixtures

Business-type Activities : \$508,131

- \$449,376 Construction in Progress
- \$51,419 Investment in the water/sewer, electrical, and storm water distribution systems
- \$7,336 Vehicles and equipment

More information on capital assets may be found in the Note 9 to the Financial Statements, Exhibit A-12, on pages 57-58 of this report.

### *Debt Administration*

#### *Primary Government:*

At the end of 2013 the City had no debt.

### ***Component Unit:***

At the end of the current year, the Downtown Development Authority had outstanding debt. The Downtown Development Authority purchased real property in the original amount of \$57,5000, and as of December 31, 2013 the balance of the noted is \$36,631. Monthly installments of principle and interest are due through August 1, 2017, with unpaid interest due September 1, 2017: interest at 3.00%.

Downtown Development Authority entered into an intergovernmental agreement with the City on December 20, 2006 in the amount of \$258,000 for the purchase of 62 College Street (Tea Folk House). On July 22, 2010, a portion of this property was returned to the City and \$165,500 of the original amount was forgiven. As of December 31, 2013 the balance was \$92,500. The balance is due on December 1, 2017: interest at 0.00%.

Downtown Development Authority entered into a lending agreement with the City of Norcross in the amount of \$100,000 on July 22, 2010. The proceeds were then loaned to a local business for renovation improvements. As of December 31, 2013, the balance was \$100,000. The balance is due on September 1, 2017; interest payments are due monthly through September 1, 2017 at the MEAG Municipal Competitive Trust Short-term Portfolio rate of return at quarter end plus 1%;

More information on long-term debt may be found in the Note 13 to the Financial Statements, Exhibit A-12, on pages 60-61 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected officials and management considered many factors when adopting the budget for the year ending December 31, 2014. Budget calculations were based on, but not limited to, the following factors:

- The City has completed negotiations with Gwinnett County to sell the Water/Sewer System. The County will be able to operate the system at a lower cost than the City.
- The Storm Water department has been operating for five years, and we are yet faced with the challenge to make sure rates are set to accommodate capital replacement and fund the operation of the department. With an old Storm Water System, there are high dollar projects that need to be done and it will be hard to do with the current rate.
- SPLOST funds from Gwinnett County are being received at an average monthly rate of \$126,833. These funds are restricted for Roads and Streets, Recreation, Administration Facilities, and Parking Facilities. The challenge at this point is the decrease in projected funds from the County and the need to re-adjust projects.
- Tee-Grant and LCI revenues and expenditures will continue to be recognized during 2014.
- Departmental expenditures were budgeted to account for the increase in revenue due to the increase in population as a result of the annexation . The City will only fill necessary positions.
- The revenue projected is expected to be consistent with 2013 due to the annexation.
- The biggest challenge for 2014 as in prior years, is to continue to provide excellent customer service to residents by not reducing services or current staff.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Norcross finances for all of its citizens, taxpayers, customers, investors and creditors and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrative Services Director, 65 Lawrenceville Street, Norcross GA, 30071.

***BASIC FINANCIAL STATEMENTS***

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 5,692,619	\$ 3,042,933	\$ 8,735,552	\$ 117,211
Certificates of deposit	3,662,639	0	3,662,639	0
Investments	0	2,178,246	2,178,246	0
Restricted assets				
Cash and cash equivalents	0	122,765	122,765	0
Investments	0	3,886,150	3,886,150	0
Receivables (net)				
Accounts	24,995	2,228,691	2,253,686	0
Taxes	1,355,796	0	1,355,796	0
Intergovernmental	877,076	0	877,076	0
Notes	0	0	0	2,757
Interest	6,223	0	6,223	0
Internal balances	1,419,201	(1,419,201)	0	0
Prepaid items	71,980	129,376	201,356	0
Property held for resale	1,085,766	0	1,085,766	112,994
Inventories	0	789,209	789,209	0
	<u>14,196,295</u>	<u>10,958,169</u>	<u>25,154,464</u>	<u>232,962</u>
Total current assets				
<b>Noncurrent assets</b>				
Notes receivable	192,500	0	192,500	173,059
Capital assets				
Non-depreciable	18,859,864	392,157	19,252,021	13,846
Depreciable (net)	34,239,117	8,309,750	42,548,867	0
	<u>53,291,481</u>	<u>8,701,907</u>	<u>61,993,388</u>	<u>186,905</u>
Total noncurrent assets				
<b>Total assets</b>	<u>67,487,776</u>	<u>19,660,076</u>	<u>87,147,852</u>	<u>419,867</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	454,984	342,951	797,935	5,717
Retainages	0	0	0	0
Intergovernmental	230,546	786,758	1,017,304	3,198
Sales tax	0	43,330	43,330	0
Accrued salaries and payroll liabilities	191,842	12,738	204,580	0
Compensated absences	157,562	10,631	168,193	0
Unearned revenue	3,518	218,219	221,737	0
Other liabilities	948,068	0	948,068	0
Notes payable	0	0	0	3,717
Liabilities payable from restricted assets				
Customer deposits payable	0	561,696	561,696	0
	<u>1,986,520</u>	<u>1,976,323</u>	<u>3,962,843</u>	<u>12,632</u>
Total current liabilities				
Noncurrent liabilities				
Notes payable	0	0	0	225,414
Net OPEB obligation	6,975,325	844,075	7,819,400	0
	<u>6,975,325</u>	<u>844,075</u>	<u>7,819,400</u>	<u>225,414</u>
Total noncurrent liabilities				
<b>Total liabilities</b>	<u>8,961,845</u>	<u>2,820,398</u>	<u>11,782,243</u>	<u>238,046</u>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
*December 31, 2013*

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Downtown Development Authority</b>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 52,909,899	\$ 8,701,907	\$ 61,611,806	\$ 13,846
Restricted for:				
General Government	106,041	0	106,041	0
Public Safety	85,564	0	85,564	0
Public Works	262,112	0	262,112	0
MEAG generation projects	0	3,447,219	3,447,219	0
Capital projects	1,645,727	0	1,645,727	0
Unrestricted	3,516,588	4,690,552	8,207,140	167,975
<b>Total net position</b>	<b>\$ 58,525,931</b>	<b>\$ 16,839,678</b>	<b>\$ 75,365,609</b>	<b>\$ 181,821</b>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities					
General Government	\$ 2,335,257	\$ 160,061	\$ 17,201	\$ 0	\$ (2,157,995)
Judicial	396,917	0	0	0	(396,917)
Public Safety	5,916,036	1,481,572	955,711	557,757	(2,920,996)
Public Works	2,371,194	0	9,150	437,937	(1,924,107)
Culture and Recreation	368,182	55,851	0	1,033,922	721,591
Housing and Development	1,657,871	303,919	0	320,351	(1,033,601)
Total governmental activities	13,045,457	2,001,403	982,062	2,349,967	(7,712,025)
Business-type activities					
Water and Sewer Utility	831,900	655,601	0	0	(176,299)
Electric Utility	11,295,538	10,281,539	0	0	(1,013,999)
Solid Waste	1,880,634	1,974,571	0	0	93,937
Storm Water Utility	466,801	720,384	0	0	253,583
Total business-type activities	14,474,873	13,632,095	0	0	(842,778)
Total primary government	27,520,330	15,633,498	982,062	2,349,967	(8,554,803)
<b>Component Unit</b>					
Downtown Development Authority					
Housing and Development	38,198	0	0	0	(38,198)
<b>Primary Government</b>					
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>	
<b>Change in net assets</b>					
Net (expense) revenue	\$ (7,712,025)	\$ (842,778)	\$ (8,554,803)	\$ (38,198)	
General revenues					
Taxes					
Property	4,328,183	0	4,328,183	0	
Franchise	1,127,117	0	1,127,117	0	
Insurance premium	470,240	0	470,240	0	
Intangibles	72,910	0	72,910	0	
Occupational	339,261	0	339,261	0	
Alcoholic beverage	241,119	0	241,119	0	
Hotel/Motel	692,354	0	692,354	0	
Interest and investment earnings	11,831	58,948	70,779	10,704	
Payments from City of Norcross	0	0	0	25,000	
Miscellaneous	142,012	11,022	153,034	2,998	
Extraordinary items	0	(5,272,289)	(5,272,289)	(14,391)	
Transfers	1,985,573	(1,985,573)	0	0	
Total general revenues, special items, and transfers	9,410,600	(7,187,892)	2,222,708	24,311	
Change in net position	1,698,575	(8,030,670)	(6,332,095)	(13,887)	
Net position - beginning	56,827,356	24,870,348	81,697,704	195,708	
Net position - ending	\$ 58,525,931	\$ 16,839,678	\$ 75,365,609	\$ 181,821	

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2013**

	<u>General</u>	<u>2009 SPLOST</u>	<u>Grants Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,177,587	\$ 1,858,413	\$ 86,794	\$ 569,825	\$ 5,692,619
Certificates of deposit	3,662,639	0	0	0	3,662,639
Receivables (net)					
Accounts	24,995	0	0	0	24,995
Taxes	1,222,416	0	0	133,380	1,355,796
Intergovernmental	45,422	273,701	557,953	0	877,076
Notes	192,500	0	0	0	192,500
Interest	6,223	0	0	0	6,223
Prepaid items	57,730	0	0	14,250	71,980
Due from other funds	2,034,213	77,012	0	12,298	2,123,523
Property held for resale	1,085,766	0	0	0	1,085,766
Advances to other funds	281,102	0	0	0	281,102
<b>Total assets</b>	<b>\$ 11,790,593</b>	<b>\$ 2,209,126</b>	<b>\$ 644,747</b>	<b>\$ 729,753</b>	<b>\$ 15,374,219</b>
<b>LIABILITIES</b>					
Payables					
Accounts	\$ 253,573	\$ 0	\$ 189,082	\$ 12,330	\$ 454,985
Intergovernmental	0	0	0	230,546	230,546
Accrued salaries and payroll liabilities	191,237	0	0	605	191,842
Unearned revenue	3,518	0	0	0	3,518
Due to other funds	20	12,298	193,553	0	205,871
Other liabilities	911,022	0	0	37,046	948,068
Advances from other funds	228,451	551,101	0	0	779,552
<b>Total liabilities</b>	<b>1,587,821</b>	<b>563,399</b>	<b>382,635</b>	<b>280,527</b>	<b>2,814,382</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue- property taxes	366,321	0	0	0	366,321
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	57,730	0	0	14,250	71,980
Advances to other funds	281,102	0	0	0	281,102
Restricted for:					
General Government	0	0	0	106,041	106,041
Public Safety	0	0	0	85,564	85,564
Public Works	0	0	262,112	0	262,112
Capital outlay	0	1,645,727	0	0	1,645,727
Assigned for:					
Housing and Development	0	0	0	243,371	243,371
Unassigned	9,497,619	0	0	0	9,497,619
<b>Total fund balances</b>	<b>9,836,451</b>	<b>1,645,727</b>	<b>262,112</b>	<b>449,226</b>	<b>12,193,516</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 11,790,593</b>	<b>\$ 2,209,126</b>	<b>\$ 644,747</b>	<b>\$ 729,753</b>	<b>\$ 15,374,219</b>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
December 31, 2013**

**Total fund balance - total governmental funds** \$ 12,193,516

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

Some assets are not financial resources and, therefore, are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation	53,098,981
---	------------

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

These are:

Property taxes	366,321
----------------	---------

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

These are:

Compensated absences	(157,562)	
Net OPEB obligations	<u>(6,975,325)</u>	<u>(7,132,887)</u>

Net position of governmental activities		<u><u>\$ 58,525,931</u></u>
---	--	-----------------------------

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2013**

	<u>General</u>	<u>2009 SPLOST</u>	<u>Grants Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes	\$ 6,233,524	\$ 0	\$ 0	\$ 692,354	\$ 6,925,878
Licenses and permits	438,271	0	0	0	438,271
Fines, fees and forfeitures	1,182,629	0	0	196,652	1,379,281
Charges for services	149,116	0	0	0	149,116
Intergovernmental	939,303	1,475,582	899,286	0	3,314,171
Interest	9,416	1,450	0	2,415	13,281
Contributions	16,408	0	0	0	16,408
Other	138,015	0	0	4,000	142,015
<b>Total revenues</b>	<u>9,106,682</u>	<u>1,477,032</u>	<u>899,286</u>	<u>895,421</u>	<u>12,378,421</u>
<b>EXPENDITURES</b>					
Current					
General Government	1,867,243	0	0	26,345	1,893,588
Judicial	316,105	0	0	0	316,105
Public Safety	4,612,848	0	0	55,701	4,668,549
Public Works	1,417,518	0	0	0	1,417,518
Culture and Recreation	230,056	0	0	0	230,056
Housing and Development	1,770,542	0	0	522,005	2,292,547
Capital outlay	0	855,778	910,671	0	1,766,449
<b>Total expenditures</b>	<u>10,214,312</u>	<u>855,778</u>	<u>910,671</u>	<u>604,051</u>	<u>12,584,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,107,630)</u>	<u>621,254</u>	<u>(11,385)</u>	<u>291,370</u>	<u>(206,391)</u>
Other financing sources (uses)					
Transfers in	2,130,440	31,414	160,421	0	2,322,275
Transfers out	<u>(160,421)</u>	<u>0</u>	<u>(31,414)</u>	<u>(144,867)</u>	<u>(336,702)</u>
Total other financing sources (uses)	<u>1,970,019</u>	<u>31,414</u>	<u>129,007</u>	<u>(144,867)</u>	<u>1,985,573</u>
Net change in fund balance	862,389	652,668	117,622	146,503	1,779,182
Fund balances, January 1	<u>8,974,062</u>	<u>993,059</u>	<u>144,490</u>	<u>302,723</u>	<u>10,414,334</u>
<b>Fund balances, December 31</b>	<u><u>\$ 9,836,451</u></u>	<u><u>\$ 1,645,727</u></u>	<u><u>\$ 262,112</u></u>	<u><u>\$ 449,226</u></u>	<u><u>\$ 12,193,516</u></u>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the year ended December 31, 2013**

**Net change in fund balances - total governmental funds** \$ 1,779,182

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 3,105,214	
Depreciation	<u>(1,700,062)</u>	1,405,152

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred inflows.		345,306
---	--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences	3,091	
Net OPEB obligations	<u>(1,834,156)</u>	<u>(1,831,065)</u>

Change in net position of governmental activities		<u>\$ 1,698,575</u>
---	--	---------------------

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) AND ACTUAL**  
**For the year ended December 31, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES</b>				
Taxes	\$ 6,140,800	\$ 6,195,968	\$ 6,233,524	\$ 37,556
Licenses and permits	359,200	394,659	438,271	43,612
Fines, fees and forfeitures	1,100,000	1,100,000	1,182,629	82,629
Charges for services	96,400	96,400	149,116	52,716
Intergovernmental	1,096,530	1,167,992	939,303	(228,689)
Interest	3,200	3,200	9,416	6,216
Contributions	0	0	16,408	16,408
Other	69,223	69,222	138,015	68,793
<b>Total revenues</b>	<b>8,865,353</b>	<b>9,027,441</b>	<b>9,106,682</b>	<b>79,241</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Governing Body	230,356	234,289	233,384	905
Administration	425,322	487,724	462,713	25,011
City Clerk	264,405	247,367	198,321	49,046
Chief Executive	88,653	151,909	147,249	4,660
Information Technology	797,258	867,998	825,576	42,422
Judicial				
Municipal Court	374,178	326,300	316,105	10,195
Public Safety				
Police	3,474,314	4,252,952	4,026,624	226,328
E911 Communications	602,064	588,954	586,224	2,730
Public Works				
Public Works Administration	1,328,556	1,575,306	1,417,518	157,788
Culture and Recreation				
Parks and Recreation	360,797	242,756	230,056	12,700
Housing and Development				
Community Development	625,747	1,583,111	1,580,578	2,533
Economic Development	203,569	236,247	164,964	71,283
Downtown Development Authority	0	25,000	25,000	0
<b>Total expenditures</b>	<b>8,775,219</b>	<b>10,819,913</b>	<b>10,214,312</b>	<b>605,601</b>
Excess (deficiency) of revenues over (under) expenditures	90,134	(1,792,472)	(1,107,630)	684,842
Other financing sources (uses)				
Transfers in	0	130,440	2,130,440	2,000,000
Transfers out	0	0	(160,421)	(160,421)
Contingency	(90,134)	(90,134)	0	90,134
<b>Total other financing sources (uses)</b>	<b>(90,134)</b>	<b>40,306</b>	<b>1,970,019</b>	<b>1,929,713</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,752,166)	862,389	2,614,555
Fund balances, January 1	0	1,752,166	8,974,062	7,221,896
<b>Fund balances, December 31</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,836,451</b>	<b>\$ 9,836,451</b>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2013**

	Business Type				Totals
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 1,225,108	\$ 11,220	\$ 1,126,641	\$ 679,964	\$ 3,042,933
Investments	0	2,178,246	0	0	2,178,246
Restricted assets					
Cash and cash equivalents	0	0	122,765	0	122,765
Investments	0	3,886,150	0	0	3,886,150
Accounts receivable (net)	0	1,754,344	328,298	146,049	2,228,691
Prepaid items	0	127,995	0	1,381	129,376
Inventories	0	789,209	0	0	789,209
<b>Total current assets</b>	<b>1,225,108</b>	<b>8,747,164</b>	<b>1,577,704</b>	<b>827,394</b>	<b>12,377,370</b>
<b>Noncurrent assets</b>					
Capital assets					
Non-depreciable	0	392,157	0	0	392,157
Depreciable (net)	0	7,680,701	0	629,049	8,309,750
Other assets					
Advances to other funds	0	498,451	0	0	498,451
<b>Total noncurrent assets</b>	<b>0</b>	<b>8,571,309</b>	<b>0</b>	<b>629,049</b>	<b>9,200,358</b>
<b>Total assets</b>	<b>1,225,108</b>	<b>17,318,473</b>	<b>1,577,704</b>	<b>1,456,443</b>	<b>21,577,728</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables					
Accounts	4,808	120,574	162,933	54,636	342,951
Intergovernmental	0	786,758	0	0	786,758
Sales tax	0	43,330	0	0	43,330
Accrued salaries and payroll liabilities					
Compensated absences	0	11,715	0	1,023	12,738
Unearned revenue	0	8,881	0	1,750	10,631
Due to other funds	0	87,299	130,920	0	218,219
Liabilities payable from restricted assets					
Customer deposits payable	0	1,917,652	0	0	1,917,652
Customer deposits payable	0	438,931	122,765	0	561,696
<b>Total current liabilities</b>	<b>4,808</b>	<b>3,415,140</b>	<b>416,618</b>	<b>57,409</b>	<b>3,893,975</b>
<b>Noncurrent liabilities</b>					
Net OPEB obligation	0	541,167	0	302,908	844,075
<b>Total liabilities</b>	<b>4,808</b>	<b>3,956,307</b>	<b>416,618</b>	<b>360,317</b>	<b>4,738,050</b>
<b>NET POSITION</b>					
Investment in capital assets	0	8,072,858	0	629,049	8,701,907
Restricted for:					
MEAG generation projects	0	3,447,219	0	0	3,447,219
Unrestricted	1,220,300	1,842,089	1,161,086	467,077	4,690,552
<b>Total net position</b>	<b>\$ 1,220,300</b>	<b>\$ 13,362,166</b>	<b>\$ 1,161,086</b>	<b>\$ 1,096,126</b>	<b>\$ 16,839,678</b>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2013**

	Business Type				Totals
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 655,601	\$ 10,281,539	\$ 1,974,571	\$ 720,384	\$ 13,632,095
Other	10,144	878	0	0	11,022
<b>Total operating revenues</b>	<u>665,745</u>	<u>10,282,417</u>	<u>1,974,571</u>	<u>720,384</u>	<u>13,643,117</u>
<b>OPERATING EXPENSES</b>					
Costs of sales and services	640,703	10,083,931	1,801,590	106,655	12,632,879
Personal services	107,801	952,618	79,044	318,395	1,457,858
Depreciation	83,396	258,989	0	41,751	384,136
<b>Total operating expenses</b>	<u>831,900</u>	<u>11,295,538</u>	<u>1,880,634</u>	<u>466,801</u>	<u>14,474,873</u>
Operating income (loss)	<u>(166,155)</u>	<u>(1,013,121)</u>	<u>93,937</u>	<u>253,583</u>	<u>(831,756)</u>
Non-operating revenues (expenses)					
Investment revenue	5,160	45,292	5,567	2,929	58,948
Distribution of capital assets to Stormwater Utility Fund	<u>(8,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,000)</u>
Total non-operating revenues (expenses)	<u>(2,840)</u>	<u>45,292</u>	<u>5,567</u>	<u>2,929</u>	<u>50,948</u>
Income (loss) before capital contributions, extraordinary item and transfers	<u>(168,995)</u>	<u>(967,829)</u>	<u>99,504</u>	<u>256,512</u>	<u>(780,808)</u>
Capital Contributions					
Contributions of capital assets from Water and Sewer Utility Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000</u>	<u>8,000</u>
Extraordinary item					
Loss on sale of capital assets	<u>(5,272,289)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,272,289)</u>
Transfers in (out)					
Transfers in	145,827	39,657	0	1,233	186,717
Transfers out	<u>(2,028,437)</u>	<u>0</u>	<u>0</u>	<u>(143,853)</u>	<u>(2,172,290)</u>
Total transfers	<u>(1,882,610)</u>	<u>39,657</u>	<u>0</u>	<u>(142,620)</u>	<u>(1,985,573)</u>
Change in net position	(7,323,894)	(928,172)	99,504	121,892	(8,030,670)
Net position, January 1	<u>8,544,194</u>	<u>14,290,338</u>	<u>1,061,582</u>	<u>974,234</u>	<u>24,870,348</u>
<b>Net position, December 31</b>	<u><u>\$ 1,220,300</u></u>	<u><u>\$ 13,362,166</u></u>	<u><u>\$ 1,161,086</u></u>	<u><u>\$ 1,096,126</u></u>	<u><u>\$ 16,839,678</u></u>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2013**

	Business Type				Totals
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 1,028,202	\$ 10,387,027	\$ 1,919,213	\$ 689,627	\$ 14,024,069
Payments to suppliers	(728,323)	(9,879,619)	(1,938,076)	(107,447)	(12,653,465)
Payments to employees	(259,310)	(812,482)	(79,044)	(115,480)	(1,266,316)
Other receipts	10,144	878	0	0	11,022
Net cash provided (used) by operating activities	50,713	(304,196)	(97,907)	466,700	115,310
<b>Cash flows from non-capital financing activities:</b>					
Receipts from other funds	145,827	1,000,309	164,586	1,233	1,311,955
Payments to other funds	(2,028,437)	0	0	(143,853)	(2,172,290)
Net cash provided (used) by non-capital financing activities	(1,882,610)	1,000,309	164,586	(142,620)	(860,335)
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from the sale of assets	2,000,000	0	0	0	2,000,000
Acquisition of capital assets	0	(454,331)	0	(2,383)	(456,714)
Net cash provided (uses) by capital and related financing activities	2,000,000	(454,331)	0	(2,383)	1,543,286
<b>Cash flows from investing activities:</b>					
Interest received	5,160	45,292	5,567	2,929	58,948
Purchase of investments	0	(467,059)	0	0	(467,059)
Net cash provided (used) by investing activities	5,160	(421,767)	5,567	2,929	(408,111)
Net increase (decrease) in cash and cash equivalents	173,263	(179,985)	72,246	324,626	390,150
Cash and cash equivalents, January 1	1,051,845	191,205	1,177,160	355,338	2,775,548
<b>Cash and cash equivalents, December 31</b>	<b>\$ 1,225,108</b>	<b>\$ 11,220</b>	<b>\$ 1,249,406</b>	<b>\$ 679,964</b>	<b>\$ 3,165,698</b>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended December 31, 2013**

	Business Type				Totals
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (166,155)	\$ (1,013,121)	\$ 93,937	\$ 253,583	\$ (831,756)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	83,396	258,989	0	41,751	384,136
(Increase) decrease in accounts receivable	453,027	62,769	55,173	(30,757)	540,212
(Increase) decrease in prepaid items	1,724	49,755	0	760	52,239
(Increase) decrease in inventories	28,946	18,880	0	0	47,826
Increase (decrease) in accounts payable	(12,712)	60,093	(136,486)	(1,552)	(90,657)
Increase (decrease) in intergovernmental payable	(105,578)	75,584	0	0	(29,994)
Increase (decrease) in sales tax payable	0	(6,068)	0	0	(6,068)
Increase (decrease) in unearned revenue	0	765	(122,090)	0	(121,325)
Increase (decrease) in deposits payable	(80,426)	48,022	11,559	0	(20,845)
Increase (decrease) in net OPEB obligation	(143,853)	138,055	0	203,019	197,221
Increase (decrease) in accrued payroll liabilities	(7,656)	2,081	0	(104)	(5,679)
Total adjustments	216,868	708,925	(191,844)	213,117	947,066
Net cash provided (used) by operating activities	\$ 50,713	\$ (304,196)	\$ (97,907)	\$ 466,700	\$ 115,310
<b>Cash and cash equivalents reconciliation:</b>					
Cash and cash equivalents Restricted assets	\$ 1,225,108	\$ 11,220	\$ 1,126,641	\$ 679,964	\$ 3,042,933
Cash and cash equivalents	0	0	122,765	0	122,765
Total cash and cash equivalents	\$ 1,225,108	\$ 11,220	\$ 1,249,406	\$ 679,964	\$ 3,165,698

**Noncash investing, capital, and financing activities:**

Acquisition of capital assets through accounts payable totaled \$51,417 for the year ended December 31, 2013.

Contribution and distribution of capital assets to and from government totaled \$8,000 for the year ended December 31, 2013.

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2013**

	<u>Municipal Court Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>143,311</u>
<b>LIABILITIES</b>	
Due to other agencies	\$ <u><u>143,311</u></u>

See accompanying notes to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**1. Description of Government Unit**

The City of Norcross was established in 1870. The City operates under a council/mayor and city manager form of government and provides the following services: public safety, highways and streets, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities for water and sewerage, and electric, as well as sanitation and storm water for the incorporated and immediate surrounding areas.

The City is governed by an elected mayor and five-member council.

**2. Summary of Significant Accounting Policies**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Norcross (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of the following component unit have been included as discretely presented component unit.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**B. Reporting Entity, continued**

**City of Norcross Downtown Development Authority**

The City of Norcross Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council and an executive director. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Norcross. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Norcross Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the section labeled "Component Unit" (See Exhibit H). The City of Norcross Downtown Development Authority has a December 31<sup>st</sup> year-end. Individual financial statements may be obtained by contacting the City of Norcross Downtown Development Authority, 65 Lawrenceville Street, Norcross, GA 30071.

**Norcross Development Authority**

The Norcross Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council. The Development Authority provides for the development and promotion of trade, commerce, industry, and employment opportunities in the City of Norcross. There was no activity for the Development Authority in 2013.

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**C. Basis of Presentation – Government-wide Financial Statements, continued**

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

**2009 Special Purpose Local Option Sales Tax Capital Projects Fund** - This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

**Grants Capital Projects Fund** - This fund is used to account for capital grants used to finance major capital projects.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

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

The City reports the following major proprietary funds:

***Water and Sewer Utility Fund*** - This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Norcross.

***Electric Utility Fund*** – This fund is used to account for activities connected with the development, operation and maintenance of electric services in the City of Norcross.

***Solid Waste Fund*** – This fund is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Norcross.

***Storm Water Utility Fund*** – This fund is used to account for activities connected with the development, operation and maintenance of storm water services in the City of Norcross.

Additionally, the City reports the following fund types:

**Governmental Fund Types**

***Special Revenue Funds*** – These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

***Capital Projects Funds*** – These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

**Fiduciary Fund Types**

***Agency Funds*** - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has the Municipal Court Agency Fund.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

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

**Component Units**

The Norcross Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

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

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**F. Revenues and Expenditures/Expenses**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**G. Budgets and Budgetary Accounting**

The City Council adopts an annual budget for all governmental fund types, prior to December 31, except for the Capital Project Funds. The Capital Projects Funds are budgeted by the City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

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

At the beginning of September each year, the departments submit their budget requests to the Administrative Services Director. Meetings are held between the Administrative Services Director and department heads in to review the proposed budget. The Administrative Services Director then submits the proposed budget to the City Council by October 1.

During November and December, the Mayor and Council conduct public hearings to discuss the proposed budget and to obtain input from the citizens of the City of Norcross. These hearings are publicized in the local newspaper at least two weeks before each hearing. The final proposed budget is then adopted by the City Council on or before December 31 during a regular Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Changes may be made within an operating budget by departmental request, which must be approved by the City Council. All operating budget transfers between departments and all changes to Capital Projects budgets must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end. The City does not use the encumbrance system of accounting. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of December 31, 2013.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**H. Cash and Investments**

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

**I. Intergovernmental Receivables**

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

**J. Inventories**

Inventories of the Water and Sewer Utility and Electric Utility Enterprise Funds are valued at cost on the average cost method. The cost of these inventories is recorded as an expense when consumed rather than when purchased.

**K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2012 are recorded as prepaid items. The cost of the prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

**L. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**L. Capital Assets, continued**

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

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

Land and construction-in-progress are not depreciated. The other property, plant equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<b>Useful Life</b>	<b>Capitalization</b>
	<b>in Years</b>	<b>Threshold</b>
Buildings	50	\$ 2,000
Distribution systems	50	\$ 20,000
Roads (per lane mile)	50	\$ 50,000
Bridges and culverts	50	\$ 20,000
Sidewalks and streetlights	50	\$ 20,000
Storm water system	50	\$ 20,000
Equipment	7-10	\$ 2,000
Vehicles	5	\$ 2,000
Furniture and fixtures	7-10	\$ 2,000
Land improvements	25-50	\$ 2,000
Intangibles	15	\$ 2,000

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**L. Capital Assets, continued**

All land will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**N. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation benefits and compensatory time, which will be paid to the employees upon separation from City service. Accumulated unpaid compensated absence amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

**O. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**P. Capital Contributions**

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**Q. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**R. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**S. Restricted Assets and Restricted Net Position**

Restricted assets of the Enterprise Funds represent certain resources set aside for the repayment of revenue bonds because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**T. Fund Balances – Governmental Funds**

The City of Norcross implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2013, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Norcross' highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number.

**Assigned** – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the Administrative Services Director, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**T. Fund Balances – Governmental Funds, continued**

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

**U. Comparative Data and Reclassifications**

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2012 amounts have been reclassified to conform with the 2013 presentation.

**3. Deposit and Investment Risk**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows State of Georgia requirements that all deposits be federally insured or fully collateralized. At December 31, 2013, the City had no uninsured, uncollateralized deposits.

**Interest Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**3. Deposit and Investment Risk (continued)**

**Credit Risk**

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

**Concentration of Credit Risk**

The City has no formal policy on the amount the City may invest in any one issuer.

**Foreign currency risk**

The City has no investments denominated in a foreign currency.

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG then bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in the City's Voluntary Flexible Operating Accounts or Generation Trust Accounts in MEAG's Municipal Competitive Trust in lieu of receiving a refund. This voluntary stabilization funds are used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The generation trust accounts are used to offset the City's share of future MEAG generation projects. The City may not use funds in the generation trust accounts for any other purpose.

The Municipal Competitive Trust accounts are held in the Intermediate and Short-term Portfolios; these portfolios are not rated. At December 31, 2013, the average weighted maturity of the Intermediate and Short-term Portfolios were 24.2 and 7.5 months, respectively. At December 31, 2013, the City's balances in the Voluntary Flexible Operating Accounts were \$2,832,510 and in the Generation Trust Accounts were \$3,231,886.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**3. Deposit and Investment Risk (continued)**

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAf rated money market funds. Georgia Fund 1 is managed by the Georgia Office of State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Georgia Fund 1 is rated AAf by Standard & Poor's. The weighted average maturity at December 31, 2013 was 59 days. At December 31, 2013, the City's balance in Georgia Fund 1 was \$33,157.

**4. Accounts Receivable**

Net accounts receivable at December 31, 2013 consist of the following:

<b>Major Funds</b>			
General Fund		\$	24,994
Enterprise Funds			
Water and Sewer Utility	\$	77,164	
Less: Allowances for Uncollectibles		(77,164)	
Electric Utility		1,769,116	
Less: Allowances for Uncollectibles		(14,772)	
Solid Waste		329,948	
Less: Allowances for Uncollectibles		(1,650)	
Storm Water Utility		253,355	
Less: Allowances for Uncollectibles		(107,306)	
		<u>2,228,691</u>	
Total Primary Government		<u>\$</u>	<u>2,253,685</u>

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**5. Intergovernmental Receivables**

Intergovernmental receivables at December 31, 2013 consist of the following:

**Major Funds**

General Fund	
City of Norcross Downtown Development Authority	\$ 45,422
2009 SPLOST Capital Projects	
Gwinnett County, Georgia	273,701

**Nonmajor Funds**

Grants Capital Projects Fund	
Georgia Department of Transportation	<u>557,953</u>
Total primary government	<u><u>\$ 877,076</u></u>

**6. Taxes Receivable**

***Property Taxes***

Property taxes receivable as of December 31, 2013 consist of property taxes for seven years as follows:

<u>Year of Levy</u>	<u>Amount</u>
2013	\$ 394,676
2012	91,207
2011	20,786
2010	21,794
2009	15,765
2008	20,031
2007	<u>10,019</u>
	574,278
Less allowance for uncollectible	<u>(145,293)</u>
Total	<u><u>\$ 428,985</u></u>

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for 2013, based upon the assessments of January 1, 2013, were billed on September 13, 2013, and due on November 15, 2013. Tax liens are issued 90 days after the due date. The tax rate of 6.242 mills for 2013 was levied on September 3, 2013.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**6. Taxes Receivable (continued)**

***Other Taxes***

\$779,320 of franchise taxes, \$133,381 of hotel/motel taxes, and \$14,110 of alcohol excise taxes are also included in taxes receivable.

**7. Interfund Receivables and Payables**

A summary of interfund receivables and payables is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Electric Utility	\$ 1,917,652
	Grants Capital Projects	116,561
2009 SPLOST	General Fund	20
	Grants Capital Projects	76,992
Nonmajor Governmental	2009 SPLOST	<u>12,298</u>
Subtotal		<u><u>\$ 2,123,523</u></u>

The balance reported in the Nonmajor Governmental Funds as due from the 2009 SPLOST Capital Projects Fund resulted from transactions to move expenditures allowable by the 2009 SPLOST referendum. The balance reported in the 2009 SPLOST Capital Projects Fund as due from the Nonmajor Governmental Funds resulted in transactions to move revenue required to be recorded in the Grants Capital Projects Fund to the 2009 SPLOST Fund that statute required to expend them.

The balances reported in the General and Electric Utilities Funds as due from the 2009 SPLOST Capital Project Fund are advances to the 2009 SPLOST Fund which will be liquidated through future revenue recognition; these balances are not expected to be paid back within the next year.

Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**8. Interfund Transfers**

A summary of interfund transfers is as follows:

<b>Transfer Out Fund</b>	<b>Transfer In Fund</b>	<b><u>Amount</u></b>
General	Grants Capital Projects	\$ 160,421
Hotel/Motel Tax	General	130,440
	Storm Water Utility	1,233
	Water and Sewer Utility	1,974
	Electric Utility	11,220
Grants Capital Projects	2009 SPLOST	31,414
Storm Water Utility	Water and Sewer Utility	143,853
Water and Sewer Utility	General	2,000,000
	Electric Utility	<u>28,437</u>
Subtotal		<u><u>\$ 2,508,992</u></u>

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

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**9. Capital Assets**

Capital asset activity for the primary government for the year ended December 31, 2013 was as follows:

	<u>Balance 12/31/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2013</u>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 15,322,864	\$ 1,185,483	\$	\$ 16,508,347
Construction in progress	1,043,354	1,308,163		2,351,517
Total nondepreciable assets	<u>16,366,218</u>	<u>2,493,646</u>	<u>0</u>	<u>18,859,864</u>
Depreciable assets				
Buildings	12,603,966	113,638	0	12,717,604
Infrastructure	48,794,562	77,419	0	48,871,981
Vehicles and equipment	2,721,025	299,500	0	3,020,525
Furniture and fixtures	2,047,648	71,079	0	2,118,727
Intangible assets	177,474	49,932	0	227,406
Total depreciable assets	<u>66,344,675</u>	<u>611,568</u>	<u>0</u>	<u>66,956,243</u>
Accumulated depreciation				
Buildings	(2,423,515)	(249,588)	0	(2,673,103)
Infrastructure	(25,282,506)	(955,794)	0	(26,238,300)
Vehicles and equipment	(2,064,020)	(223,401)	0	(2,287,421)
Furniture and fixtures	(1,213,180)	(262,992)	0	(1,476,172)
Intangible assets	(33,843)	(8,287)	0	(42,130)
Total accumulated depreciation	<u>(31,017,064)</u>	<u>(1,700,062)</u>	<u>0</u>	<u>(32,717,126)</u>
Total depreciable assets, net	<u>35,327,611</u>	<u>(1,088,494)</u>	<u>0</u>	<u>34,239,117</u>
Governmental activities capital assets, net	<u>\$ 51,693,829</u>	<u>\$ 1,405,152</u>	<u>\$ 0</u>	<u>\$ 53,098,981</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 10,500	\$ 0	\$ (9,500)	\$ 1,000
Construction in progress	397,917	449,376	(456,136)	391,157
Total non-depreciable assets	<u>408,417</u>	<u>449,376</u>	<u>(465,636)</u>	<u>392,157</u>
Depreciable assets				
Distribution system	22,058,460	507,555	(12,347,833)	10,218,182
Vehicles and equipment	1,229,266	7,336	0	1,236,602
Total depreciable assets	<u>23,287,726</u>	<u>514,891</u>	<u>(12,347,833)</u>	<u>11,454,784</u>
Accumulated depreciation				
Distribution system	(6,944,253)	(283,079)	5,085,046	(2,142,286)
Vehicles and equipment	(901,691)	(101,057)	0	(1,002,748)
Total accumulated depreciation	<u>(7,845,944)</u>	<u>(384,136)</u>	<u>5,085,046</u>	<u>(3,145,034)</u>
Total depreciable assets, net	<u>15,441,782</u>	<u>130,755</u>	<u>(7,262,787)</u>	<u>8,309,750</u>
Business-type activities capital assets, net	<u>\$ 15,850,199</u>	<u>\$ 580,131</u>	<u>\$ (7,728,423)</u>	<u>\$ 8,701,907</u>

The storm water drainage system is reported as infrastructure in the Governmental activities. This system will be transferred to the Storm Water Utility Enterprise Fund in the future.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**9. Capital Assets (continued)**

Capital asset activity for the Downtown Development Authority Component Unit for the year ended December 31, 2013 was as follows:

	<u>Balance</u> <u>12/31/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2013</u>
<b>Downtown Development Authority Component Unit</b>				
Non-depreciable assets				
Land	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Construction in progress	<u>0</u>	<u>9,846</u>	<u>0</u>	<u>9,846</u>
	<u>\$ 4,000</u>	<u>\$ 9,846</u>	<u>\$ 0</u>	<u>\$ 13,846</u>

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 254,059
Judicial	922
Public Safety	324,684
Public Works	1,028,570
Culture and Recreation	59,034
Housing and Development	<u>32,793</u>

Total depreciation expense for governmental activities \$ 1,700,062

**Business-type activities**

Water and Sewer Utility	\$ 83,396
Electric Utility	258,989
Storm Water Utility	<u>41,751</u>

Total depreciation expense for business-type activities \$ 384,136

**10. Property held for Resale**

The City has purchased property in conjunction with the Lillian Webb Park project to attract business to the Downtown Norcross area. The City will develop the property and expects to sale lots to businesses. The City has no plans to use the property. The Downtown Development Authority Component Unit has also purchased property in conjunction with the Lillian Webb Park project. The total investment in property held for resale is \$1,085,766 and \$112,994 for the primary government and the DDA, respectively.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**11. Notes Receivable**

On July 22, 2010, the Downtown Development Authority entered into an owner-financed lending agreement with a local business for the sale of real property in the original amount of \$83,901. As part of the lending agreement, the Downtown Development Authority also agreed to finance \$100,000 for renovation improvements to the property. At December 31, 2012, the balance of the note receivable was \$175,816. Monthly installments of principal and interest are due through August 1, 2017, with unpaid principal and interest due September 1, 2017; interest at 6.00%. The Downtown Development Authority will use these payments to service the lending agreements with the City of Norcross. See Note 13.

On August 1, 2011, the Downtown Development Authority entered into a lending agreement with a local business for the improvements in the downtown area in the original amount of \$15,000. At December 31, 2013, the balance of the note receivable was \$14,391. Monthly installments principal and interest are due through August 1, 2017, with unpaid principal and interest due February 1, 2022; interest at 4.25%. At December 31, 2013, the City decided to write-off the note receivable in the original amount of \$15,000. See Note 23 for details.

Annual service requirements for note receivable are as follows:

<b>Year ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 2,757	\$ 10,474	\$ 13,231
2015	2,927	10,304	13,231
2016	3,108	10,124	13,232
2017	167,024	7,467	174,491
Totals	<u>\$ 175,816</u>	<u>\$ 38,369</u>	<u>\$ 214,185</u>

**12. Operating Lease Agreements**

The City's lease agreements are relatively minor commitments and are in compliance with state law.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**13. Long-Term Debt**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, while revenue bonds are issued for the construction and expansion of proprietary activities. General obligation bonds are direct obligations and pledge the full faith, credit and taxing powers of the City while revenue bonds pledge the revenues of the proprietary activity for repayment of the bond issues.

**Notes Payable**

***Downtown Development Authority Component Unit***

On August 15, 2007, the Downtown Development Authority entered into a lending agreement with the Georgia Department of Community Affairs for the purchase of real property in the original amount of \$57,500. At December 31, 2013, the balance of this note is \$36,631. Monthly installments of principal and interest are due through August 1, 2017, with unpaid principal and interest due September 1, 2017; interest at 3.00%.

On December 20, 2006, the Downtown Development Authority entered into an owner-financed lending agreement with the City of Norcross for the purchase of real property in the original amount of \$258,000. On July 22, 2010, the Downtown Development Authority returned a portion of the property back to the City of Norcross; \$165,500 of the original debt was forgiven. At December 31, 2013, the balance of this note is \$92,500. Payment of principal is due on September 1, 2017; interest at 0.00%. On July 22, 2010, the Downtown Development Authority sold the remaining portion of the property to a local business. See Note 11 for note receivable on the sale of the property.

On July 22, 2010, the Downtown Development Authority entered into a lending agreement with the City of Norcross in the original amount of \$100,000. The proceeds of this agreement were subsequently loaned to a local business for renovation improvements. See Note 11 for note receivable on the loan. At December 31, 2013, the balance of this note is \$100,000. Payment of principal is due on September 1, 2017; interest payments are due monthly through September 1, 2017 at the variable interest rate of the MEAG Municipal Competitive Trust Short-term Portfolio rate of return plus 1%; at December 31, 2013, this interest rate was 1.20%.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**13. Long-Term Debt (continued)**

**Notes Payable, continued**

**Downtown Development Authority Component Unit (continued)**

Annual debt service requirements for note payables are as follows:

<b>Year ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 3,717	\$ 2,238	\$ 5,955
2015	3,830	2,125	5,955
2016	3,946	2,009	5,955
2017	217,638	1,428	219,066
Totals	<u>\$ 229,131</u>	<u>\$ 7,800</u>	<u>\$ 236,931</u>

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt of the City for year ended December 31, 2013:

	<b>Balance 12/31/2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 12/31/2013</b>	<b>Due Within One Year</b>
<b>Governmental activities</b>					
Compensated absences	\$ 160,653	\$ 157,562	(160,653)	\$ 157,562	\$ 157,562
<b>Business-type activities</b>					
Compensated absences	\$ 12,595	\$ 10,631	\$ (12,595)	\$ 10,631	\$ 10,631
<b>Downtown Development Authority Component Unit</b>					
Notes payable	\$ 232,442	\$ 0	\$ (3,311)	\$ 229,131	\$ 3,717

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities of the governmental activities, such as compensated absences, were liquidated by the General Fund.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**14. Intradepartmental Billings**

Total operating revenues and total operating expenses in the Water and Sewer Utility, Electric Utility, and Solid Waste Enterprise Funds include \$13,590, \$229,951, and \$25,381, respectively, of intra departmental billings for water and sewer, electricity, and sanitation usage.

**15. Retirement Plans**

**Plan Description**

The City of Norcross is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), a defined benefit plan ("Plan"), which is a service of Georgia Municipal Association (GMA). GMEBS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia. The City elected to participate in GMEBS as of March 1, 1986, as a result of City Ordinance and a contract between the City and GMA. The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments.

All City employees who work a minimum of forty hours per week are eligible to participate in the Plan after completing one year of service. Mayor and Council are not eligible to participate in the plan. Benefits vest after five years of service. Participants become eligible to retire with unreduced benefits at age 65 with five years of service or at age 62 with ten years of service.

GMA issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Association at 21 Pryor Street, SW, Atlanta, Georgia 30303.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**15. Retirement Plans (continued)**

**Plan Description, continued**

Vested employees who have reached the age of 65 and have completed five years of credited service are eligible to receive a monthly benefit, payable for life. The benefit is equal to 1.55% of the employee's average salary up to a floating break point and 2.00% of the employee's average salary above the floating break point for the five highest years of employment multiplied by the years of credited service. The floating break point is based upon average Social Security earnings determined by the employee's year of employment termination. The plan also provides benefits in the event of death or disability. These benefits provisions were established by an adoption agreement executed by the City Council.

Vested employees who have reached age 55 with at least ten years of credited service are eligible to receive an early retirement benefit, payable monthly for life, reduced on an actuarial equivalent basis. Death benefits and optional forms of retirement income on an actuarial equivalent basis are also available.

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	31
Terminated vested participants entitled to but not yet receiving benefits	30
Active participants	<u>94</u>
Total number of participants	<u><u>155</u></u>

**Funding Policy**

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The current rate is 15.12% of annual covered payroll. The Plan is a noncontributory participant plan. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of GASB Statement No. 27.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**15. Retirement Plans (continued)**

**Funding Policy, continued**

These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1986 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. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at July 1, 2013 varies for the bases. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

**Annual Pension Cost**

For 2013, the City's annual pension cost of \$635,731 was equal to the City's recommended and actual contributions. The minimum contribution was \$474,676. The recommended contribution (projected to January 1, 2014) was computed as part of an actuarial valuation as of July 1, 2013. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 6.5 percent per year compounded annually (3.0 percent and 3.5 percent attributable to inflation and merit, respectively), (c) no post-retirement benefit increases.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**15. Retirement Plans (continued)**

**Historical Trend Information**

Historical trend information for Annual Pension Cost and funding progress is as follows:

**Schedule of Employer Contributions**

Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
3/1/2008	\$ 339,565	100%	\$ 0
3/1/2009	544,640	100%	0
7/1/2010	525,100	100%	0
7/1/2011	536,674	100%	0
7/1/2012	599,612	100%	0
7/1/2013	635,731	100%	0

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Funded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
3/1/2008	\$ 4,986,333	\$ 5,768,966	\$ 782,633	86.43%	\$ 3,408,725	22.96%
3/1/2009	4,321,148	6,721,388	2,400,240	64.29%	3,750,551	64.00%
7/1/2010	5,774,959	7,360,077	1,585,118	78.46%	3,853,588	41.13%
7/1/2011	6,237,899	7,817,111	1,579,212	79.80%	3,726,964	42.37%
7/1/2012	6,764,865	8,531,603	1,766,738	79.29%	3,898,465	45.32%
7/1/2013	7,284,888	9,141,971	1,857,083	79.69%	4,409,084	42.12%

Additional ten year historical trend information can be found in separate reports issued by GMA, which provides information about progress made in accumulating sufficient assets to pay benefits when due. The actuarial value of assets is calculated as the roll forward of prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**16. Deferred Compensation Plans**

The City also provides retirement benefits for its employees through two deferred compensation, defined contribution plans. The Plans were created under Internal Revenue Code Sections 457 and 401(a). The first plan is administered by the Public Employees Benefits Services Corporation (PEBSCO), an independent third party. In fiscal year 2001, the City elected to participate in the plan administered by the Georgia Municipal Association (GMA), an independent third party. Participating employees at the time of the conversion were given the option of remaining with the plan administered by PEBSCO, or changing to the plan administered by GMA. All employees who became eligible to participate in the deferred compensation, defined contribution plan after the conversion could choose between the plans. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer up to the maximum deferral allowed by law. The City will contribute 50% of the employee's contributions for the year, up to 3% of the employee's salary per year.

Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During 2013, the City contributed \$73,259 to the plans based on covered salaries of \$3,920,541. Plan members made voluntary contributions of \$181,257 to the plans. Total payroll was \$5,292,568.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**17. Post-employment Health Care Benefits**

**Plan Description**

The City of Norcross provides post employment health care benefits as a participating member in the Georgia Municipal Employees Benefit System (GMEBS), a defined benefit other post employment benefit (OPEB) plan ("Plan"), which is a service of Georgia Municipal Association (GMA). GMEBS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia. The City elected to participate in GMEBS as of March 1, 2007, as a result of City Ordinance and a contract between the City and GMA. The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments.

City employees who retired prior to January 1, 1999 with 10 years of service and employees who retired after January 1, 1999 with 20 years of service are eligible to participate in the Plan.

GMA issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Association at 21 Pryor Street, SW, Atlanta, Georgia 30303.

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	18
Active participants	<u>79</u>
Total number of participants	<u><u>97</u></u>

The funding policy for the plan is to contribute an amount equal to the benefit and administrative costs paid on behalf of retirees and their dependents (ie, pay-as-you-go basis). Plan members receiving benefits contributed \$7,420, through their required contributions of \$60.00, \$100.00, \$7.75, and \$1.14 per month for single health coverage without Medicare, family health coverage without Medicare, family health coverage with Medicare, and family dental coverage, respectively.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**17. Post-employment Health Care Benefits (continued)**

**Funding Policy**

The recommended contribution meets the guidelines for calculating an annual required contribution set forth in GASB Statement No. 45. These contributions are determined under the unit credit actuarial cost method and the market value of assets for developing the actuarial value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2013 is 26 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**17. Post-employment Health Care Benefits (continued)**

**Annual OPEB Cost and Net OPEB Obligation**

For 2013, the City's annual OPEB cost of \$2,215,065 was equal to the City's recommended contribution, as calculated on the pay-as-you go basis. The recommended contribution was computed as part of an actuarial valuation as of July 1, 2011. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 4.0 percent per year compounded annually, (b) a rate of inflation of 3.0 percent, (c) no post-retirement benefit increases, (d) a medical and drug cost trend rate of 9.5 percent, graded to 5.0 percent over 9 years, and (e) dental cost trend rate of 7.0 percent, graded to 5.0 percent over 4 years.

Annual required contribution	\$ 2,339,797
Interest on net OPEB obligation	231,521
Adjustment to ARC	<u>(356,253)</u>
Annual OPEB cost	2,215,065
Contributions made	<u>(183,688)</u>
Increase (decrease) in net OPEB obligation	2,031,377
Net OPEB obligation - beginning of year	<u>5,788,023</u>
Net OPEB obligation - end of year	<u><u>\$ 7,819,400</u></u>

**Historical Trend Information**

Historical trend information for Annual OPEB Cost and funding progress is as follows:

**Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2009	\$ 1,111,292	21%	\$ 1,724,926
12/31/2010	1,146,327	22%	2,621,908
12/31/2011	1,689,853	14%	4,058,801
12/31/2012	1,901,715	9%	5,788,024
12/31/2013	2,215,065	8%	7,819,400

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**17. Post-employment Health Care Benefits (continued)**

**Historical Trend Information, continued**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
3/1/2007	\$ 0	\$ 7,924,626	\$ 7,924,626	0.00%	\$ 2,956,003	268.09%
7/1/2011	0	13,028,392	13,028,392	0.00%	3,726,964	349.57%

**18. Hotel/Motel Lodging Tax**

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(b). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows. A summary of the transactions for the year ending December 31, 2013, follows:

Lodging Tax Receipts	\$ 692,354
Disbursements to promote trade and tourism	\$ 522,005 75% of tax receipts

**19. Joint Ventures**

The City of Norcross participates with the Drug Enforcement Administration (DEA) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has no ongoing financial responsibility of funding for this unit. The DEA unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. During 2013, the City of Norcross contributed the use of one police officer to the DEA for undercover work; the City paid \$102,301 in personnel costs for the officer.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**19. Joint Ventures (continued)**

Under Georgia law, the City, in conjunction with other cities and counties in the Greater Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC). During its year ended December 31, 2013, the City made no payments to the Commission for services rendered. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland Street, N.E., Atlanta, GA 30303.

**20. Related Organizations**

The Housing Authority of the City of Norcross is considered a related organization to the City of Norcross. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Norcross. The City received \$1,948 as a payment-in-lieu-of-taxes for 2013. Separate financial statements may be obtained from Housing Authority of the City of Norcross, 19 Garner Street, Norcross, GA 30071.

**21. Risk Management**

Material estimates have been made by management about the life of depreciated capital assets. Management has used a conservative approach on these estimates.

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**21. Risk Management (continued)**

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

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

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At December 31, 2013, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

**22. Extraordinary Item**

On April 1, 2013 the Mayor and Council approved the sale agreement presented by Gwinnett County to purchase the Water and Sewer System, with assets totaling \$7,272,289, for a sale price of \$2,000,000. The transfer of the system was effective on May 13, 2013.

The DDA determined that the Note Receivable in the original amount of \$15,000 was no longer collectible. Management decided not to pursue the balance in court. The balance at December 31, 2013 was \$14,391, which was written-off effective December 31, 2013.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

**23. Commitments and Contingencies**

**Commitments**

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations, which extend through the year 2020, are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling \$10,030,163 from MEAG during the year ended December 31, 2013. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply.

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

The Trust created four types of accounts that are held by MEAG in the name of the City. The generation trust account is used to offset the City's share of future MEAG generation projects and the balance at December 31, 2013 was \$3,231,886. The voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest and the balance at December 31, 2013 was \$373,490. Both of these accounts are included in investments in the Electric Utility Fund.

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG's bond obligations. The balances of these accounts at December 31, 2013 were \$976,673 and \$2,661,010, respectively. Due to the restricted nature of these funds, neither is shown in the Electric Utility Fund.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2013**

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

**Commitments, continued**

The City has several active construction projects as of December 31, 2013. At year-end, the City's commitments with contractors are as follows:

<b>Projects</b>	<b>Amount Expended Date</b>	<b>Remaining Commitment</b>
Sidewalk Improvement project	\$ 35,501	\$ 146,299

**Contingencies**

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

***COMBINING STATEMENTS***  
*NONMAJOR GOVERNMENTAL FUNDS*

**CITY OF NORCROSS, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2013**

	Special Revenue		
	Confiscated Assets	Hotel/Motel Tax	Federal Seized Drug
<b>ASSETS</b>			
Cash and cash equivalents	\$ 41,856	\$ 305,603	\$ 114,430
Receivables			
Taxes	0	133,380	0
Prepaid items	0	14,250	0
Due from other funds	0	12,298	0
	<u>0</u>	<u>12,298</u>	<u>0</u>
<b>Total assets</b>	<b><u>\$ 41,856</u></b>	<b><u>\$ 465,531</u></b>	<b><u>\$ 114,430</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Payables			
Accounts	\$ 0	\$ 9,500	\$ 935
Intergovernmental	0	197,805	32,741
Accrued salaries and payroll liabilities	0	605	0
Other liabilities	37,046	0	0
	<u>37,046</u>	<u>0</u>	<u>0</u>
<b>Total liabilities</b>	<b><u>37,046</u></b>	<b><u>207,910</u></b>	<b><u>33,676</u></b>
<b>Fund balances</b>			
Nonspendable prepaids	0	14,250	0
Restricted for:			
General Government	0	0	0
Public Safety	4,810	0	80,754
Assigned for:			
Housing and Development	0	243,371	0
	<u>0</u>	<u>243,371</u>	<u>0</u>
<b>Total fund balances</b>	<b><u>4,810</u></b>	<b><u>257,621</u></b>	<b><u>80,754</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 41,856</u></b>	<b><u>\$ 465,531</u></b>	<b><u>\$ 114,430</u></b>

<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Police Grant</u>	<u>Technology Surcharges</u>	<u>2004 SPLOST</u>	
\$ 0	\$ 107,936	\$ 0	\$ 569,825
0	0	0	133,380
0	0	0	14,250
0	0	0	12,298
<u>\$ 0</u>	<u>\$ 107,936</u>	<u>\$ 0</u>	<u>\$ 729,753</u>
\$ 0	\$ 1,895	\$ 0	\$ 12,330
0	0	0	230,546
0	0	0	605
0	0	0	37,046
<u>0</u>	<u>1,895</u>	<u>0</u>	<u>280,527</u>
0	0	0	14,250
0	106,041	0	106,041
0	0	0	85,564
0	0	0	243,371
<u>0</u>	<u>106,041</u>	<u>0</u>	<u>449,226</u>
<u>\$ 0</u>	<u>\$ 107,936</u>	<u>\$ 0</u>	<u>\$ 729,753</u>

**CITY OF NORCROSS, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended December 31, 2013**

	Special Revenue		
	Confiscated Assets	Hotel/Motel Tax	Federal Seized Drug
<b>REVENUES</b>			
Taxes	\$ 0	\$ 692,354	\$ 0
Fees, fines, and forfeitures	0	0	127,180
Interest	3	1,941	26
Other	0	4,000	0
<b>Total revenues</b>	<b>3</b>	<b>698,295</b>	<b>127,206</b>
<b>EXPENDITURES</b>			
Current			
General Government	0	0	0
Public Safety	0	0	55,701
Housing and Development	0	522,005	0
<b>Total expenditures</b>	<b>0</b>	<b>522,005</b>	<b>55,701</b>
Excess (deficiency) of revenues over (under) expenditures	3	176,290	71,505
Other financing sources (uses)			
Transfers (out)	0	(144,867)	0
Excess (deficiency) of revenues and other financing source over (under) expenditures and other financing uses	3	31,423	71,505
Fund balances, January 1	4,807	226,198	9,249
<b>Fund balances, December 31</b>	<b>\$ 4,810</b>	<b>\$ 257,621</b>	<b>\$ 80,754</b>

<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Police Grant</u>	<u>Technology Surcharges</u>	<u>2004 SPLOST</u>	
\$ 0	\$ 0	\$ 0	\$ 692,354
0	69,472	0	196,652
0	445	0	2,415
0	0	0	4,000
<u>0</u>	<u>69,917</u>	<u>0</u>	<u>895,421</u>
0	26,345	0	26,345
0	0	0	55,701
0	0	0	522,005
<u>0</u>	<u>26,345</u>	<u>0</u>	<u>604,051</u>
0	43,572	0	291,370
<u>0</u>	<u>0</u>	<u>0</u>	<u>(144,867)</u>
0	43,572	0	146,503
0	62,469	0	302,723
<u>\$ 0</u>	<u>\$ 106,041</u>	<u>\$ 0</u>	<u>\$ 449,226</u>

This page intentionally left blank.

***GENERAL FUND***

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

**CITY OF NORCROSS, GEORGIA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,177,587	\$ 3,555,335
Certificates of deposit	3,662,639	2,651,959
Receivables (net)		
Accounts	24,995	48,802
Taxes	1,222,416	871,180
Intergovernmental	45,422	1,198
Notes	192,500	192,500
Interest	6,223	3,834
Prepaid items	57,730	158,922
Due from other funds	2,034,213	973,938
Property held for resale	1,085,766	1,085,766
Advances to other funds	281,102	281,102
	<b>Total assets</b>	<b>Total assets</b>
	<b>\$ 11,790,593</b>	<b>\$ 9,824,536</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 253,573	\$ 203,874
Accrued salaries and payroll liabilities	191,237	169,900
Unearned revenue	3,518	3,550
Other liabilities	911,022	223,684
Due to other funds	20	0
Advances from other fund	228,451	228,451
	<b>Total liabilities</b>	<b>Total liabilities</b>
	<b>1,587,821</b>	<b>829,459</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	366,321	21,015
	<b>Total</b>	<b>Total</b>
	<b>366,321</b>	<b>21,015</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid items	57,730	158,922
Advances to other funds	281,102	281,102
Unassigned	9,497,619	8,534,038
	<b>Total fund balances</b>	<b>Total fund balances</b>
	<b>9,836,451</b>	<b>8,974,062</b>
	<b>Total liabilities, deferred inflows, and fund balances</b>	<b>Total liabilities, deferred inflows, and fund balances</b>
	<b>\$ 11,790,593</b>	<b>\$ 9,824,536</b>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Taxes	\$ 6,233,524	\$ 6,237,718
Licenses and permits	438,271	464,386
Fines, fees and forfeitures	1,182,629	1,135,427
Charges for services	149,116	132,065
Intergovernmental	939,303	1,995,277
Interest	9,416	2,045
Contributions	16,408	0
Other	138,015	107,266
	<u>9,106,682</u>	<u>10,074,184</u>
<b>Total revenues</b>		
<b>EXPENDITURES</b>		
Current		
General Government	1,867,243	1,716,141
Judicial	316,105	362,471
Public Safety	4,612,848	4,383,214
Public Works	1,417,518	1,542,292
Culture and Recreation	230,056	300,731
Housing and Development	1,770,542	795,726
	<u>10,214,312</u>	<u>9,100,575</u>
<b>Total expenditures</b>		
Excess (deficiency) of revenues over (under) expenditures	<u>(1,107,630)</u>	<u>973,609</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	130,440	(14,948)
Grants Capital Projects Fund	(160,421)	(56,652)
Water and Sewer Utility Fund	2,000,000	0
Electric Utility Fund	0	957,000
Solid Waste Fund	0	157,515
	<u>1,970,019</u>	<u>1,042,915</u>
<b>Total other financing sources (uses)</b>		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	862,389	2,016,524
Fund balances, January 1	<u>8,974,062</u>	<u>6,957,538</u>
<b>Fund balances, December 31</b>	<u><u>\$ 9,836,451</u></u>	<u><u>\$ 8,974,062</u></u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**  
*(With comparative actual amounts for the year ended December 31, 2012)*

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Property tax	\$ 3,700,000	\$ 3,428,299	\$ (271,701)	\$ 3,952,664
Motor vehicle tax	200,168	514,684	314,516	167,230
Cost, penalties, and interest	49,000	39,894	(9,106)	44,234
Total general property taxes	3,949,168	3,982,877	33,709	4,164,128
Intangible tax	30,000	50,622	20,622	54,184
Real estate transfer tax	8,000	22,288	14,288	15,328
Franchise tax	1,250,000	1,127,117	(122,883)	947,738
Insurance premium tax	445,000	470,240	25,240	454,160
Occupational tax	298,800	339,261	40,461	342,133
Alcoholic beverage excise tax	215,000	241,119	26,119	260,047
Total taxes	6,195,968	6,233,524	37,556	6,237,718
<b>Licenses and Permits</b>				
Alcohol licenses	121,459	122,300	841	153,200
Building permits	260,000	303,419	43,419	293,564
Other permits	13,200	12,552	(648)	17,622
Total licenses and permits	394,659	438,271	43,612	464,386
<b>Fines, fees and forfeitures</b>	1,100,000	1,182,629	82,629	1,135,427
<b>Charges for Services</b>	96,400	149,116	52,716	132,065
<b>Intergovernmental</b>	1,167,992	939,303	(228,689)	1,995,277
<b>Interest</b>	3,200	9,416	6,216	2,045
<b>Contributions</b>	0	16,408	16,408	0
<b>Other</b>	69,222	138,015	68,793	107,266
<b>Total revenues</b>	<u>\$ 9,027,441</u>	<u>\$ 9,106,682</u>	<u>\$ 79,241</u>	<u>\$ 10,074,184</u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**  
*(With comparative actual amounts for the year ended December 31, 2012)*

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Governing Body				
Personal services	\$ 60,585	\$ 60,584	\$ 1	\$ 64,999
Contract services	172,929	172,276	653	173,863
Supplies and materials	775	524	251	467
Total Governing Body	<u>234,289</u>	<u>233,384</u>	<u>905</u>	<u>239,329</u>
Administration				
Personal services	355,537	347,612	7,925	336,634
Contract services	117,967	105,835	12,132	120,393
Supplies and materials	12,966	8,012	4,954	16,081
Capital outlay	1,254	1,254	0	15,043
Total Administration	<u>487,724</u>	<u>462,713</u>	<u>25,011</u>	<u>488,151</u>
City Clerk				
Personal services	203,939	157,765	46,174	202,128
Contract services	35,028	34,923	105	30,382
Supplies and materials	8,400	5,633	2,767	2,752
Total City Clerk	<u>247,367</u>	<u>198,321</u>	<u>49,046</u>	<u>235,262</u>
Chief Executive				
Personal services	134,821	134,821	0	48,543
Contract services	11,338	11,329	9	10,234
Supplies and materials	4,250	1,099	3,151	391
Capital outlay	1,500	0	1,500	0
Total Chief Executive	<u>151,909</u>	<u>147,249</u>	<u>4,660</u>	<u>59,168</u>
Information Technology				
Personal services	131,013	119,031	11,982	137,987
Contract services	621,423	597,232	24,191	496,527
Supplies and materials	98,967	92,718	6,249	59,717
Capital outlay	16,595	16,595	0	0
Total Information Technology	<u>867,998</u>	<u>825,576</u>	<u>42,422</u>	<u>694,231</u>
Total General Government	<u>1,989,287</u>	<u>1,867,243</u>	<u>122,044</u>	<u>1,716,141</u>
<b>Judicial</b>				
Municipal Court				
Personal services	304,500	303,449	1,051	351,753
Contract services	16,100	9,617	6,483	8,037
Supplies and materials	5,700	3,039	2,661	2,681
Total Judicial	<u>326,300</u>	<u>316,105</u>	<u>10,195</u>	<u>362,471</u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**

*(With comparative actual amounts for the year ended December 31, 2012)*

	2013			2012
	Final Budget	Actual	Variance	Actual
<b>Public Safety</b>				
Police				
Personal services	\$ 3,374,871	\$ 3,354,729	\$ 20,142	\$ 3,799,586
Contract services	209,144	207,397	1,747	255,763
Supplies and materials	294,353	278,373	15,980	264,992
Capital outlay	374,584	186,125	188,459	62,873
Total Police	<u>4,252,952</u>	<u>4,026,624</u>	<u>226,328</u>	<u>4,383,214</u>
E-911 Communications				
Personal services	508,602	508,574	28	0
Contract services	63,575	63,575	0	0
Supplies and materials	4,859	2,157	2,702	0
Capital outlay	11,918	11,918	0	0
Total E-911 Communications	<u>588,954</u>	<u>586,224</u>	<u>2,730</u>	<u>0</u>
Total Public Safety	<u>4,841,906</u>	<u>4,612,848</u>	<u>229,058</u>	<u>4,383,214</u>
<b>Public Works</b>				
Public Works Administration				
Personal services	623,017	484,764	138,253	475,404
Contract services	557,893	556,356	1,537	637,954
Supplies and materials	146,250	142,518	3,732	167,917
Capital outlay	248,146	233,880	14,266	261,017
Total Public Works Administration	<u>1,575,306</u>	<u>1,417,518</u>	<u>157,788</u>	<u>1,542,292</u>
<b>Culture and Recreation</b>				
Parks and Recreation				
Personal services	127,979	127,979	0	157,361
Contract services	54,777	54,492	285	81,344
Supplies and materials	60,000	47,585	12,415	62,026
Total Culture and Recreation	<u>242,756</u>	<u>230,056</u>	<u>12,700</u>	<u>300,731</u>
<b>Housing and Development</b>				
Community Development				
Personal services	562,845	562,844	1	626,168
Contract services	198,612	197,343	1,269	77,969
Supplies and materials	5,310	4,047	1,263	4,549
Capital outlay	816,344	816,344	0	37,001
Total Community Development	<u>1,583,111</u>	<u>1,580,578</u>	<u>2,533</u>	<u>745,687</u>

**CITY OF NORCROSS, GEORGIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the year ended December 31, 2013  
(With comparative actual amounts for the year ended December 31, 2012)**

	2013			2012
	Final Budget	Actual	Variance	Actual
<b>Housing and Development (continued)</b>				
Economic Development				
Personal services	\$ 143,301	\$ 72,562	\$ 70,739	\$ 12,576
Contract services	92,446	92,133	313	37,312
Supplies and materials	500	269	231	151
Total Economic Development	<u>236,247</u>	<u>164,964</u>	<u>71,283</u>	<u>50,039</u>
Downtown Development Authority				
Agency allocation	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0</u>
Total Housing and Development	<u>1,844,358</u>	<u>1,770,542</u>	<u>73,816</u>	<u>795,726</u>
<b>Total expenditures</b>	<b><u>\$ 10,819,913</u></b>	<b><u>\$ 10,214,312</u></b>	<b><u>\$ 605,601</u></b>	<b><u>\$ 9,100,575</u></b>

This page intentionally left blank.

## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Confiscated Assets Fund - This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid in participation with the Gwinnett County Drug Task Force.

Hotel/Motel Tax Fund - This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Norcross.

Federal Seized Drug Fund - This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid in participation with the Drug Enforcement Administration.

Police Grant Fund - This fund is used to account for grant monies received restricted for the expenditures rated to the Police Department.

Technology Surcharges Fund - This fund is used to account for fines and fees received restricted for the purchase of computer hardware and software for the Police, City Marshall, and Municipal Court Departments.

**CITY OF NORCROSS, GEORGIA  
CONFISCATED ASSETS SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 41,856	\$ 30,784
<b>LIABILITIES</b>		
Other liabilities	\$ 37,046	\$ 25,977
<b>FUND BALANCES</b>		
Restricted for Public Safety	4,810	4,807
<b>Total liabilities and fund balances</b>	\$ 41,856	\$ 30,784

**CITY OF NORCROSS, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**  
*(with comparative actual amounts for the year ended December 31, 2012)*

	2013			2012
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Forfeitures	\$ 0	\$ 0	\$ 0	\$ 6,144
Interest	0	3	3	22
<b>Total revenues</b>	<u>0</u>	<u>3</u>	<u>3</u>	<u>6,166</u>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contract services	0	0	0	3,000
Supplies and materials	12,000	0	12,000	41,016
<b>Total expenditures</b>	<u>12,000</u>	<u>0</u>	<u>12,000</u>	<u>44,016</u>
Excess (deficiency) of revenues over (under) expenditures	(12,000)	3	12,003	(37,850)
Fund balances, January 1	<u>12,000</u>	<u>4,807</u>	<u>(7,193)</u>	<u>42,657</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 4,810</u></u>	<u><u>\$ 4,810</u></u>	<u><u>\$ 4,807</u></u>

**CITY OF NORCROSS, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 305,603	\$ 117,842
Taxes receivable	133,380	137,318
Prepaid items	14,250	4,000
Due from other funds	12,298	12,298
<b>Total assets</b>	<b>\$ 465,531</b>	<b>\$ 271,458</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 9,500	\$ 6,713
Intergovernmental	197,805	37,788
Accrued salaries and payroll liabilities	605	759
<b>Total liabilities</b>	<b>207,910</b>	<b>45,260</b>
<b>FUND BALANCES</b>		
Nonspendable prepaids	14,250	4,000
Assigned for Housing and Development	243,371	222,198
<b>Total fund balances</b>	<b>257,621</b>	<b>226,198</b>
<b>Total liabilities and fund balances</b>	<b>\$ 465,531</b>	<b>\$ 271,458</b>

**CITY OF NORCROSS, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**

*(with comparative actual amounts for the year ended December 31, 2012)*

	2013			2012
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Hotel/Motel taxes	\$ 520,680	\$ 692,354	\$ 171,674	\$ 618,457
Interest	0	1,941	1,941	370
Other	146,194	4,000	(142,194)	160
<b>Total revenues</b>	<u>666,874</u>	<u>698,295</u>	<u>31,421</u>	<u>618,987</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Personal services	101,393	101,393	0	79,178
Contract services	420,614	420,612	2	354,246
Capital outlay	0	0	0	2,522
<b>Total expenditures</b>	<u>522,007</u>	<u>522,005</u>	<u>2</u>	<u>435,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>144,867</u>	<u>176,290</u>	<u>31,423</u>	<u>183,041</u>
Other financing sources (uses)				
Transfers in (out)				
General Fund	(130,440)	(130,440)	0	0
Storm Water Fund	(1,233)	(1,233)	0	0
Water and Sewer Fund	(1,974)	(1,974)	0	0
Electric Fund	(11,220)	(11,220)	0	2,533
<b>Total other financing sources (uses)</b>	<u>(144,867)</u>	<u>(144,867)</u>	<u>0</u>	<u>2,533</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	31,423	31,423	185,574
Fund balances, January 1	<u>0</u>	<u>226,198</u>	<u>226,198</u>	<u>40,624</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 257,621</u></u>	<u><u>\$ 257,621</u></u>	<u><u>\$ 226,198</u></u>

**CITY OF NORCROSS, GEORGIA**  
**FEDERAL SEIZED DRUG SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 114,430	\$ 25,670
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 935	\$ 0
Intergovernmental	32,741	0
Due to other funds	0	16,421
Total liabilities	33,676	16,421
<b>FUND BALANCES</b>		
Restricted for Public Safety	80,754	9,249
<b>Total liabilities and fund balances</b>	<b>\$ 114,430</b>	<b>\$ 25,670</b>

**CITY OF NORCROSS, GEORGIA**  
**FEDERAL SEIZED DRUG SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**  
*(with comparative actual amounts for the year ended December 31, 2012)*

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Fees, fines and forfeitures	\$ 100,000	\$ 127,180	\$ 27,180	\$ 59,118
Interest	0	26	26	111
<b>Total revenues</b>	<u>100,000</u>	<u>127,206</u>	<u>27,206</u>	<u>59,229</u>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Supplies and materials	77,430	26,434	50,996	109,665
Capital outlay	22,570	29,267	(6,697)	134,628
<b>Total expenditures</b>	<u>100,000</u>	<u>55,701</u>	<u>44,299</u>	<u>244,293</u>
Excess (deficiency) of revenues over (under) expenditures	0	71,505	71,505	(185,064)
Fund balances, January 1	<u>0</u>	<u>9,249</u>	<u>9,249</u>	<u>194,313</u>
<b>Fund balances, December 31</b>	<u>\$ 0</u>	<u>\$ 80,754</u>	<u>\$ 80,754</u>	<u>\$ 9,249</u>

**CITY OF NORCROSS, GEORGIA  
POLICE GRANT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 0	\$ 7,585
<b>LIABILITIES</b>		
Unearned revenue	\$ 0	\$ 0
Due to other funds	0	7,585
Total liabilities	0	7,585
<b>FUND BALANCES</b>		
Restricted for Public Safety	0	0
<b>Total liabilities and fund balances</b>	<b>\$ 0</b>	<b>\$ 7,585</b>

**CITY OF NORCROSS, GEORGIA**  
**POLICE GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**

*(with comparative actual amounts for the year ended December 31, 2012)*

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 23,934
<b>Total revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,934</u>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Supplies and materials	0	0	0	12,090
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,069</u>
<b>Total expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,159</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	(15,225)
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,948</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	(277)
Fund balances, January 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>277</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**CITY OF NORCROSS, GEORGIA  
 TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEETS  
 December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 107,936	\$ 79,427
 <b>LIABILITIES</b>		
Accounts payable	\$ 1,895	\$ 16,958
 <b>FUND BALANCES</b>		
Restricted for General Government	106,041	62,469
<b>Total liabilities and fund balances</b>	<b>\$ 107,936</b>	<b>\$ 79,427</b>

**CITY OF NORCROSS, GEORGIA**  
**TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**  
*(with comparative actual amounts for the year ended December 31, 2012)*

	2013			2012
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Fees, fines and forfeitures	\$ 60,000	\$ 69,472	\$ 9,472	\$ 69,738
Interest	0	445	445	233
<b>Total revenues</b>	<b>60,000</b>	<b>69,917</b>	<b>9,917</b>	<b>69,971</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Contract services	0	0	0	5,997
Supplies and materials	36,000	17,695	18,305	17,762
Capital outlay	24,000	8,650	15,350	47,298
<b>Total expenditures</b>	<b>60,000</b>	<b>26,345</b>	<b>33,655</b>	<b>71,057</b>
Excess (deficiency) of revenues over (under) expenditures	0	43,572	43,572	(1,086)
Fund balances, January 1	0	62,469	62,469	63,555
<b>Fund balances, December 31</b>	<b>\$ 0</b>	<b>\$ 106,041</b>	<b>\$ 106,041</b>	<b>\$ 62,469</b>

This page intentionally left blank.

## ***CAPITAL PROJECTS FUNDS***

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

2004 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2004 special purpose local option sales tax.

2009 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2009 special purpose local option sales tax.

Grants Capital Projects Fund – This fund is used to account for capital grants used to finance major capital projects.

**CITY OF NORCROSS, GEORGIA**  
**2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Fund balances</b>		
Restricted for capital projects	\$ 0	\$ 0
	<u>0</u>	<u>0</u>

**CITY OF NORCROSS, GEORGIA**  
**2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
*For the years ended December 31, 2013 and 2012*

	<b>2013</b>	<b>2012</b>
<b>REVENUES</b>		
<b>Total revenues</b>	\$ 0	\$ 0
<b>EXPENDITURES</b>		
Public Works		
Capital outlay	0	0
Culture and Recreation		
Contract services	0	77
<b>Total expenditures</b>	0	77
Excess (deficiency) of revenues over (under) expenditures	0	(77)
Fund balances, January 1	0	77
<b>Fund balances, December 31</b>	\$ 0	\$ 0

**CITY OF NORCROSS, GEORGIA**  
**2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,858,413	\$ 1,239,185
Intergovernmental receivable	273,701	273,931
Due from other funds	77,012	53,678
<b>Total assets</b>	<b>\$ 2,209,126</b>	<b>\$ 1,566,794</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 0	\$ 9,818
Due to other funds	12,298	12,815
Advances from other funds	551,101	551,102
Total liabilities	563,399	573,735
 <b>FUND BALANCES</b>		
Restricted for capital outlay	1,645,727	993,059
<b>Total liabilities and fund balances</b>	<b>\$ 2,209,126</b>	<b>\$ 1,566,794</b>

**CITY OF NORCROSS, GEORGIA**  
**2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Intergovernmental	\$ 1,475,582	\$ 1,526,176
Interest	1,450	703
<b>Total revenues</b>	<u>1,477,032</u>	<u>1,526,879</u>
<b>EXPENDITURES</b>		
Public Works		
Capital outlay	274,826	150,972
Culture and Recreation		
Capital outlay	580,952	21,926
Debt service	0	457,980
<b>Total expenditures</b>	<u>855,778</u>	<u>630,878</u>
Excess (deficiency) of revenues over (under) expenditures	621,254	896,001
Other financing sources (uses)		
Transfers in (out)		
Grants Capital Projects Fund	<u>31,414</u>	<u>151,127</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	652,668	1,047,128
Fund balances, January 1	<u>993,059</u>	<u>(54,069)</u>
<b>Fund balances, December 31</b>	<u><u>\$ 1,645,727</u></u>	<u><u>\$ 993,059</u></u>

**CITY OF NORCROSS, GEORGIA**  
**GRANTS CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 86,794	\$ 55,570
Intergovernmental receivable	<u>557,953</u>	<u>421,752</u>
Total assets	<u>\$ 644,747</u>	<u>\$ 477,322</u>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 189,082	\$ 88,510
Retainages	0	33,643
Due to other funds	<u>193,553</u>	<u>210,679</u>
Total liabilities	<u>382,635</u>	<u>332,832</u>
<b>FUND BALANCES</b>		
Restricted for Public Works	262,112	140,123
Assigned for Public Works	<u>0</u>	<u>4,367</u>
Total fund balances	<u>262,112</u>	<u>144,490</u>
<b>Total liabilities and fund balances</b>	<u>\$ 644,747</u>	<u>\$ 477,322</u>

**CITY OF NORCROSS, GEORGIA**  
**GRANTS CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Intergovernmental	\$ 899,286	\$ 564,617
<b>Total revenues</b>	<u>899,286</u>	<u>564,617</u>
<b>EXPENDITURES</b>		
Public Works		
Capital outlay	<u>910,671</u>	<u>540,226</u>
<b>Total expenditures</b>	<u>910,671</u>	<u>540,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,385)</u>	<u>24,391</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	160,421	56,652
2009 SPLOST Fund	<u>(31,414)</u>	<u>(151,127)</u>
Total other financing sources (uses)	<u>129,007</u>	<u>(94,475)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	117,622	(70,084)
Fund balances, January 1	<u>144,490</u>	<u>214,574</u>
<b>Fund balances, December 31</b>	<u><u>\$ 262,112</u></u>	<u><u>\$ 144,490</u></u>

This page intentionally left blank.

## ***ENTERPRISE FUNDS***

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Utility Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Norcross.

Electric Utility Fund - Used to account for activities connected with the development, operation and maintenance of electric services in the City of Norcross.

Solid Waste Fund - Used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Norcross.

Storm Water Utility Fund - Used to account for activities connected with the development, operation and maintenance of storm water services in the City of Norcross.

**CITY OF NORCROSS, GEORGIA**  
**WATER AND SEWER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,225,108	\$ 971,419
Accounts receivable (net)	0	453,027
Prepaid items	0	1,724
Inventories	0	28,946
	<u>1,225,108</u>	<u>1,455,116</u>
Total current assets		
	<u>1,225,108</u>	<u>1,455,116</u>
<b>Restricted assets</b>		
Customer deposits		
Cash and cash equivalents	0	80,426
	<u>0</u>	<u>80,426</u>
<b>Capital assets</b>		
Land	0	9,500
Water and sewer system	0	12,210,484
Vehicles and equipment	0	160,786
Construction in progress	0	137,349
Accumulated depreciation	0	(5,154,434)
	<u>0</u>	<u>(5,154,434)</u>
Total capital assets (net of accumulated depreciation)	<u>0</u>	<u>7,363,685</u>
	<u>0</u>	<u>7,363,685</u>
<b>Total assets</b>	<u>1,225,108</u>	<u>8,899,227</u>
	<u>1,225,108</u>	<u>8,899,227</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	4,808	17,520
Intergovernmental	0	105,578
Accrued salaries and payroll liabilities	0	4,920
Compensated absences	0	2,736
	<u>4,808</u>	<u>130,754</u>
Total current liabilities	<u>4,808</u>	<u>130,754</u>
	<u>4,808</u>	<u>130,754</u>
<b>Current liabilities payable from restricted assets</b>		
Customer deposits	0	80,426
	<u>0</u>	<u>80,426</u>
<b>Noncurrent assets</b>		
Net OPEB obligation	0	143,853
	<u>0</u>	<u>143,853</u>
<b>Total liabilities</b>	<u>4,808</u>	<u>355,033</u>
	<u>4,808</u>	<u>355,033</u>
<b>NET POSITION</b>		
Investment in capital assets	0	7,363,685
Unrestricted	1,220,300	1,180,509
	<u>1,220,300</u>	<u>1,180,509</u>
<b>Total net position</b>	<u>\$ 1,220,300</u>	<u>\$ 8,544,194</u>
	<u>\$ 1,220,300</u>	<u>\$ 8,544,194</u>

**CITY OF NORCROSS, GEORGIA**  
**WATER AND SEWER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water sales	\$ 231,989	\$ 1,493,900
Sewer charges	423,612	1,016,396
Other	10,144	2,588
	<u>665,745</u>	<u>2,512,884</u>
<b>Total operating revenues</b>		
<b>OPERATING EXPENSES</b>		
Costs of sales and services	640,703	1,479,534
Personal services	107,801	385,574
Depreciation	83,396	247,423
	<u>831,900</u>	<u>2,112,531</u>
<b>Total operating expenses</b>		
Operating income (loss)	<u>(166,155)</u>	<u>400,353</u>
Non-operating revenues (expenses)		
Investment revenue	5,160	3,330
Distribution of capital assets to Stormwater Utility Fund	(8,000)	0
	<u>(2,840)</u>	<u>3,330</u>
<b>Total non-operating revenues (expenses)</b>		
Income (loss) before extraordinary item and transfers	(168,995)	403,683
Extraordinary item		
Loss on sale of capital assets	<u>(5,272,289)</u>	<u>0</u>
Income (loss) before transfers	<u>(5,441,284)</u>	<u>403,683</u>
Transfers in (out)		
General Fund	(2,000,000)	0
Hotel/Motel Tax Fund	1,974	0
Electric Utility Fund	(28,437)	0
Solid Waste Fund	0	3,439
Stormwater Utility Fund	143,853	0
	<u>(1,882,610)</u>	<u>3,439</u>
<b>Total transfers</b>		
Change in net position	(7,323,894)	407,122
Net position, January 1	<u>8,544,194</u>	<u>8,137,072</u>
<b>Net position, December 31</b>	<u><u>\$ 1,220,300</u></u>	<u><u>\$ 8,544,194</u></u>

**CITY OF NORCROSS, GEORGIA**  
**WATER AND SEWER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 1,028,202	\$ 2,465,242
Payments to suppliers	(728,323)	(1,593,633)
Payments to employees	(259,310)	(322,188)
Other receipts	10,144	2,588
Net cash provided (used) by operating activities	<u>50,713</u>	<u>552,009</u>
<b>Cash flows from non-capital financing activities</b>		
Receipts from other funds	145,827	3,439
Payments to other funds	(2,028,437)	0
Net cash provided (used) by non-capital financing activities	<u>(1,882,610)</u>	<u>3,439</u>
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from sale of assets	2,000,000	0
Acquisition of capital assets	0	(137,349)
Net cash provided (used) by capital and related financing activities	<u>2,000,000</u>	<u>(137,349)</u>
<b>Cash flows from investing activities:</b>		
Interest received	5,160	3,330
Net increase (decrease) in cash and cash equivalents	173,263	421,429
Cash and cash equivalents, January 1	1,051,845	630,416
<b>Cash and cash equivalents, December 31</b>	<u>\$ 1,225,108</u>	<u>\$ 1,051,845</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (166,155)	\$ 400,353
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	83,396	247,423
(Increase) decrease in accounts receivable	453,027	(50,405)
(Increase) decrease in prepaid items	1,724	(1,724)
(Increase) decrease in inventories	28,946	1,782
Increase (decrease) in accounts payable	(12,712)	(106,765)
Increase (decrease) in intergovernmental payables	(105,578)	(7,392)
Increase (decrease) in deposits payable	(80,426)	5,351
Increase (decrease) in net OPEB obligation	(143,853)	58,618
Increase (decrease) in accrued payroll liabilities	(7,656)	4,768
Total adjustments	<u>216,868</u>	<u>151,656</u>
Net cash provided (used) by operating activities	<u>\$ 50,713</u>	<u>\$ 552,009</u>
<b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 1,225,108	\$ 971,419
Customer Deposits		
Cash and cash equivalents	0	80,426
Total cash and cash equivalents	<u>\$ 1,225,108</u>	<u>\$ 1,051,845</u>

**Noncash investing, capital, and financing activities:**

Distributions of capital assets to government totaled \$8,000 for the year ended December 31, 2013.

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 11,220	\$ 191,205
Investments	2,178,246	3,040,355
Accounts receivable (net)	1,754,344	1,817,113
Prepaid items	127,995	177,750
Inventories	789,209	808,089
Total current assets	<u>4,861,014</u>	<u>6,034,512</u>
<b>Restricted assets</b>		
MEAG Generation Trust		
Investments	3,447,219	2,166,073
Customer Deposits		
Investments	438,931	390,909
Total restricted assets	<u>3,886,150</u>	<u>2,556,982</u>
<b>Capital assets</b>		
Land	1,000	1,000
Electric system	9,621,250	9,302,463
Vehicles and equipment	883,906	878,952
Construction in progress	391,157	260,568
Accumulated depreciation	(2,824,455)	(2,565,467)
Total capital assets (net of accumulated depreciation)	<u>8,072,858</u>	<u>7,877,516</u>
<b>Other assets</b>		
Advances to other funds	498,451	498,451
<b>Total assets</b>	<u>17,318,473</u>	<u>16,967,461</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	120,574	60,481
Intergovernmental	786,758	711,174
Sales tax	43,330	49,398
Unearned revenue	87,299	86,534
Accrued salaries and payroll liabilities	11,715	10,476
Compensated absences	8,881	8,039
Due to other funds	1,917,652	957,000
Total current liabilities	<u>2,976,209</u>	<u>1,883,102</u>
<b>Current liabilities payable from restricted assets</b>		
Customer deposits	438,931	390,909
<b>Noncurrent liabilities</b>		
Net OPEB obligation	541,167	403,112
<b>Total liabilities</b>	<u>3,956,307</u>	<u>2,677,123</u>
<b>NET POSITION</b>		
Investment in capital assets	8,072,858	7,877,516
Restricted for MEAG generation projects	3,447,219	2,166,073
Unrestricted	1,842,089	4,246,749
<b>Total net position</b>	<u>\$ 13,362,166</u>	<u>\$ 14,290,338</u>

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Electric sales	\$ 10,281,539	\$ 12,361,625
Other	878	31,825
	<u>10,282,417</u>	<u>12,393,450</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	10,083,931	9,890,827
Personal services	952,618	823,791
Depreciation	258,989	250,812
	<u>11,295,538</u>	<u>10,965,430</u>
Operating income (loss)	(1,013,121)	1,428,020
Non-operating revenues (expenses)		
Investment revenue	45,292	43,602
	<u>(967,829)</u>	<u>1,471,622</u>
Net income (loss) before transfers		
Transfers in (out)		
General Fund	0	(957,000)
Hotel/Motel Tax Fund	11,220	0
Water and Sewer Utility Fund	28,437	0
Solid Waste Fund	0	12,397
	<u>39,657</u>	<u>(944,603)</u>
Change in net position	(928,172)	527,019
Net position, January 1	<u>14,290,338</u>	<u>13,763,319</u>
<b>Net position, December 31</b>	<u><u>\$ 13,362,166</u></u>	<u><u>\$ 14,290,338</u></u>

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 10,387,027	\$ 12,218,772
Payments to suppliers	(9,879,619)	(9,910,983)
Payments to employees	(812,482)	(717,004)
Other receipts	878	31,825
	<u>(304,196)</u>	<u>1,622,610</u>
<b>Cash flows from non-capital financing activities</b>		
Receipts from other funds	1,000,309	12,397
Payments to other funds	0	(500,000)
	<u>1,000,309</u>	<u>(487,603)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	<u>(454,331)</u>	<u>(739,504)</u>
<b>Cash flows from investing activities:</b>		
Interest received	45,292	43,602
Purchase of investments	<u>(467,059)</u>	<u>(550,945)</u>
	<u>(421,767)</u>	<u>(507,343)</u>
Net increase (decrease) in cash and cash equivalents	(179,985)	(111,840)
Cash and cash equivalents, January 1	<u>191,205</u>	<u>303,045</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 11,220</u></u>	<u><u>\$ 191,205</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ (1,013,121)</u>	<u>\$ 1,428,020</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	258,989	250,812
(Increase) decrease in accounts receivable	62,769	(271,629)
(Increase) decrease in prepaid items	49,755	48,248
(Increase) decrease in inventories	18,880	(22,794)
Increase (decrease) in accounts payable	60,093	10,965
Increase (decrease) in intergovernmental payables	75,584	(56,575)
Increase (decrease) in unearned revenue	765	86,534
Increase (decrease) in deposits payable	48,022	45,164
Increase (decrease) in sales tax payable	(6,068)	(2,922)
Increase (decrease) in accrued payroll liabilities	2,081	4,206
Increase (decrease) in net OPEB obligation	<u>138,055</u>	<u>102,581</u>
Total adjustments	<u>708,925</u>	<u>194,590</u>
Net cash provided (used) by operating activities	<u><u>\$ (304,196)</u></u>	<u><u>\$ 1,622,610</u></u>

**CITY OF NORCROSS, GEORGIA  
SOLID WASTE ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF NET POSITION  
December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,126,641	\$ 1,065,954
Accounts receivable (net)	328,298	383,471
Due from other funds	<u>0</u>	<u>164,586</u>
Total current assets	1,454,939	1,614,011
<b>Restricted assets</b>		
Customer deposits		
Cash and cash equivalents	<u>122,765</u>	<u>111,206</u>
<b>Total assets</b>	<u>1,577,704</u>	<u>1,725,217</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	162,933	299,419
Unearned revenue	<u>130,920</u>	<u>253,010</u>
Total current liabilities	293,853	552,429
<b>Current liabilities payable from restricted assets</b>		
Customer deposits	<u>122,765</u>	<u>111,206</u>
<b>Total liabilities</b>	<u>416,618</u>	<u>663,635</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 1,161,086</u>	<u>\$ 1,061,582</u>

**CITY OF NORCROSS, GEORGIA  
SOLID WASTE ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation fees	\$ 1,974,571	\$ 1,801,674
Other	0	1,288
	<u>1,974,571</u>	<u>1,802,962</u>
<b>Total operating revenues</b>		
<b>OPERATING EXPENSES</b>		
Costs of sales and services	1,801,590	1,790,693
Personal services	79,044	47,428
	<u>1,880,634</u>	<u>1,838,121</u>
<b>Total operating expenses</b>		
Operating income (loss)	93,937	(35,159)
Non-operating revenues (expenses)		
Investment revenue	5,567	4,909
	<u>99,504</u>	<u>(30,250)</u>
Net income (loss) before transfers		
Transfers in (out)		
General Fund	0	(157,515)
Hotel/Motel Tax Fund	0	(2,533)
Storm Water Fund	0	(2,413)
Water/Sewer Fund	0	(3,439)
Electric Fund	0	(12,397)
	<u>0</u>	<u>(178,297)</u>
<b>Total transfers</b>		
Change in net position	99,504	(208,547)
Net position, January 1	<u>1,061,582</u>	<u>1,270,129</u>
<b>Net position, December 31</b>	<u><u>\$ 1,161,086</u></u>	<u><u>\$ 1,061,582</u></u>

**CITY OF NORCROSS, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 1,919,213	\$ 1,895,912
Payments to suppliers	(1,938,076)	(1,609,708)
Payments to employees	(79,044)	(47,428)
Other receipts	0	1,288
	<u>                    </u>	<u>                    </u>
Net cash provided (used) by operating activities	<u>(97,907)</u>	<u>240,064</u>
<b>Cash flows from non-capital financing activities</b>		
Receipts from other funds	164,586	0
Payments to other funds	0	(342,883)
	<u>                    </u>	<u>                    </u>
Net cash provided (used) by non-capital financing activities	<u>164,586</u>	<u>(342,883)</u>
<b>Cash flows from investing activities</b>		
Interest received	5,567	4,909
	<u>                    </u>	<u>                    </u>
Net increase (decrease) in cash and cash equivalents	72,246	(97,910)
Cash and cash equivalents, January 1	<u>1,177,160</u>	<u>1,275,070</u>
<b>Cash and cash equivalents, December 31</b>	<u><u>\$ 1,249,406</u></u>	<u><u>\$ 1,177,160</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ 93,937</u>	<u>\$ (35,159)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	55,173	(161,068)
Increase (decrease) in accounts payable	(136,486)	180,985
Increase (decrease) in unearned revenue	(122,090)	242,478
Increase (decrease) in deposits payable	11,559	12,828
	<u>                    </u>	<u>                    </u>
Total adjustments	<u>(191,844)</u>	<u>275,223</u>
Net cash provided by operating activities	<u><u>\$ (97,907)</u></u>	<u><u>\$ 240,064</u></u>
<b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 1,126,641	\$ 1,065,954
Customer Deposits		
Cash and cash equivalents	<u>122,765</u>	<u>111,206</u>
Total cash and cash equivalents	<u><u>\$ 1,249,406</u></u>	<u><u>\$ 1,177,160</u></u>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 679,964	\$ 355,338
Receivables		
Accounts (net)	146,049	115,292
Prepaid items	1,381	2,141
Total current assets	827,394	472,771
<b>Capital assets</b>		
Storm water system	596,932	545,513
Vehicles and equipment	352,697	189,528
Accumulated depreciation	(320,580)	(126,043)
Total capital assets (net of accumulated depreciation)	629,049	608,998
<b>Total assets</b>	<b>1,456,443</b>	<b>1,081,769</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	54,636	4,769
Accrued salaries and payroll liabilities	1,023	1,057
Compensated absences	1,750	1,820
Total current liabilities	57,409	7,646
<b>Noncurrent liabilities</b>		
Net OPEB obligation	302,908	99,889
<b>Total liabilities</b>	<b>360,317</b>	<b>107,535</b>
<b>NET POSITION</b>		
Investment in capital assets	629,049	608,998
Unrestricted	467,077	365,236
<b>Total net position</b>	<b>\$ 1,096,126</b>	<b>\$ 974,234</b>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Storm water fees	\$ 720,384	\$ 473,607
Other	0	334
	<u>720,384</u>	<u>473,941</u>
<b>Total operating revenues</b>		
<b>OPERATING EXPENSES</b>		
Costs of sales and services	106,655	124,126
Personal services	318,395	278,790
Depreciation	41,751	40,220
	<u>466,801</u>	<u>443,136</u>
<b>Total operating expenses</b>		
Operating income (loss)	253,583	30,805
Non-operating revenues (expenses)		
Investment revenue	2,929	1,140
	<u>2,929</u>	<u>1,140</u>
Income (loss) before capital contributions and transfers	256,512	31,945
Capital Contributions		
Contributions of capital assets from Water and Sewer Utility Fund	8,000	0
	<u>8,000</u>	<u>0</u>
Income (loss) before transfers	264,512	31,945
Transfers in (out)		
Hotel/Motel Tax Fund	1,233	0
Water and Sewer Utility Fund	(143,853)	0
Solid Waste Fund	0	2,413
	<u>0</u>	<u>2,413</u>
Total transfers	(142,620)	2,413
Change in net position	121,892	34,358
Net position, January 1	974,234	939,876
<b>Net position, December 31</b>	<u>\$ 1,096,126</u>	<u>\$ 974,234</u>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 689,627	\$ 461,940
Payments to suppliers	(107,447)	(123,447)
Payments to employees	(115,480)	(263,839)
Other receipts	0	334
	<u>466,700</u>	<u>74,988</u>
<b>Net cash provided (used) by operating activities</b>	<u>466,700</u>	<u>74,988</u>
<b>Cash flows from non-capital financing activities</b>		
Receipts from other funds	1,233	2,413
Payments to other funds	(143,853)	0
	<u>(142,620)</u>	<u>2,413</u>
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(142,620)</u>	<u>2,413</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other governments	0	15,000
Acquisition of capital assets	(2,383)	(30,567)
Payment of capital related accounts payable	0	(54,155)
	<u>(2,383)</u>	<u>(69,722)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(2,383)</u>	<u>(69,722)</u>
<b>Cash flows from investing activities</b>		
Interest received	2,929	1,140
	<u>2,929</u>	<u>1,140</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>324,626</u>	<u>8,819</u>
<b>Cash and cash equivalents, January 1</b>	<u>355,338</u>	<u>346,519</u>
<b>Cash and cash equivalents, December 31</b>	<u>\$ 679,964</u>	<u>\$ 355,338</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 253,583	\$ 30,805
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation expense	41,751	40,220
(Increase) decrease in accounts receivable	(30,757)	(11,667)
(Increase) decrease in prepaid items	760	(1,030)
Increase (decrease) in accounts payable	(1,552)	1,709
Increase (decrease) in payroll liabilities	(104)	297
Increase (decrease) in net OPEB obligation	203,019	14,654
	<u>213,117</u>	<u>44,183</u>
<b>Total adjustments</b>	<u>213,117</u>	<u>44,183</u>
<b>Net cash provided by operating activities</b>	<u>\$ 466,700</u>	<u>\$ 74,988</u>

**Noncash investing, capital, and financing activities:**

Acquisition of capital assets through accounts payable totaled \$51,417 for the year ended December 31, 2013.

Contributions of capital assets from government totaled \$8,000 for the year ended December 31, 2013.

This page intentionally left blank.

## ***AGENCY FUND***

Agency funds are used to account for assets held by the City as an agent to be expended in accordance with the conditions of its agency capacity.

Municipal Court Fund – This fund is used to account, on a temporary basis, for fines collected by the municipal court that ultimately are transmitted to the general fund or another agency.

**CITY OF NORCROSS, GEORGIA**  
**MUNICIPAL COURT AGENCY FUND**  
**COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 143,311	\$ 141,761
<b>LIABILITIES</b>		
Due to other agencies	<u>\$ 143,311</u>	<u>\$ 141,761</u>

**CITY OF NORCROSS, GEORGIA**  
**MUNICIPAL COURT AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the year ended December 31, 2013**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 141,761	\$ 1,818,823	\$ (1,817,273)	\$ 143,311
<b>LIABILITIES</b>				
Due to others agencies	\$ 141,761	\$ 1,818,823	\$ (1,817,273)	\$ 143,311

This page intentionally left blank.

***COMPONENT UNIT***

Downtown Development Authority – This component unit is used to account for governmental revenues and contributions reserved for City business development.

**CITY OF NORCROSS, GEORGIA**  
**DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)**  
**COMPARATIVE BALANCE SHEETS**  
**December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 117,211	\$ 119,550
Property held for resale	112,994	112,994
Notes receivable	175,816	192,804
<b>Total assets</b>	<b>\$ 406,021</b>	<b>\$ 425,348</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 5,717	\$ 0
Intergovernmental	3,198	1,198
<b>Total liabilities</b>	<b>8,915</b>	<b>1,198</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Property held for resale	112,994	112,994
Notes receivable	175,816	192,804
Assigned for:		
Housing and Development	2,669	101,057
Budget	105,627	17,295
<b>Total fund balances</b>	<b>397,106</b>	<b>424,150</b>
<b>Total liabilities and fund balances</b>	<b>\$ 406,021</b>	<b>\$ 425,348</b>

**CITY OF NORCROSS, GEORGIA**  
**DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2013**  
*(With comparative actual amounts for the year ended December 31, 2012)*

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 0	\$ 0
Interest	539	10,704	10,165	12,498
Rent	3,000	3,000	0	3,000
Other	0	(2)	(2)	6,202
<b>Total revenues</b>	<u>28,539</u>	<u>38,702</u>	<u>10,163</u>	<u>21,700</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	28,122	27,962	160	32,035
Supplies and materials	1,479	3,354	(1,875)	0
Payments to others	4,000	3,825	175	0
Capital outlay	15,720	9,846	5,874	0
Debt service	(3,416)	6,368	(9,784)	5,963
<b>Total expenditures</b>	<u>45,905</u>	<u>51,355</u>	<u>(5,450)</u>	<u>37,998</u>
Excess (deficiency) of revenues over (under) expenditures	(17,366)	(12,653)	4,713	(16,298)
Other financing sources (uses)				
Contingency	(88,261)	0	88,261	0
Extraordinary Item				
Forgiveness of debt	0	(14,391)	(14,391)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(105,627)	(27,044)	78,583	(16,298)
Fund balances, January 1	<u>105,627</u>	<u>424,150</u>	<u>318,523</u>	<u>440,448</u>
<b>Fund balances, December 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 397,106</u></u>	<u><u>\$ 397,106</u></u>	<u><u>\$ 424,150</u></u>

This page intentionally left blank.

***SINGLE AUDIT SECTION***

This section contains reports required by OMB A-133 and grantor agencies.

This page intentionally left blank.



# RUSHTON & COMPANY

## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norcross, Georgia, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Norcross, Georgia's basic financial statements and have issued our report thereon dated June 16, 2014.

### **Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 13-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Norcross, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that is required to be reported under *Government Auditing Standards*.

## **City of Norcross, Georgia's Response to Findings**

City of Norcross, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City Norcross' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
June 16, 2014



# RUSHTON & COMPANY

## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

### Report on Compliance for Each Major Federal Program

We have audited the City of Norcross, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Norcross' major federal programs for the year ended December 31, 2013. The City of Norcross' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Norcross, Georgia's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Norcross' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Norcross, Georgia's compliance.

### Opinion on Each Major Federal Program

In our opinion, the City of Norcross, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2013.

### Report on Internal Control over Compliance

Management of the City of Norcross, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Norcross' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Norcross' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
June 16, 2014

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2013**

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Gwinnett County, Georgia Community Development Block Grants/ Entitlement Grants	14.218	NORC-12-1927	\$ <u>557,757</u>
<b><u>U.S. Department of Justice</u></b>			
Equitable Sharing for State and Local Law Enforcement Agencies	16.000	N/A	<u>51,343</u>
<b><u>U.S. Department of Transportation</u></b>			
Passed through the Georgia Department of Transportation: Highway Planning and Construction	20.205	STP-0006-00(989) STP-0010-00(330) TE0010629	166,141 31,414 <u>26,352</u> <u>223,907</u>
<b>Total Federal Awards</b>			<b>\$ <u><u>833,007</u></u></b>

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

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2013**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal grant activity of the City of Norcross, Georgia, under programs for the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2013**

**1. Summary of the Auditor's Results**

**A. Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered material weaknesses?	No
Noncompliance material to financial statements noted?	No

**B. Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None noted
Significant deficiency(ies) identified not considered material weaknesses?	None noted
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None noted
Identification of major programs:	
14.218 Community Development Block Grants/ Entitlement Grants	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2013**

**2. Financial Statement Findings**

**A. Current Year Audit Findings**

**Comment 13-1**

*Condition:* The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. There were 41 journal entries posted to the general ledger after the final trial balance was received from management. Of the 41 journal entries, 13 were made by management and 28 were made by the auditors.

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

*Effect:* Failure to properly design and implement internal controls over year-end close procedures may lead to financial statements that are materially misstated and may cause the City to miss the June 30<sup>th</sup> deadline resulting in the City being out of compliance with State law.

*Recommendation:* We recommend that the City's Finance Department continue to implement and/or strengthen internal controls over the year-end closeout procedures. We also recommend management reconcile account balances monthly to the subsidiary ledgers to ensure proper and timely recording.

*Management Response:* Management concurs with this finding. The City Manager and Administrative Services Director will ensure that proper internal controls over the year-end close procedures are designed and implemented. Also, the Administrative Services Director will ensure that account balances are reconciled monthly to the subsidiary ledgers. This action was taken immediately upon receipt of the comment from our auditors.

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

**Comment 12-1**

*Condition:* During audit procedures on accrued liabilities, we noted that accounts payable amounts in the general ledger were not reconciled to the subsidiary listings. The accounts payable listings did not balance to the trial balance. Also, we noted material unrecorded accounts payable in the General, Electric Utility, and Solid Waste Funds.

Accounts payable subsidiary ledgers were properly reconciled to the general ledger. No material unrecorded accounts payable were noted.

**Comment 13-2**

*Condition:* The Police Grant Special Revenue Fund incurred material expenditures over budget appropriations.

The Police Grant Special Revenue Fund did not incur material expenditures over budget appropriations.

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended December 31, 2013**

**3. Federal Award Findings and Questioned Costs**

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

This page intentionally left blank.

***STATE REPORTING SECTION***

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the year ended December 31, 2013**

<b>Project</b>	<b>Estimated Cost *</b>		<b>Expenditures</b>		
	<b>Original</b>	<b>Current</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>
<b>2004 SPLOST Referendum</b>					
Roads Improvements	\$ 1,040,250	\$ 1,040,250	\$ 860,515	\$ 0	\$ 860,515
Recreational Facilities	5,000,500	5,436,170	6,112,864	0	6,112,864
Public Safety Facilities and Equipment	344,324	344,324	335,760	0	335,760
<b>Total</b>	<b>\$ 6,385,074</b>	<b>\$ 6,820,744</b>	<b>\$ 7,309,139</b>	<b>\$ 0</b>	<b>\$ 7,309,139</b>
Current year expenditures				\$ 0	
Expenditures financed through other revenues and transfers from other funds				0	
Total expenditures of the 2004 SPLOST Capital Projects Fund				<u>\$ 0</u>	
<b>2009 SPLOST Referendum</b>					
Roads Improvements	\$ 1,500,000	\$ 1,500,000	\$ 502,201	\$ 243,412	\$ 745,613
Recreational Facilities	3,568,281	3,568,281	1,338,290	580,952	1,919,242
Administrative Facilities	2,000,000	2,000,000	2,393,343	0	2,393,343
Parking Facilities	2,000,000	2,000,000	44,051	0	44,051
<b>Total</b>	<b>\$ 9,068,281</b>	<b>\$ 9,068,281</b>	<b>\$ 4,277,885</b>	<b>\$ 824,364</b>	<b>\$ 5,102,249</b>
Current year expenditures				\$ 824,364	
Expenditures financed through other revenues and transfers from other funds				31,414	
Total expenditures of the 2009 SPLOST Capital Projects Fund				<u>\$ 855,778</u>	