CITY OF NORCROSS, GEORGIA

Annual Financial Report

For the year ended December 31, 2009

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CITY OF NORCROSS, GEORGIA
FINANCIAL REPORT
For the year ended December 31, 2009

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Independent Auditor's Report

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

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norcross, Georgia's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in the financial position and cash flows, where applicable, and the budgetary comparison of the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2010, 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norcross, Georgia's, financial statements as a whole. 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 financial statements. The combining and individual fund financial statements and schedules, and the special purpose local option sales tax report are the responsibility of management and were derived from and related to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants

Gainesville, Georgia
October 4, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Norcross provides this Management's Discussion and Analysis for readers of the City's financial statements for the year ended December 31, 2009. 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 $76,652,840 (reported as "net assets"). Of this amount $11,638,646 is unrestricted, of which $5,548,244 is Governmental Activities and $6,090,402 is Business-Type Activities. These unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net assets increased by $2,882,291.

- The City's governmental funds reported combined ending fund balances of $7,773,030. Approximately 91 percent of this amount, $7,103,766, is available for spending at the City's discretion (unreserved fund balance in the General Fund).

- The City's proprietary funds reported net assets of $21,298,902 at year end, an increase of $2,961,731 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 assets 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 assets 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 Assets

The statement of net assets (pages 23-24), presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The City's net assets, 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 assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and utility systems) must be considered to assess the overall health of the City.

Statement of Activities

The statement of activities (page 25), presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 Assets 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 73.

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 assets 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 2004 & 2009 Special Purpose Local Option Sales Tax (SPLOST) Capital Projects Fund are considered a major Governmental fund.

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 26-30 of this report.

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

Proprietary funds

When the City charges customers for the full or partial cost of the services it provides (whether to outside customers or to other units of the City), these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets 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 31-34 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 35.

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 36-72 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 27 and 29 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

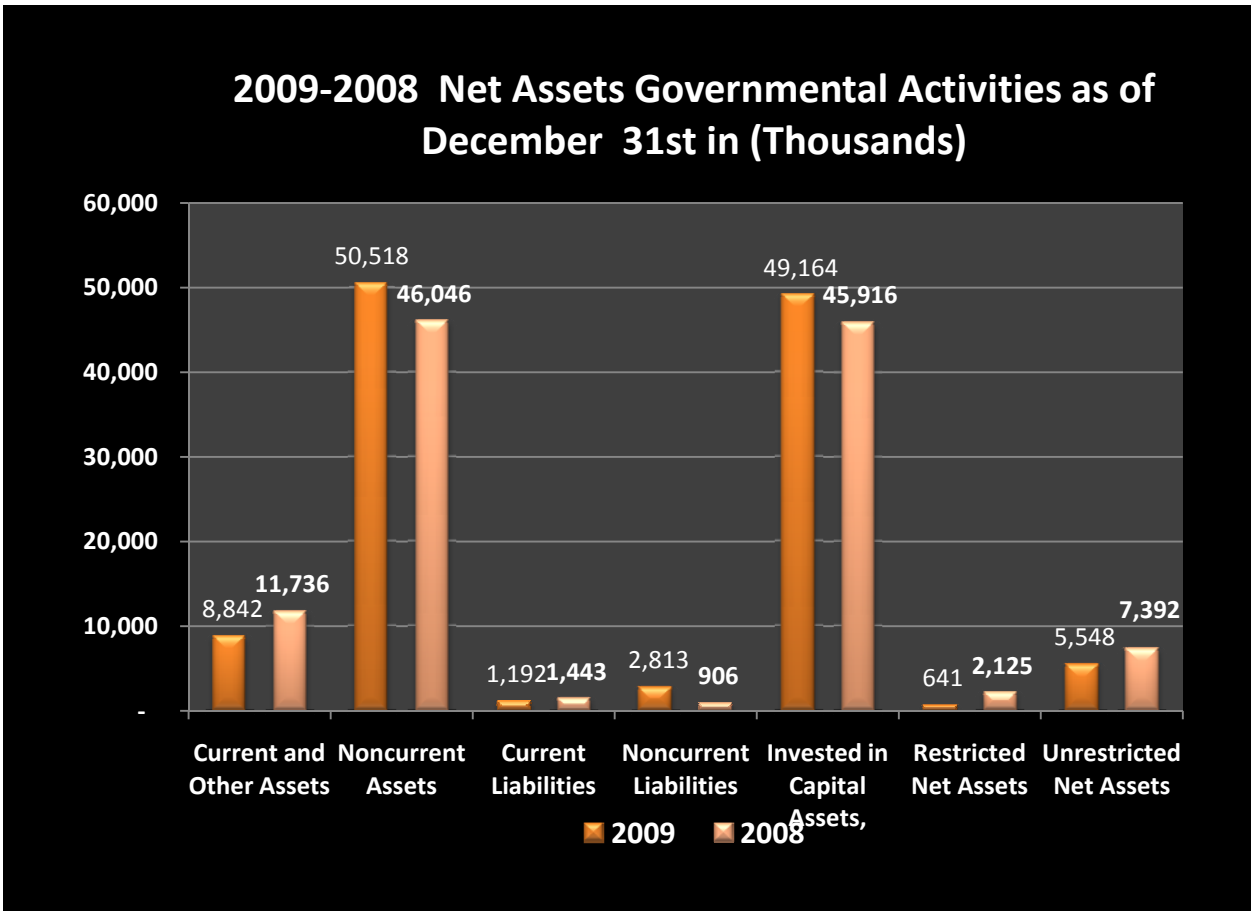
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by $76,652,840 as of December 31, 2009. The following table provides a summary of the City's governmental and business-type net assets for the years ended December 31.

City of Norcross
Net Assets as of December 31, 2009 and 2008
(in Thousands)

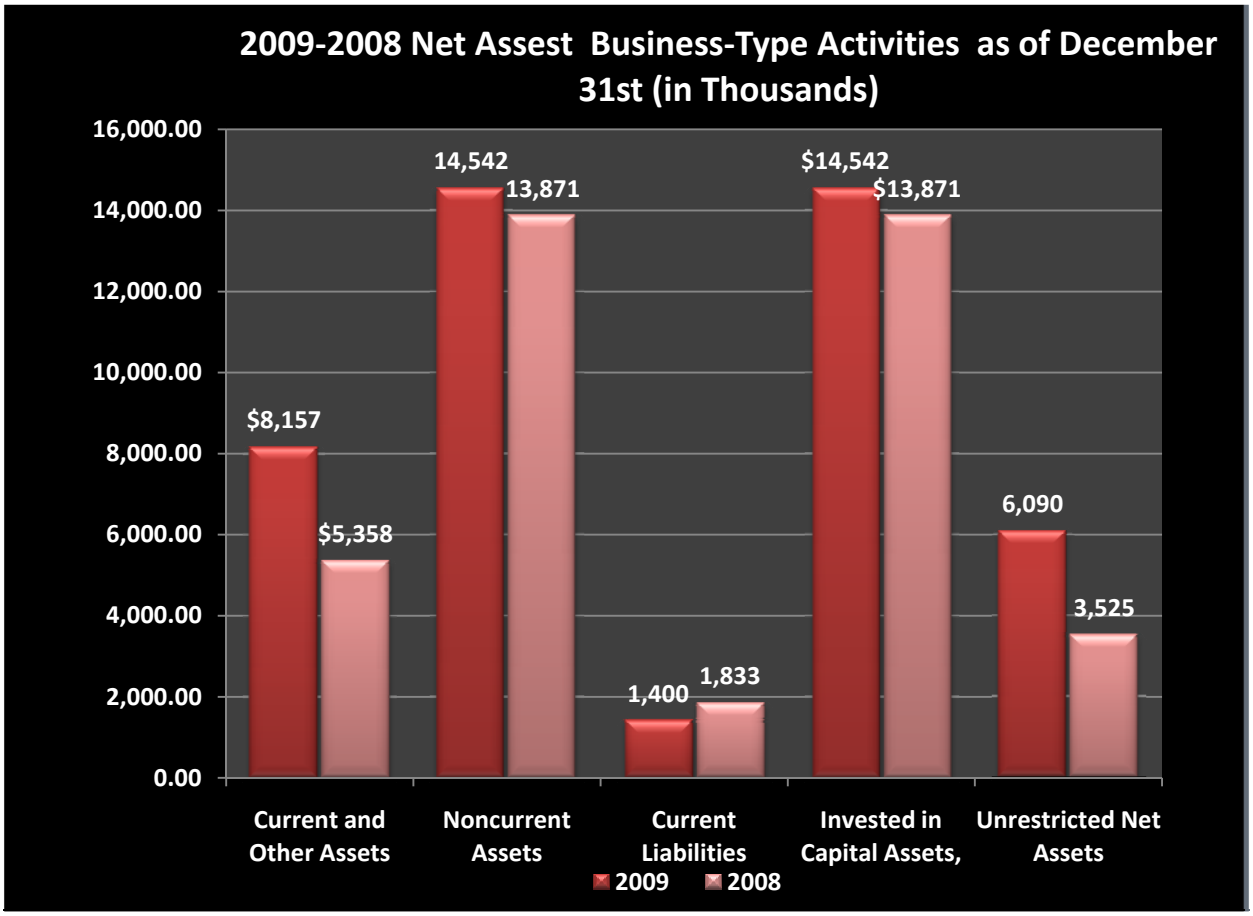
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	$8,842	$11,736	$8,157	$5,358	$16,999	$17,094
Capital Assets	50,518	46,046	14,542	13,871	65,060	59,917
Total Assets	59,360	57,782	22,699	19,229	82,059	77,011
Current Liabilities	$1,192	$1,443	$1,400	$1,833	$2,592	$3,276
Long-term Liabilities	2,813	906	0	0	2,813	906
Total Liabilities	4,005	2,349	1,400	1,833	5,405	4,182
Investment Capital Assets	$49,164	$45,916	$14,542	$13,871	$63,706	$59,787
Restricted Net Assets	641	2,125	667	0	1,308	2,125
Unrestricted Net Assets	5,548	7,392	6,090	3,525	11,638	10,917
Total Net Assets	$55,353	$55,433	$21,299	$17,396	$76,652	$72,829

The largest portion of the City's net assets as of December 31, 2009 (83%) reflects its 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: unrestricted net assets decreased in 2009 by 33%. Capital assets increased by 7% over 2008.



Business-Type: noncurrent assets increased by 5%, unrestricted net assets increased by 73% and current assets increased by 52%.



Restricted net assets totaling $1,308,162 are constrained by debt covenants or legal requirements and are not available for day-to-day operations of the City. The remaining balance of unrestricted net assets $11,638,646 may be used to meet the City's ongoing obligations to citizens and creditors. The portion of unrestricted net assets from business type activities was $6,090,402 at the end of the year. The City had positive balances in both categories of net assets for the government as a whole as of December 31, 2009.

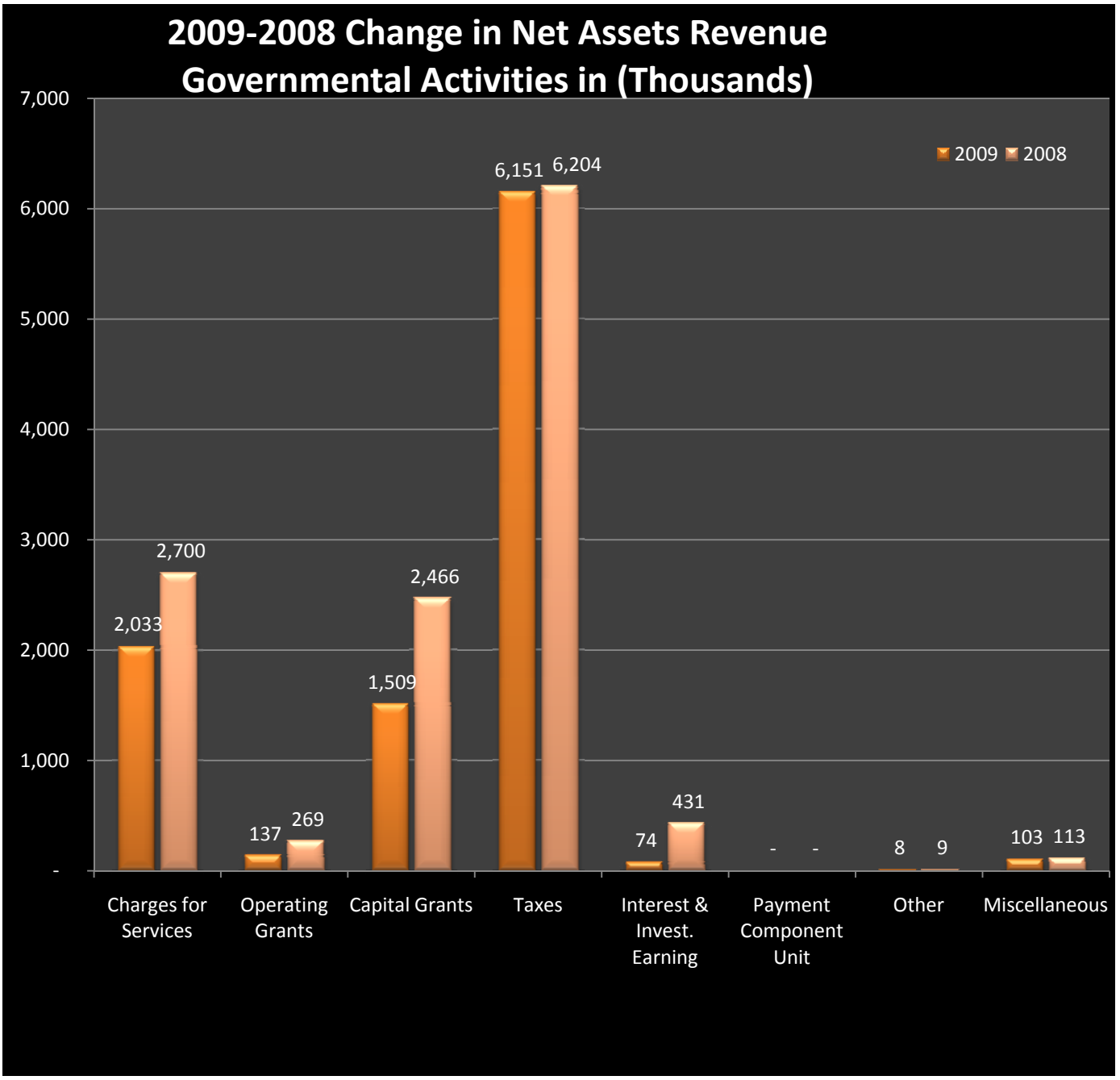
The City's net assets increased by $3,823,874 during the current year. Governmental activities resulted in a decrease in net assets of $79,440, while business-type activities resulted in an increase of net assets of $3,903,314. The following table was derived from the government-wide Statement of Activities and reflects how the City's net assets changed during the year.

City of Norcross
Changes in Net Assets for the Years ended December 31, 2009 and 2008
(in Thousands)

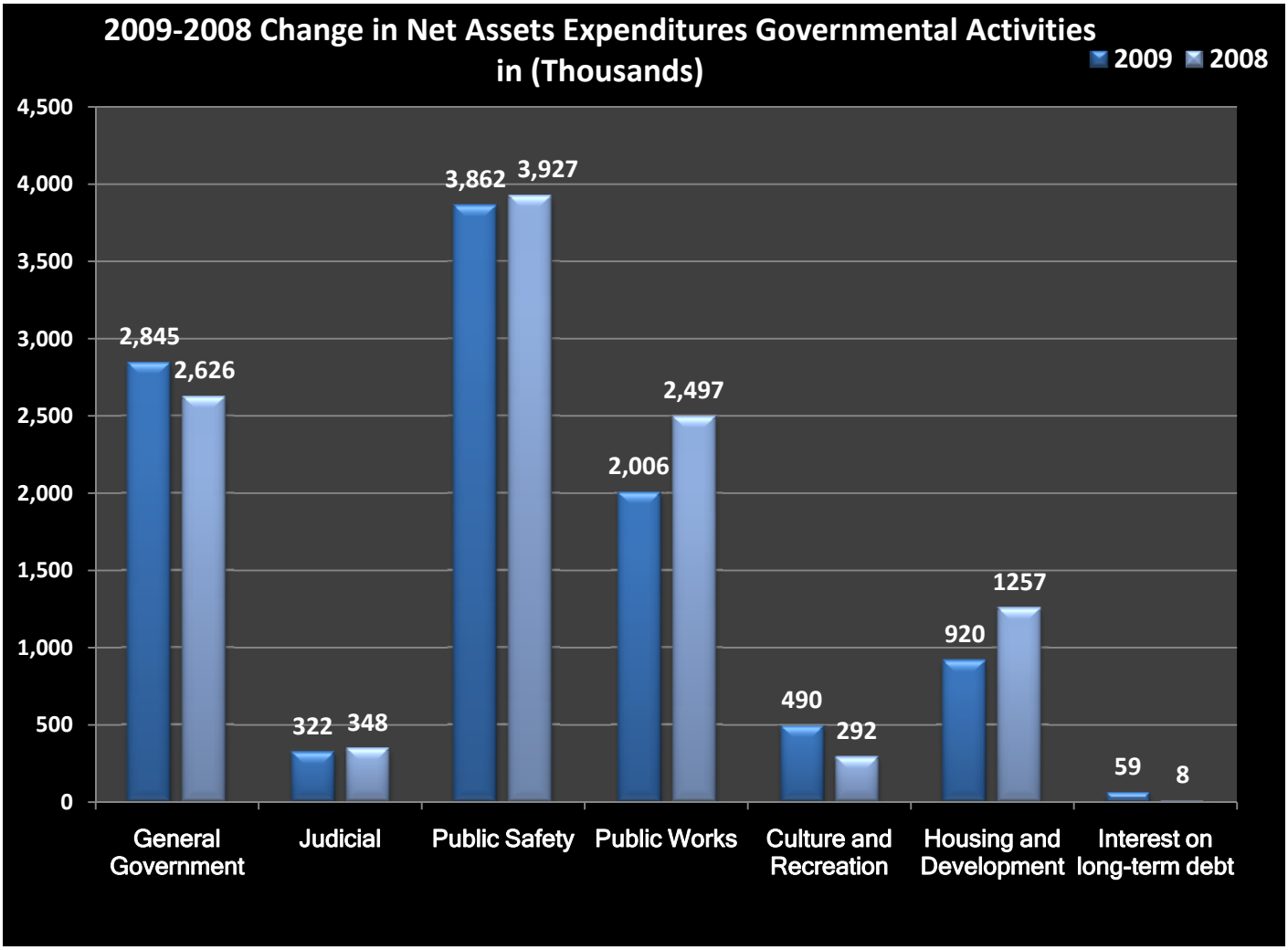
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	$2,033	$2,700	$15,046	$14,586	$17,079	$17,286
Operating Grants	137	269	0	0	137	269
Capital Grants	1,509	2,466	0	0	1,509	2,466
General Revenues:						
Taxes	6,151	6,204	0	0	6,151	6,204
Interest and Investment Earnings	74	431	42	102	117	533
Payment component	0	0	0	0	0	0
Other	8	9	0	0	8	9
Miscellaneous	103	113	4	11	107	124
Total Revenues	**10,015**	**12,192**	**15,092**	**14,699**	**25,107**	**26,891**
Expenses:						
General Government	2,845	2,626	0	0	2,845	2,626
Judicial	322	348	0	0	322	348
Public Safety	3,862	3,927	0	0	3,862	3,927
Public Works	2,222	2,497	0	0	2,222	2,497
Culture and Recreation	274	292	0	0	274	292
Housing and Development	920	1,257	0	0	920	1,257
Interest on long-term debt	59	8	0	0	59	8
Water and Sewer	0	0	2,251	3,730	2,251	3,730
Electric	0	0	7,844	9,797	7,844	9,797
Solid Waste	0	0	1,372	1,488	1,372	1,488
Storm Water	0	0	253	344	253	344
Total Expenses	**10,504**	**10,955**	**11,720**	**15,359**	**22,224**	**26,314**
Increase in net assets before transfers	**(489)**	**1,237**	**3,372**	**(660)**	**2,883**	**577**
Transfers	410	(2,373)	(410)	2,373	0	0
Change in Net Assets	**(79)**	**(1,136)**	**2,962**	**1,713**	**2,883**	**577**
Net Assets - January 1	55,433	56,570	17,395	15,682	73,770	72,252
Prior period adjustments	0	0	942	0	0	0
Dec. 31 Net Assets	**$55,354**	**$55,434**	**$21,299**	**$17,395**	**$76,653**	**$72,829**

Governmental Activities. Governmental Activities decreased the City's net assets by $79,440. Revenues for the City's governmental activities decreased by 18% ($1,220,467) over December 31, 2008. This decrease in revenue was the result of a decrease in interest and investment earnings, and charges for services. Revenue is down by 18% and expenses are down by 4% over 2008.

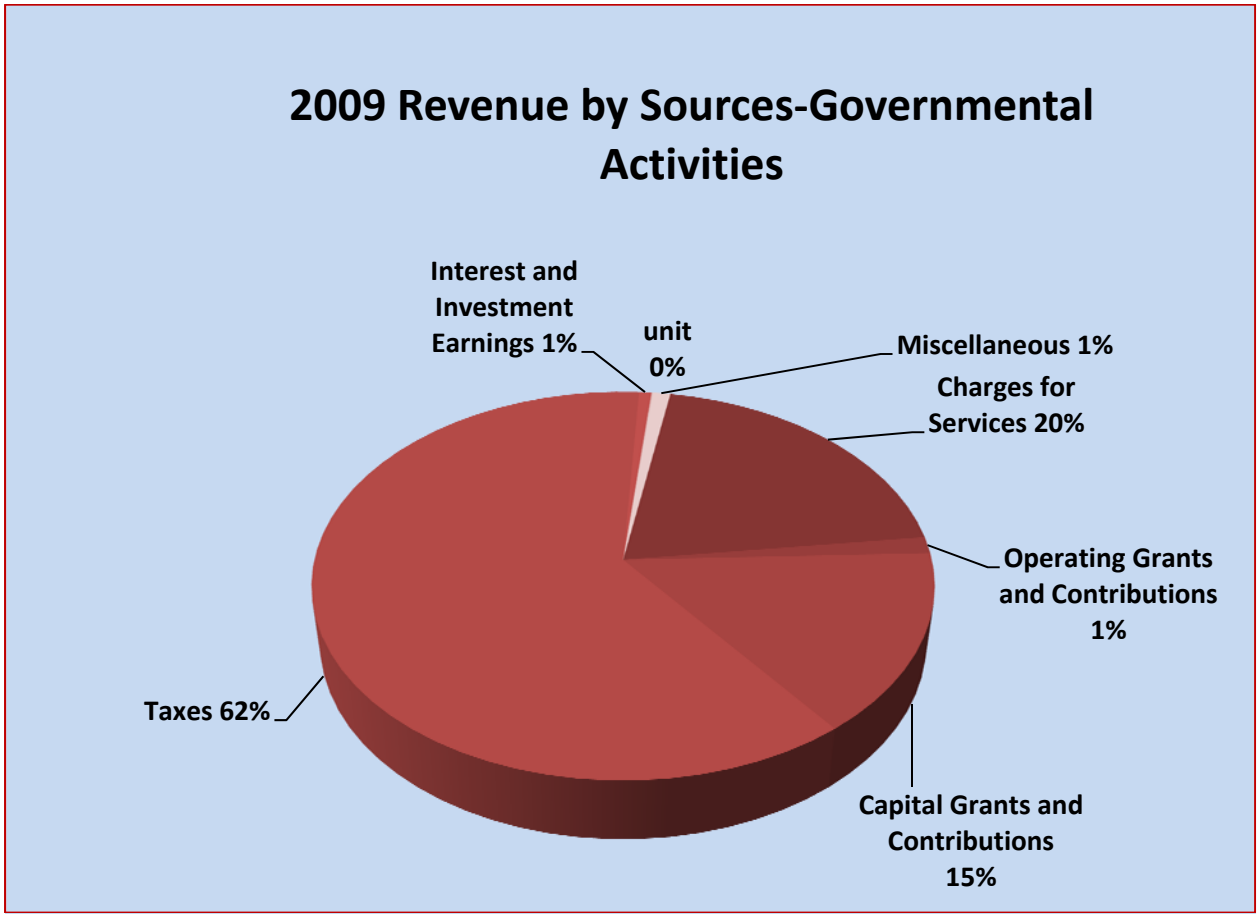
Charges for Services decreased 25%, Operating Grants and Contributions decreased 49%, Capital Grants and Contributions decreased 39%, Taxes decreased 1%, Interest and Investment Earnings decreased 83%.



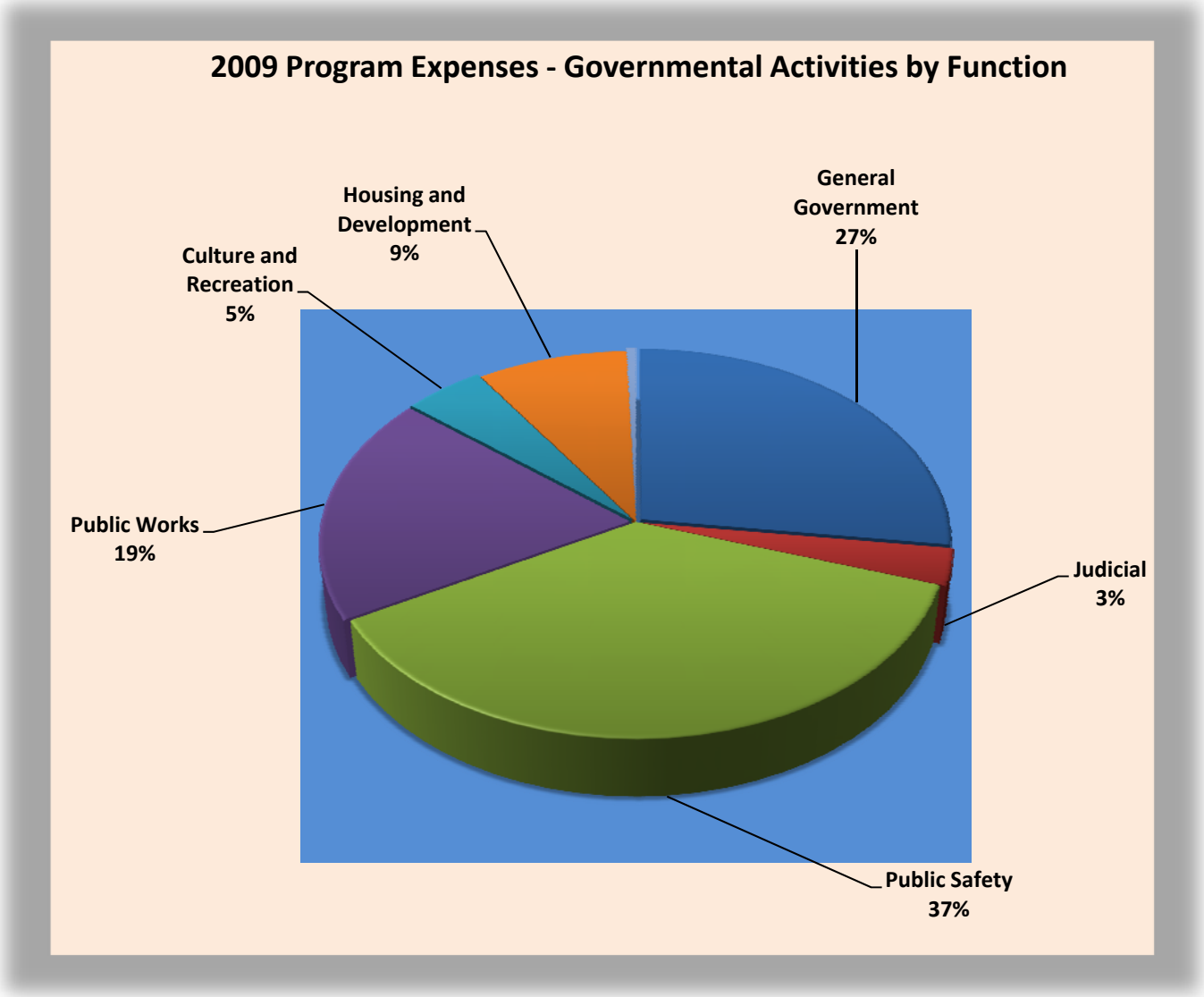
Governmental Activities: General Government expenses increased by 8%, Public Safety decreased 2%, Judicial decreased 8%, Culture Art increased 67%, Public Works decreased 20%. Housing and Development decreased 27% and Interest on long term debt increased 687%.



Revenue for governmental activities was $10,015 million. The major revenue sources were taxes (62%), charges for services (20%), capital grants and contributions (15%), Investments (1%) and others (<1%).

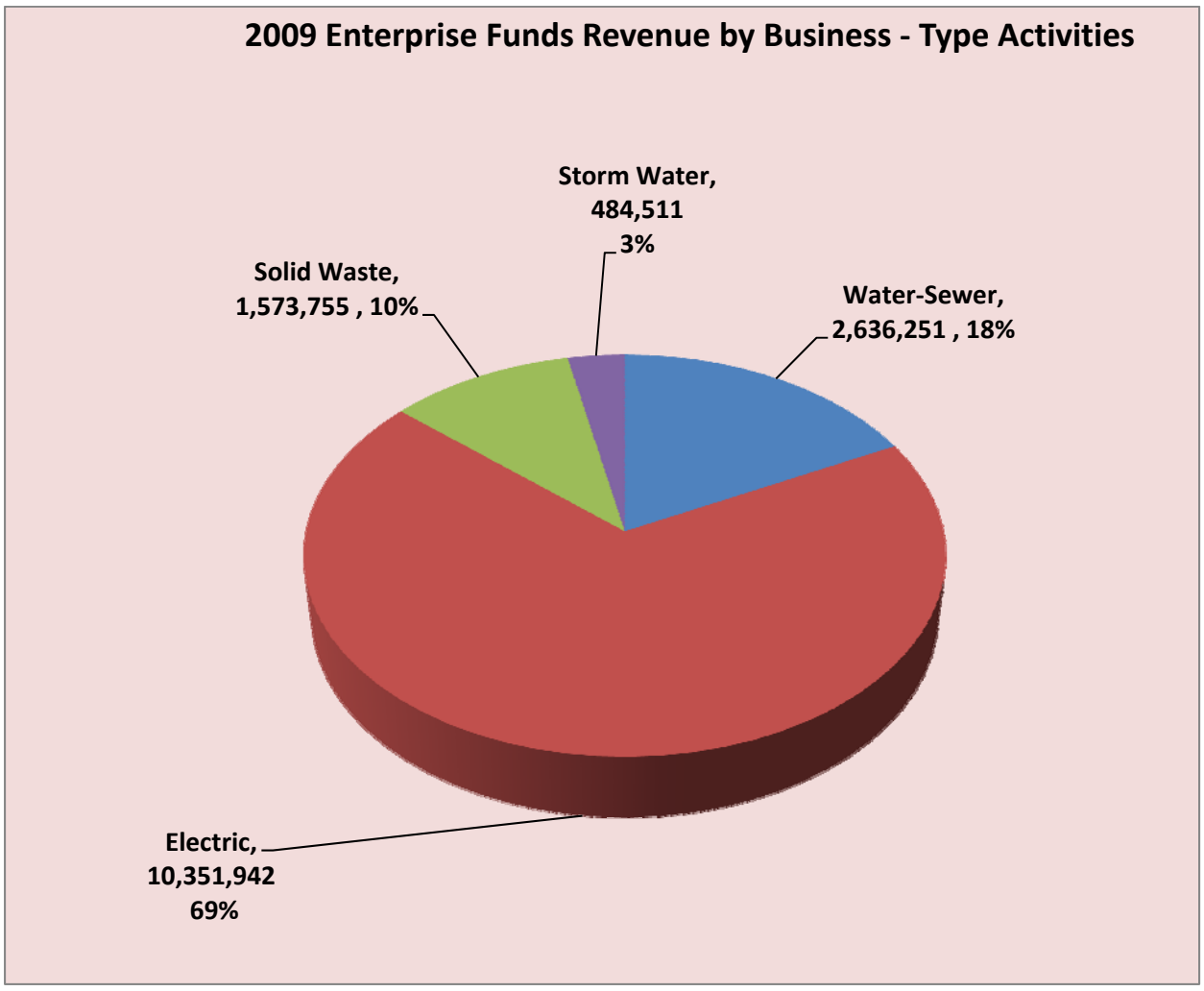


Expenditures were $10.5 million, of which Public Safety accounted for 37%, Public Works 19%, General Government 27%, Culture and Recreation 5%, Judicial 3%, and Housing and Development 9%,

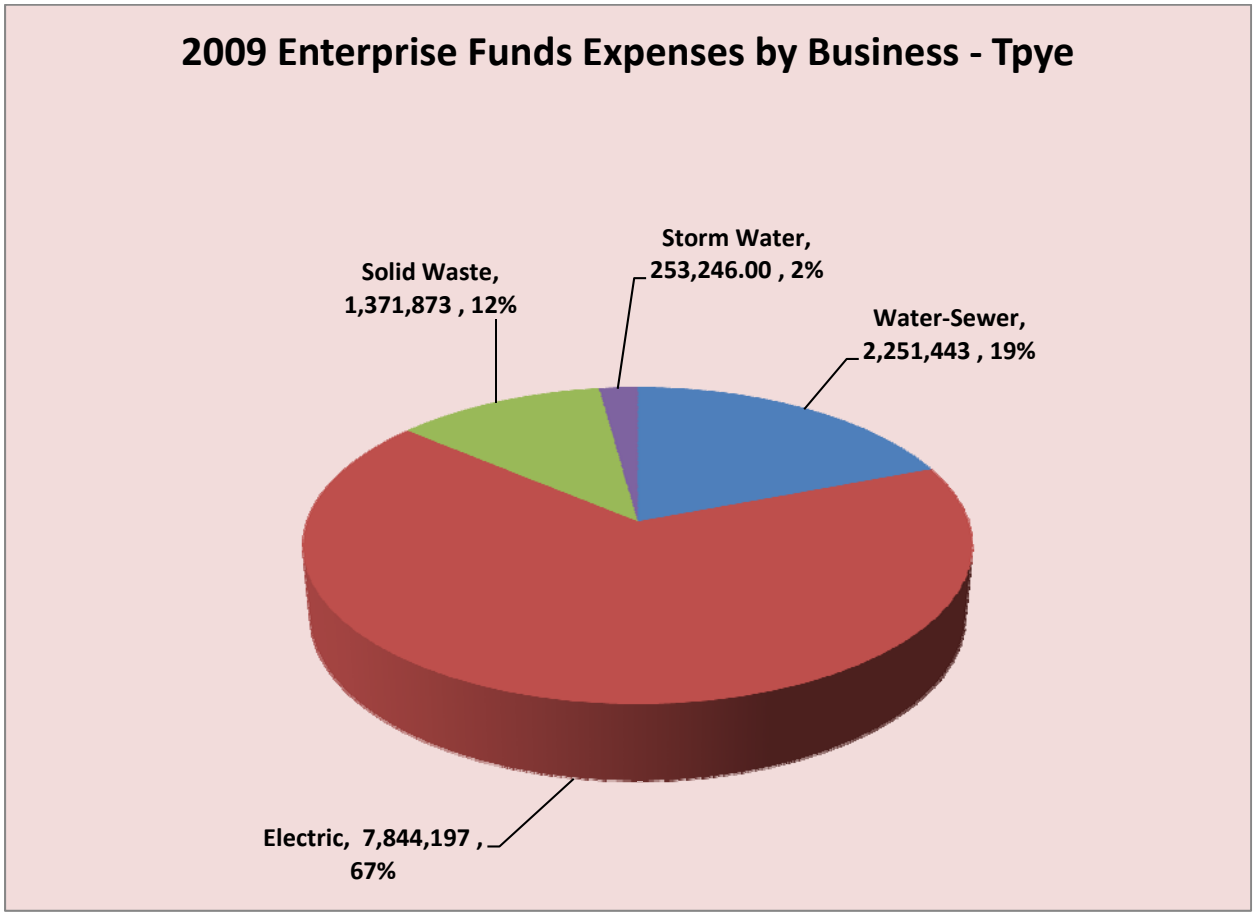


Business - type Activities. Operations of business-type activities increased the City's net assets by $2,961,731. Key elements of this increase were as follows:

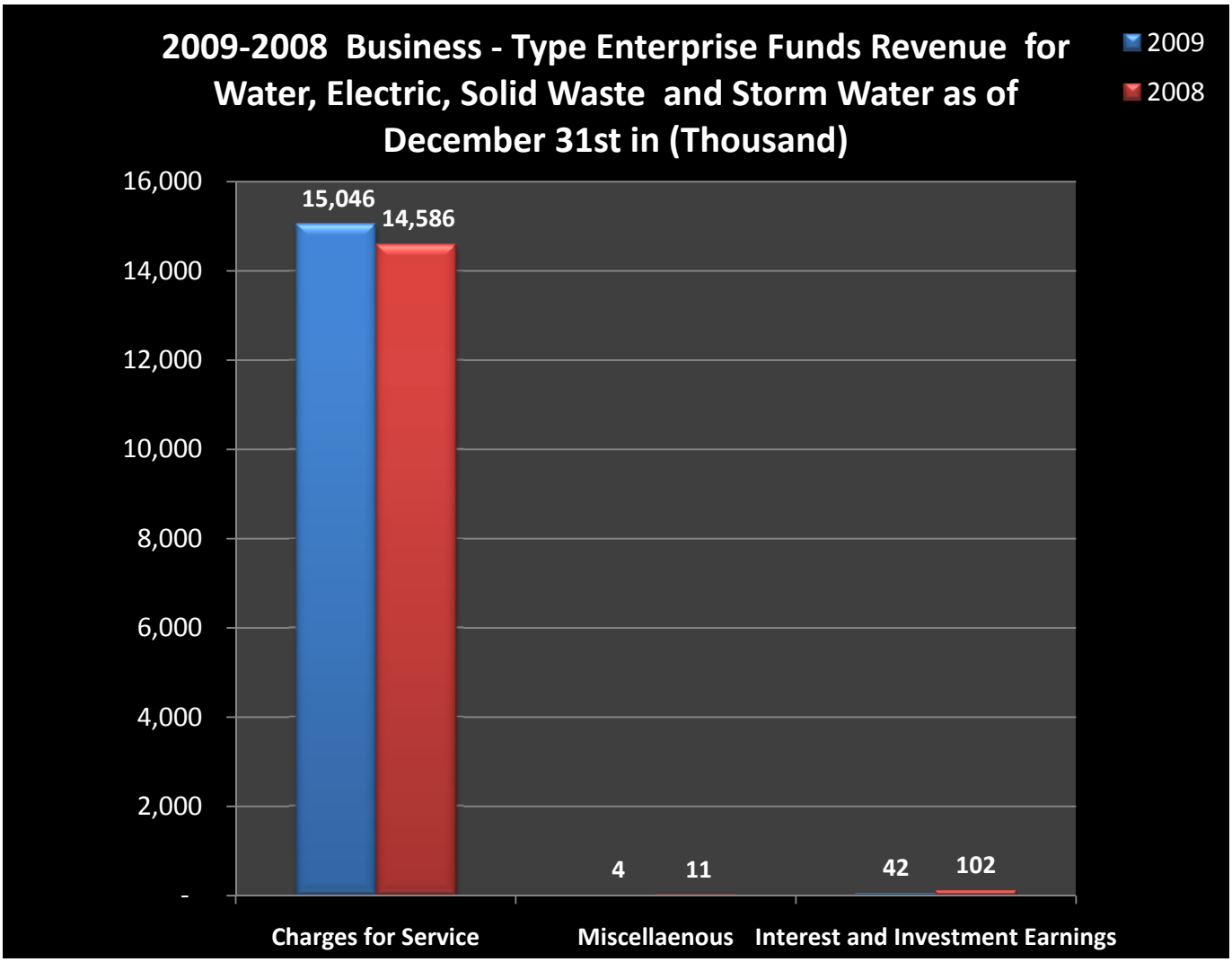
Sales for Business Type activities were $15,045,691 an increase of 3% over the prior year sales of $14,586,081.



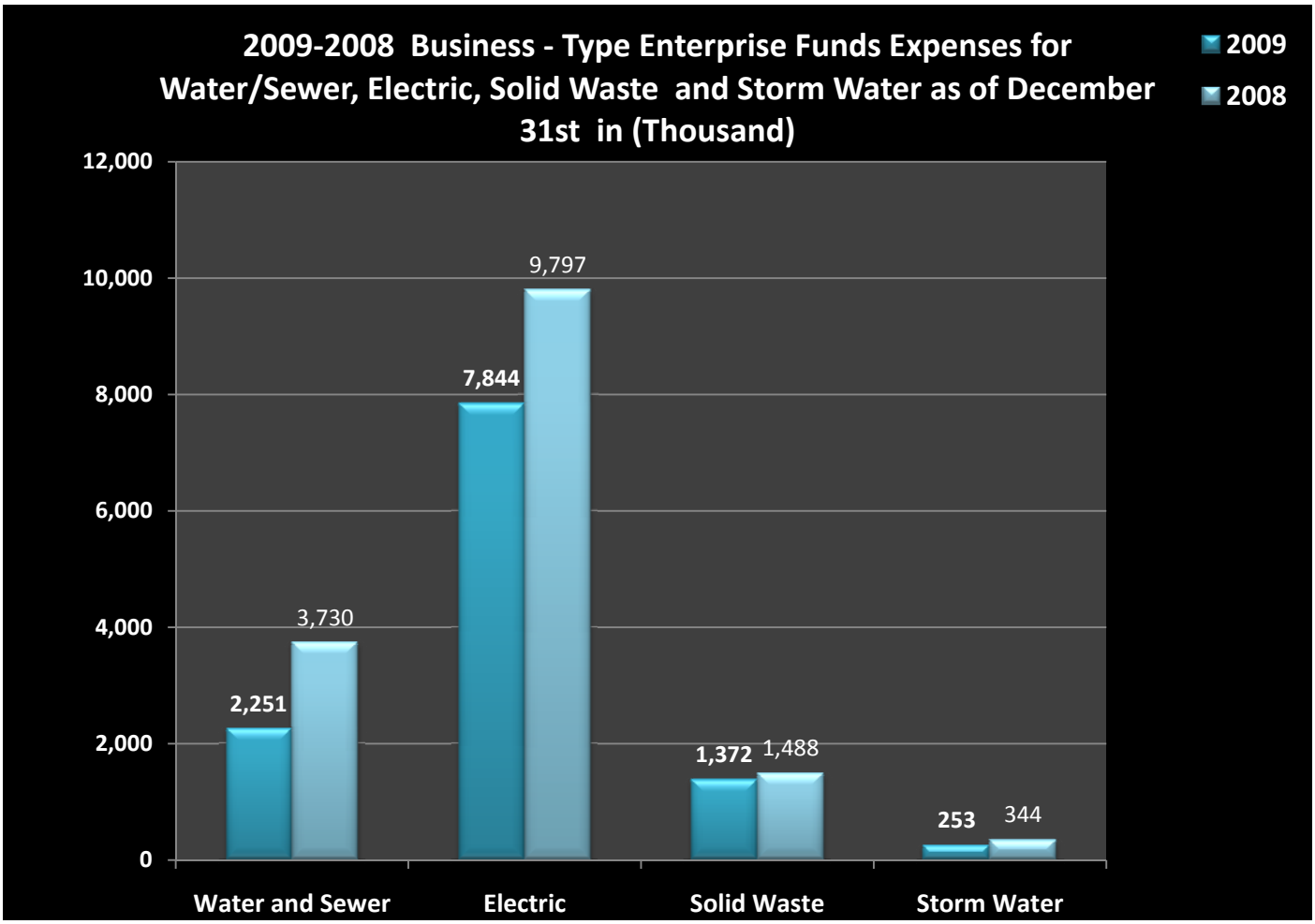
Expenditures were $11.7 million, of which Electric accounted for 67%, Water/Sewer 19%, Solid Waste 12% and Storm Water 2%.



Business - Type; Water/Sewer, Electric, Storm Water, and Solid Waste charges for services increased 4%, Miscellaneous increased 1% and Interest on Investment Earning decreased by 58%



Business - Type: Water/Sewer expenses decreased 40%, Electric decreased 17%, Solid Waste decreased 8% and Storm Water decreased 26%.



The Water and Sewer Utility Enterprise Fund net assets decreased by $25,448. The decrease in net assets was due to the transfer to the General Fund of $410,418.

The Electric Utility Enterprise Fund net assets increased $2,554,032. The increase in net asset was due to capital assets of electrical line system, and electrical projects in process. .

The Solid Waste Utility Enterprise Fund net assets increased by $201,882. The increase in revenue was due to the cost of providing service for new residential and commercial customers, without an increase from the current solid waste vendor.

The Storm Water Utility Fund net assets increased by $231,265. The increase in revenue was due to a decrease in the cost of services and personal services.

Review pages 98-109 (Exhibit F-1 thru F-12) for 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 unreserved 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 four governmental funds.

At the end of the current year, the City's General Fund reported an ending fund balance of $7,131,701, a decrease of $1,056,047 or (13%) in comparison with the prior year. Approximately 99.6% of this amount ($7,103,766) constitutes an unreserved fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved and is not available for new spending because it has already been committed for other restricted purposes.

As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The unreserved fund balance represents 87% of total general fund expenditures for the current year.

Key factors in the decrease of the General Fund's fund balance of $1,056,047 during the current year are:

- This decrease is due to the General Fund transfer to the 2005 SPLOST Fund (DDA completion of the Lillian Webb Park)

Below is a breakdown of 2009-2008 Revenues and Expenses comparison:

- 2009-2008 Revenues comparison: Revenues for 2009 are $7,898,082 and 2008 revenues were $9,229,104. Revenues decreased by $1,331,022, which is a decrease of 14% over 2008.

- 2009-2008 Expenditures comparison: Expenditures for 2009 are $8,145,755 and 2008 expenditures were $9,285,041. Expenditures decreased by $1,139,286, a 12% decrease over 2008.

Below are several revenue line items that have an increase (decrease) in revenue over 2008.

- Tax revenue decreased by $108,375 (2%) as a result of lost revenues in various types of taxes.

- Investment earnings decreased by $288,820 (83%) due to the market rate being very low on investments.

- Licenses and permits decreased by $98,608 (30%) due to the decline in new business startup.

- Fine, fees and forfeitures decreased by $373,865 (22%) over 2008 due in part to the elimination of the red light camera system.

- Intergovernmental decreased by $509,690 (79%) due to the completion of the CDBG Grant Project.

- Other decreased by $13,828 (13%) due to the decrease in miscellaneous revenue.

Review pages 77-81 (Exhibit C-1 thru C-4) for information on the General Fund.

SPECIAL REVENUE FUNDS

- Confiscated Assets Fund: The fund balance for 2008 was $60,157 and for 2009 is $45,026. This is a decrease of $15,131, which is a 25% decrease over 2008.

- Hotel/Motel Tax Fund: The fund balance for 2008 was $55,044 and for 2009 is $39,535. This is a decrease of $15,509, which is a 28% decrease over 2008.

- Federal Seized Drug Fund: The fund balance for 2008 was $190,964 and for 2009 is $161,497. This is a decrease of $29,467, which is a 15% decrease over 2008.

- Police Grant Fund: The fund balance for 2009 is 6,788 (this was the first year for this fund)

- Technology Surcharges Fund: The fund balance for 2008 was $64,809 and for 2009 is $48,570. This is an decrease of $16,239, which is a 25% decrease over 2008.

CAPITAL PROJECTS FUND

The City has three 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.

- 2004 Special Purpose Local Option Sales Tax Fund: The fund balance for 2008 was $1,495,141 and for 2009 is ($6,235). This is a decrease of $1,501,376 which is a 29% decrease over 2008.

- 2001 Special Purpose Local Option Sales Tax Fund: These monies were allocated to the City from Gwinnett County specifically for capital projects. Gwinnett County allocated $1,152,236, of which $482,000 was allocated for recreation and $670,236 was allocated for streets. All projects are complete and this SPLOST Fund has been closed out.

- 2009 Special Purpose Local Option Sales Tax Fund: This is the first year for this fund so there are no prior year comparison information. The fund balance for 2009 is $346,148.

PRIOPRIETARY FUNDS

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

2009 Net assets of the City's four proprietary funds are as follows:

Water and Sewer Utility	$ 8,285,262
Electric Utility	11,074,164
Solid Waste Utility	1,241,788
Storm Water Utility	697,688

The increase in net assets for the funds was $3,903,314, which is a 22% increase over 2008. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's Business-type Activities.

Component Unit 2008 Comparative Balance Sheet shows fund balance of $646,094 and 2009 Comparative Balance Sheet shows fund balance of $595,732. Downtown Development Authority 2009 Fund Balance Unreserved shows a balance of $595,732 which is a decrease of 8% over 2008.

Additional information reference 2009-2008 Comparative Balance Sheet (page 112, Exhibit H-1) and Change in Fund Balance (page 113, Exhibit H-2).

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund 2009 adopted budget was $10,538,377. Final year end budget total was $7,421,677. There was a $591,724 re-appropriation of funds to cover 2008 prior year expenditures. There were mid-year budget adjustments of $922,100.38

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, 2009, amounted to $65,059,328 (net of accumulated depreciation), which is a 7% increase over 2008. 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, 2009, the City invested $6,961,948 in new capital assets. Investment for business-type activities totaled $1,076,418 while $5,885,530 was for governmental activities. Major capital asset events during the current year included the following:

Governmental Activities : $5,885,530

- $357,221 Purchase of Land
- $3,315,512 Construction in Progress
- $941,289 Buildings
- $854,551 Infrastructure
- $144,740 Vehicles and equipment
- $272,217 Furniture and Fixtures

Business-type Activities : $1,076,418

- $673,871 Construction in Progress
- $380,320 Investment in the water/sewer, electrical, and storm water distribution systems
- $22,227 Vehicles and equipment

More information on capital assets may be found in the Notes to the Financial Statements, Exhibit A-12, on pages 54-55 of this report.

Debt Administration

General Fund:

At the end of the current year, the City had outstanding debt. The City purchase of 54 Jones Street has a balance of $56,974 with an interest rate of 4.38%. Quarterly payments of principal and interest in the amount of $19,402 are due through September 1, 2010. The payment of this purchase was budgeted from the General Fund.

At the end of 2009, the City had a balance due of $950,852 from a $1,250.000 loan that was secured to purchase 346 lively Street which will house the Public Works/Public Utilities Department. Also, there was a balance due of $345,470 on a $400,000 note which was secured for the renovation and improvement of 345 Lively. These notes are paid back out of the 2009 SPLOST Fund through January 1, 2013.

More information on long-term debt may be found in the Notes to the Financial Statements, Exhibit A-12, on pages 56-59 of this report.

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, 2009 the balance of the noted is $50,162. 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 120, 2006 in the amount of $258,000 for the purchase of 62 College Street (Tea Folk House). As of December 31, 2009 the balance was $258,000. The balance is due on December 1, 2011: interest at 0.00%.

More information on long-term debt may be found in the Notes to the Financial Statements, Exhibit A-12, on pages 56-59 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, 2009. Budget calculations were based on, but not limited to, the following factors:

- Even with the water/sewer rates increased in 2005, the city will need to increase the rates again in order to fund capital projects (such as water and sewer line improvements). The rates were increased in 2007 but the increase did not realize enough revenue due to the fact that the city had to do major repairs to the water and sewer system without having capital fund set aside to fund the major projects. Rates will potentially increase in 2010 to cover much needed repairs.
- The City is currently in talks with Gwinnett County to sell the Water/Sewer System who could operate the system at a lower cost than the City.
- The Storm Water department has operating for two 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 $112,000. These funds are restricted for Roads and Streets, Recreation, Public Works Administration, and Public Safety. The challenge now is cash flow problems, and we are spending only once we receive monies or we are forced to do advance loans to cover needed projects.
- Tee-Grant and LCI revenues and expenses will be recognized during 2010.
- Departmental expenditures were budgeted to account for the decrease in revenue due to the drop in property value and the drop in the housing market. The City will only fill necessary positions.
- Repair and resurface roads. There are several streets that need immediately resurfacing. These are SPLOST projects that are completed as the cash flow comes in or we seek other financing sources.
- Increase in employees benefits. This is always a concern with health care insurance and cost of living raises. With 2010 we are challenged with a 15% increase in health care costs.
- Maintenance and upgrade City park structures. The city is invested in the parks which means that maintenance will be a factor to consider once the parks are completed in 2010.
- The revenue projected could be lower than anticipated. Therefore; some projects might not be funded if revenue does not come in as projected.

- The City is currently looking at annexing certain areas into the Norcross City Limits.

- The biggest challenge is to provide good customer service to citizens by not reducing services or current staff in this economic climate.

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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Financial Services Director, 65 Lawrenceville Street, Norcross GA, 30071.

BASIC FINANCIAL STATEMENTS

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 3,605,991	$ 1,334,864	$ 4,940,855	$ 118,112
Certificates of deposit	2,424,972	0	2,424,972	100,775
Investments	0	2,184,100	2,184,100	0
Restricted assets				
Cash and cash equivalents	0	141,710	141,710	0
Investments	0	968,933	968,933	0
Receivables (net)				
Accounts	8,613	2,227,716	2,236,329	0
Taxes	1,205,932	0	1,205,932	0
Intergovernmental	361,703	0	361,703	0
Notes	258,000	0	258,000	0
Internal balances	(136,823)	136,823	0	0
Prepaid items	27,935	330,979	358,914	0
Property held for resale	1,085,766	0	1,085,766	386,700
Inventories	0	831,668	831,668	0
Total current assets	8,842,089	8,156,793	16,998,882	605,587
Noncurrent assets				
Capital assets				
Non-depreciable	21,328,489	1,341,380	22,669,869	4,000
Depreciable (net)	29,189,172	13,200,287	42,389,459	0
Total noncurrent assets	50,517,661	14,541,667	65,059,328	4,000
Total assets	59,359,750	22,698,460	82,058,210	609,587
LIABILITIES				
Current liabilities				
Payables				
Accounts	495,685	150,589	646,274	9,180
Retainages	15,000	0	15,000	0
Intergovernmental	0	746,818	746,818	0
Sales tax	0	49,342	49,342	0
Accrued salaries and payroll liabilities	14,685	2,298	16,983	0
Compensated absences	177,445	6,701	184,146	0
Unearned revenue	2,899	0	2,899	0
Other liabilities	221,876	0	221,876	675
Notes payable	264,867	0	264,867	3,305
Liabilities payable from restricted assets				
Customer deposits payable	0	443,810	443,810	0
Total current liabilities	1,192,457	1,399,558	2,592,015	13,160
Noncurrent assets				
Notes payable	1,088,429	0	1,088,429	304,857
Net OPEB obligation	1,724,926	0	1,724,926	0
Total noncurrent liabilities	2,813,355	0	2,813,355	304,857
Total liabilities	4,005,812	1,399,558	5,405,370	318,017

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
NET ASSETS				
Invested in capital assets, net of related debt	$ 49,164,365	$ 14,541,667	$ 63,706,032	$ 4,000
Restricted for:				
Public Safety	261,881	0	261,881	0
Housing and Development	39,535	0	39,535	0
MEAG generation projects	0	666,833	666,833	0
Capital projects	339,913	0	339,913	0
Unrestricted	5,548,244	6,090,402	11,638,646	287,570
Total net assets	$ 55,353,938	$ 21,298,902	$ 76,652,840	$ 291,570

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 2,844,990	$ 176,321	$ 4,811	$ 0	$ (2,663,858)
Judicial	321,736	0	0	0	(321,736)
Public Safety	3,862,433	1,697,977	110,022	70,993	(1,983,441)
Public Works	2,221,252	0	0	481,177	(1,740,075)
Culture and Recreation	274,559	0	0	955,245	680,686
Housing and Development	920,481	158,926	22,400	1,796	(737,359)
Interest on long-term debt	59,060	0	0	0	(59,060)
Total governmental activities	10,504,511	2,033,224	137,233	1,509,211	(6,824,843)
Business-type activities					
Water and Sewer Utility	2,251,443	2,635,483	0	0	384,040
Electric Utility	7,844,197	10,351,942	0	0	2,507,745
Solid Waste	1,371,873	1,573,755	0	0	201,882
Storm Water Utility	253,246	484,511	0	0	231,265
Total business-type activities	11,720,759	15,045,691	0	0	3,324,932
Total primary government	22,225,270	17,078,915	137,233	1,509,211	(3,499,911)
Component Unit					
Downtown Development Authority					
Housing and Development	124,928	0	0	0	(124,928)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (6,824,843)	$ 3,324,932	$ (3,499,911)	$ (124,928)
General revenues				
Taxes				
Property	3,935,826	0	3,935,826	0
Franchise	1,106,426	0	1,106,426	0
Insurance premium	466,277	0	466,277	0
Intangibles	23,192	0	23,192	0
Occupational	247,542	0	247,542	0
Alcoholic beverage	162,688	0	162,688	0
Hotel/Motel	208,761	0	208,761	0
Other	8,286	0	8,286	0
Interest and investment earnings	73,341	42,580	115,921	1,401
Payment from City of Norcross	0	0	0	71,000
Miscellaneous	102,646	4,637	107,283	5,373
Transfers	410,418	(410,418)	0	0
Total general revenues and transfers	6,745,403	(363,201)	6,382,202	77,774
Change in net assets	(79,440)	2,961,731	2,882,291	(47,154)
Net assets - beginning (original)	55,433,378	17,395,588	72,828,966	338,724
Prior period adjustment	0	941,583	941,583	0
Net assets - beginning (restated)	55,433,378	18,337,171	73,770,549	338,724
Net assets - ending	$ 55,353,938	$ 21,298,902	$ 76,652,840	$ 291,570

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	General	2004 SPLOST	2009 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 2,398,103	$ 354,608	$ 543,724	$ 309,556	$ 3,605,991
Certificates of deposit	2,424,972	0	0	0	2,424,972
Receivables (net)					
Accounts	8,613	0	0	0	8,613
Taxes	1,140,982	0	0	64,950	1,205,932
Intergovernmental	0	0	361,703	0	361,703
Notes	258,000	0	0	0	258,000
Prepaid items	27,935	0	0	0	27,935
Due from other funds	404,563	0	0	43,958	448,521
Property held for resale	1,085,766	0	0	0	1,085,766
Total assets	$ 7,748,934	$ 354,608	$ 905,427	$ 418,464	$ 9,427,433
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	$ 59,759	$ 311,647	$ 61,497	$ 62,782	$ 495,685
Retainages	0	15,000	0	0	15,000
Accrued salaries and payroll liabilities	14,685	0	0	0	14,685
Deferred revenue	321,813	0	0	0	321,813
Due to other funds	0	34,196	497,782	53,366	585,344
Other liabilities	220,976	0	0	900	221,876
Total liabilities	617,233	360,843	559,279	117,048	1,654,403
Fund balances					
Reserved for:					
Prepaid items	27,935	0	0	0	27,935
Unreserved	7,103,766	(6,235)	346,148	0	7,443,679
Special Revenue	0	0	0	301,416	301,416
Total fund balances	7,131,701	(6,235)	346,148	301,416	7,773,030
Total liabilities and fund balances	$ 7,748,934	$ 354,608	$ 905,427	$ 418,464	$ 9,427,433

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
December 31, 2009

Total fund balance - total governmental funds	$	7,773,030
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $76,634,924, net of accumulated depreciation of ($26,117,263), are not financial resources and, therefore, are not reported in the funds.		50,517,661
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include deferred property taxes of $318,914.		318,914
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These notes payable of ($1,353,296), compensated absences of ($177,445) and net OPEB obligations of ($1,724,926).		(3,255,667)
Net assets of governmental activities	$	55,353,938

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2009

	General	2004 SPLOST	2009 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 5,862,323	$ 0	$ 0	$ 208,761	$ 6,071,084
Licenses and permits	229,175	0	0	0	229,175
Fines, fees and forfeitures	1,331,159	0	0	319,605	1,650,764
Charges for services	153,284	0	0	0	153,284
Intergovernmental	139,050	377,241	1,049,494	70,993	1,636,778
Interest	60,805	11,697	497	342	73,341
Contributions	22	0	0	0	22
Other	122,264	0	0	0	122,264
Total revenues	7,898,082	388,938	1,049,991	599,701	9,936,712
EXPENDITURES					
Current					
General Government	2,286,895	0	0	91,296	2,378,191
Judicial	322,856	0	0	0	322,856
Public Safety	3,555,039	0	0	353,528	3,908,567
Public Works	1,089,894	0	0	0	1,089,894
Culture and Recreation	223,573	0	0	0	223,573
Housing and Development	667,498	0	0	224,270	891,768
Capital outlay	0	3,130,144	2,353,843	259,116	5,743,103
Total expenditures	8,145,755	3,130,144	2,353,843	928,210	14,557,952
Excess (deficiency) of revenues over (under) expenditures	(247,673)	(2,741,206)	(1,303,852)	(328,509)	(4,621,240)
Other financing soures (uses)					
Transfers in	410,418	1,239,830	0	0	1,650,248
Transfers out	(1,239,830)	0	0	0	(1,239,830)
Issuance of notes payable	0	0	1,650,000	0	1,650,000
Sale of capital assets	21,038	0	0	0	21,038
Total other financing sources (uses)	(808,374)	1,239,830	1,650,000	0	2,081,456
Net change in fund balance	(1,056,047)	(1,501,376)	346,148	(328,509)	(2,539,784)
Fund balances, January 1	8,187,748	1,495,141	0	629,925	10,312,814
Fund balances, December 31	$ 7,131,701	$ (6,235)	$ 346,148	$ 301,416	$ 7,773,030

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, 2009

Net change in fund balances - total governmental funds	$	(2,539,784)
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. This is the amount by which capital outlays of $5,875,886 exceeded depreciation of ($1,373,068) in the current period.		4,502,818
In the statement of activities, the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold of ($144,129), net of related accumulated depreciation of $103,473.		(40,656)
Contributions of capital assets from component unit increase net assets in the statement of activites, but do not appear in the governmental funds because they are not financial sources.		9,644
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 revenue.		87,914
The proceeds of debt issuance provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceed of ($1,650,000) exceeded repayments of $426,852.		(1,223,148)
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. These include the net change in net OPEB obligations of ($875,881) and compensated absences of ($347).		(876,228)
Change in net assets of governmental activities	$	(79,440)

See accompanying notes to the financial statements.

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, 2009

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 6,135,000	$ 5,767,000	$ 5,862,323	$ 95,323
Licenses and permits	325,000	226,000	229,175	3,175
Fines, fees and forfeitures	1,809,000	1,151,500	1,331,159	179,659
Charges for services	113,177	89,177	153,284	64,107
Intergovernmental	1,905,200	110,000	139,050	29,050
Interest	180,000	25,000	60,805	35,805
Contributions	0	0	22	22
Other	71,000	53,000	122,264	69,264
Total revenues	10,538,377	7,421,677	7,898,082	476,405
EXPENDITURES				
Current				
General Government				
Governing Body	179,198	209,198	198,253	10,945
Administration	638,628	585,045	557,353	27,692
City Clerk	159,997	160,390	139,780	20,610
Chief Executive	323,471	304,959	294,127	10,832
City-wide	248,309	378,331	439,123	(60,792)
Information Technology	570,398	805,702	658,259	147,443
Judicial				
Municipal Court	398,992	336,446	322,856	13,590
Public Safety				
Police	3,808,626	3,708,735	3,555,039	153,696
Public Works				
Public Works Administration	1,049,108	1,096,201	1,089,894	6,307
Culture and Recreation				
Parks and Recreation	222,515	218,469	223,573	(5,104)
Housing and Development				
Community Development	2,710,334	651,638	667,498	(15,860)
Total expenditures	10,309,576	8,455,114	8,145,755	309,359
Excess (deficiency) of revenues over (under) expenditures	228,801	(1,033,437)	(247,673)	785,764
Other financing sources (uses)				
Transfers in	0	0	410,418	410,418
Transfers out	0	0	(1,239,830)	(1,239,830)
Proceeds from sale of capital assets	0	0	21,038	21,038
Contingency	(228,801)	(52,425)	0	52,425
Total other financing sources (uses)	(228,801)	(52,425)	(808,374)	(755,949)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,085,862)	(1,056,047)	29,815
Fund balances, January 1	0	1,085,862	8,187,748	7,101,886
Fund balances, December 31	$ 0	$ 0	$ 7,131,701	$ 7,131,701

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

	Business Type				
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ 0	$ 0	$ 1,128,596	$ 206,268	$ 1,334,864
Investments	0	2,184,100	0	0	2,184,100
Restricted assets					
Cash and cash equivalents	59,780	0	81,930	0	141,710
Investments	0	968,933	0		968,933
Accounts receivable (net)	372,619	1,439,773	220,982	194,342	2,227,716
Prepaid items	7,868	323,111	0	0	330,979
Inventories	51,679	779,989	0	0	831,668
Total current assets	491,946	5,695,906	1,431,508	400,610	8,019,970
Noncurrent assets					
Capital assets					
Non-depreciable	73,335	1,268,045	0	0	1,341,380
Depreciable (net)	7,881,012	5,017,294	0	301,981	13,200,287
Other assets					
Advances to other funds	0	270,000	0	0	270,000
Total noncurrent assets	7,954,347	6,555,339	0	301,981	14,811,667
Total assets	8,446,293	12,251,245	1,431,508	702,591	22,831,637
LIABILITIES					
Current liabilities					
Payables					
Accounts	19,736	18,908	107,790	4,155	150,589
Intergovernmental	78,585	668,233	0	0	746,818
Sales tax	0	49,342	0	0	49,342
Accrued salaries and payroll liabilities	567	1,413	0	318	2,298
Compensated absences	2,363	3,908	0	430	6,701
Due to other funds	0	133,177	0	0	133,177
Liabilities payable from restricted assets					
Customer deposits payable	59,780	302,100	81,930	0	443,810
Total liabilities	161,031	1,177,081	189,720	4,903	1,532,735
NET ASSETS					
Invested in capital assets	7,954,347	6,285,339	0	301,981	14,541,667
Restricted for:					
MEAG generation projects	0	666,833	0	0	666,833
Unrestricted	330,915	4,121,992	1,241,788	395,707	6,090,402
Total net assets	$ 8,285,262	$ 11,074,164	$ 1,241,788	$ 697,688	$ 21,298,902

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended December 31, 2009

	Business Type				
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	Totals
OPERATING REVENUES					
Charges for sales and services	$ 2,635,484	$ 10,338,936	$ 1,570,564	$ 484,511	$ 15,029,495
Other	767	16,874	3,191	0	20,832
Total operating revenues	2,636,251	10,355,810	1,573,755	484,511	15,050,327
OPERATING EXPENSES					
Costs of sales and services	1,481,538	7,175,074	1,334,821	106,723	10,098,156
Personal services	522,317	527,028	37,052	130,637	1,217,034
Depreciation	247,588	142,095	0	15,886	405,569
Total operating expenses	2,251,443	7,844,197	1,371,873	253,246	11,720,759
Operating income (loss)	384,808	2,511,613	201,882	231,265	3,329,568
Non-operating revenues (expenses)					
Investment revenue	162	42,419	0	0	42,581
Income (loss) before transfers	384,970	2,554,032	201,882	231,265	3,372,149
Transfers in (out)					
Transfers out	(410,418)	0	0	0	(410,418)
Change in net assets	(25,448)	2,554,032	201,882	231,265	2,961,731
Net assets, January 1 (original)	8,310,710	7,578,549	1,039,906	466,423	17,395,588
Prior period adjustment	0	941,583	0	0	941,583
Net assets, January 1 (restated)	8,310,710	8,520,132	1,039,906	466,423	18,337,171
Net assets, December 31	$ 8,285,262	$ 11,074,164	$ 1,241,788	$ 697,688	$ 21,298,902

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2009

	Business Type				
	Water and Sewer Utility	**Electric Utility**	**Solid Waste**	**Storm Water Utility**	**Totals**
Cash flows from operating activities:					
Receipts from customers	$ 2,553,404	$ 10,066,422	$ 1,583,687	$ 444,422	$ 14,647,935
Payments to suppliers	(1,534,369)	(7,322,936)	(1,435,488)	(110,547)	(10,403,340)
Payments to employees	(523,975)	(524,427)	(37,052)	(130,362)	(1,215,816)
Other receipts	767	16,874	3,191	0	20,832
Net cash provided (used) by operating activities	495,827	2,235,933	114,338	203,513	3,049,611
Cash flows from non-capital financing activities:					
Receipts from other funds	0	0	500,000	0	500,000
Payments to other funds	(410,418)	(1,299,315)	0	0	(1,709,733)
Net cash provided (used) by non-capital financing activities	(410,418)	(1,299,315)	500,000	0	(1,209,733)
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(58,587)	(776,371)	0	(241,460)	(1,076,418)
Cash flows from investing activities:					
Interest received	162	42,419	0	0	42,581
Proceeds from sale of investments	0	1,339,536	0	0	1,339,536
Purchase of investments	0	(1,542,202)	0	0	(1,542,202)
Net cash provided (used) by investing activities	162	(160,247)	0	0	(160,085)
Net increase (decrease) in cash and cash equivalents	26,984	0	614,338	(37,947)	603,375
Cash and cash equivalents, January 1	32,796	0	596,188	244,215	873,199
Cash and cash equivalents, December 31	$ 59,780	$ 0	$ 1,210,526	$ 206,268	$ 1,476,574

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2009

	Business Type				
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 384,808	$ 2,511,613	$ 201,882	$ 231,265	$ 3,329,568
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	247,588	142,095	0	15,886	405,569
(Increase) decrease in accounts receivable	(82,775)	(271,873)	26,237	(40,089)	(368,500)
(Increase) decrease in prepaid items	9,212	55,962	0	0	65,174
(Increase) decrease in inventories	7,396	44,412	0	0	51,808
Increase (decrease) in accounts payable	3,007	(164,301)	(100,667)	(3,824)	(265,785)
Increase (decrease) in intergovernmental payable	(72,446)	(83,935)	0	0	(156,381)
Increase (decrease) in sales tax payable	0	8,252	0	0	8,252
Increase (decrease) in accrued payroll liabilities	(1,658)	2,601	0	275	1,218
Increase (decrease) in deposits payable	695	(8,893)	(13,114)	0	(21,312)
Total adjustments	111,019	(275,680)	(87,544)	(27,752)	(279,957)
Net cash provided (used) by operating activities	$ 495,827	$ 2,235,933	$ 114,338	$ 203,513	$ 3,049,611
Cash and cash equivalents reconciliation:					
Cash and cash equivalents	$ 0	$ 0	$ 1,128,596	$ 206,268	$ 1,334,864
Restricted assets					
Cash and cash equivalents	59,780	0	81,930	0	141,710
Total cash and cash equivalents	$ 59,780	$ 0	$ 1,210,526	$ 206,268	$ 1,476,574

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2009

	Municipal Court Agency Fund
ASSETS	
Cash and cash equivalents	$ 150,219
Accounts receivable (net)	203,474
Total assets	353,693
LIABILITIES	
Due to other agencies	$ 353,693

See accompanying notes to the financial statements.

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. Basis of Presentation

The financial statements of the City of Norcross, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

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.

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 31st year-end. Individual financial statements may be obtained by contacting the City of Norcross Downtown Development Authority, 65 Lawrenceville Street, Norcross, GA 30071.

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. The was no activity for the Development Authority in 2009.

C. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) Statement No. 34 establishes financial reporting requirements for state and local governments throughout the United States.

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the City. Fiduciary activities of the City are not included in these statements.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets.

Under 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. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements and Permanent funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The City considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

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.

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 a special purpose local option sales tax.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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.

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).

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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.

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).

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business-type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

E. 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 Fund. The Capital Projects Fund is budgeted by the City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

At the beginning of 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.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

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.

F. 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.

2. Summary of Significant Accounting Policies (continued)

G. 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.

H. Inventories

Inventories of the Water and Sewer Utility and Electric Utility Enterprise Funds are valued at cost on the average cost method.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009 are recorded as prepaid items.

J. 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

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.

2. Summary of Significant Accounting Policies (continued)

J. Capital Assets, continued

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

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

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.

K. 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.

2. Summary of Significant Accounting Policies (continued)

L. 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 assets. 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.

M. 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.

N. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

2. Summary of Significant Accounting Policies (continued)

O. 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. The name on the 2004 SPLOST Fund was changed in 2009 to reflect the year of the SPLOST referendum. It had previously been reported as the 2005 SPLOST Fund. Certain 2008 amounts have been reclassified to conform with the 2009 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.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

3. Deposit and Investment Risk (continued)

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 MEAG's Voluntary Flexible Operating Account fund or Generation Trust Account in lieu of receiving a refund. This voluntary stabilization fund is 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 account is used to offset the City's share of future MEAG generation projects.

The MEAG Voluntary Flexible Operating and Generation Trust Accounts are not rated; at December 31, 2009, the average weighted maturity of the funds was 9.5 months. At December 31, 2009, the City's balance in the Voluntary Flexible Operating Account was $2,486,200 and in the Generation Trust Account was $666,833.

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 AAAm rated money market funds. Georgia Fund 1 is managed by the Georgia Office of Treasury and Fiscal Services. 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 AAAm by Standard & Poor's. The weighted average maturity at December 31, 2009 was 56 days. At December 31, 2009, the City's balance in Georgia Fund 1 was $46,741.

4. Accounts Receivable

Net accounts receivable at December 31, 2009 consist of the following:

Major Funds		
General Fund		$ 8,613
Enterprise Funds		
Water and Sewer Utility	$ 374,492	
Less: Allowances for Uncollectibles	(1,873)	
Electric Utility	1,447,009	
Less: Allowances for Uncollectibles	(7,236)	
Solid Waste	222,092	
Less: Allowances for Uncollectibles	(1,110)	
Storm Water Utility	226,689	
Less: Allowances for Uncollectibles	(32,347)	2,227,716
Total Primary Government		$ 2,236,329
Fiduciary Funds		
Agency Funds		
Municipal Court	$ 1,047,150	
Less: Allowances for Uncollectibles	(843,676)	$ 203,474

5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2009 consist of the following:

Major Funds	
2009 SPLOST Capital Projects	
Atlanta Regional Commission	$ 5,375
Gwinnett County, Georgia	356,328
Total primary government	$ 361,703

6. Taxes Receivable

Property Taxes

Property taxes receivable as of December 31, 2009 consist of property taxes for seven years as follows:

Year of Levy	Amount
2009	$ 485,566
2008	209,899
2007	19,588
2006	17,075
2005	27,953
2004	5,203
2003	3,796
	769,080
Less allowance for uncollectible	(163,315)
Total	$ 605,765

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 2009, based upon the assessments of January 1, 2009, were billed on October 7, 2009, 2009, and due on December 7, 2009. Tax liens are issued 90 days after the due date. The tax rate of 6.104 mills for 2009 was levied on August 3, 2009.

Other Taxes

$524,103 of franchise taxes, $64,950 of hotel/motel taxes, and $11,114 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:

Receivable Fund	Payable Fund	Amount
General	2005 SPLOST	$ 34,196
	2009 SPLOST	227,782
	Electric Utility	133,177
	Nonmajor Governmental	9,408
Electric Utility	2009 SPLOST	270,000
Nonmajor Governmental	Nonmajor Governmental	43,958
Subtotal		$ 718,521

The balance reported in the General Fund as due from the 2005 SPLOST Capital Projects Fund resulted from disbursements paid for in the General Fund, but reported as expenditures in the 2005 SPLOST Fund; these expenditures are in compliance with the applicable SPLOST referendum. The balances reported in the General Fund as due from the Electric Utilities and Nonmajor Governmental Funds resulted from transactions to alleviate an equity in pooled cash deficit at year-end. The balance reported between the Nonmajor Governmental Funds resulted from disbursements paid for in the Confiscated Assets Special Revenue Fund, but reported as expenditures in the Police Grant Special Revenue Fund; these expenditures are in compliance with grant agreements. These balances are expected to be paid within the next year.

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”.

8. Interfund Transfers

A summary of interfund transfers is as follows:

	Transfers out: Major Funds		
	General	Water and Sewer Utility	Total
Transfers in:			
Major Funds			
General	$ 0	$ 410,418	$ 410,418
2005 SPLOST	1,239,830	0	1,239,830
Total	$ 1,239,830	$ 410,418	$ 1,650,248

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.

9. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2009 was as follows:

	Balance 12/31/2008	Increases	Decreases	Balance 12/31/2009
Governmental activities				
Non-depreciable assets				
Land	$ 14,522,460	$ 357,221	$ 0	$ 14,879,681
Construction in progress	3,140,188	3,315,512	(6,892)	6,448,808
Total nondepreciable assets	17,662,648	3,672,733	(6,892)	21,328,489
Depreciable assets				
Buildings	9,987,514	941,289	0	10,928,803
Infrastructure	40,183,165	861,443	0	41,044,608
Vehicles and equipment	2,191,884	144,740	(150,444)	2,186,180
Furniture and fixtures	755,636	272,217	(6,009)	1,021,844
Intangible assets	125,000	0	0	125,000
Total depreciable assets	53,243,199	2,219,689	(156,453)	55,306,435
Accumulated depreciation				
Buildings	(1,487,601)	(218,514)	0	(1,706,115)
Infrastructure	(21,728,140)	(808,469)	0	(22,536,609)
Vehicles and equipment	(1,370,692)	(214,112)	110,017	(1,474,787)
Furniture and fixtures	(272,865)	(123,686)	5,780	(390,771)
Intangible assets	(694)	(8,287)	0	(8,981)
Total accumulated depreciation	(24,859,992)	(1,373,068)	115,797	(26,117,263)
Total depreciable assets, net	28,383,207	846,621	(40,656)	29,189,172
Governmental activities capital assets, net	$ 46,045,855	$ 4,519,354	$ (47,548)	$ 50,517,661
Business-type activities				
Non-depreciable assets				
Land	$ 10,500	$ 0	$ 0	$ 10,500
Construction in progress	657,009	673,871	0	1,330,880
Total non-depreciable assets	667,509	673,871	0	1,341,380
Depreciable assets				
Distribution system	18,418,020	380,320	0	18,798,340
Vehicles and equipment	813,531	22,227	(23,335)	812,423
Total depreciable assets	19,231,551	402,547	(23,335)	19,610,763
Accumulated depreciation				
Distribution system	(5,350,392)	(371,200)	0	(5,721,592)
Vehicles and equipment	(677,850)	(34,369)	23,335	(688,884)
Total accumulated depreciation	(6,028,242)	(405,569)	23,335	(6,410,476)
Total depreciable assets, net	13,203,309	(3,022)	0	13,200,287
Business-type activities capital assets, net	$ 13,870,818	$ 670,849	$ 0	$ 14,541,667

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.

9. Capital Assets (continued)

Capital asset activity for the Downtown Development Authority Component Unit for the year ended December 31, 2009 was as follows:

	Balance 12/31/2008	Increases	Decreases	Balance 12/31/2009
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	$ 4,000	$ 0	$ 0	$ 4,000
Construction in progress	-	9,644	(9,644)	-
Downtown Development Authority Component Unit capital assets	$ 4,000	$ 9,644	$ (9,644)	$ 4,000

The $9,644 construction in progress above was transferred to the Primary Government during the year.

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 181,498
Judicial	47
Public Safety	242,028
Public Works	856,700
Culture and Recreation	48,140
Housing and Development	44,655
Total depreciation expense for governmental activities	$ 1,373,068
Business-type activities	
Water and Sewer Utility	$ 247,588
Electric Utility	142,095
Storm Water Utility	15,886
Total depreciation expense for business-type activities	$ 405,569

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 $386,700 for the primary government and the DDA, respectively.

11. Operating Lease Agreements

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

12. Short-Term Debt

On May 18, 2009, the City entered into a lending agreement with RBC Bank for improvements to Thrasher Park, in the amount of $600,000, in anticipation of the 2009 Special Purpose Local Option Sales Tax revenues. On December 21, 2009, the City repaid the note plus $10,521 in interest at a rate of 3.34%.

Short-term debt activity for the year ended December 31, 2009, is as follows:

	Balance 12/31/2008	Additions	Deductions	Balance 12/31/2009
Governmental activities				
Notes payable	$ 0	$ 600,000	$ 600,000	$ 0

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.

13. Long-Term Debt (continued)

Notes Payable

Governmental Activities

On November 23, 2005, the City entered into an owner-financed lending agreement for the purchase of real property in the original amount of $350,000. At December 31, 2009, the balance of this note is $56,974. Quarterly installments of principal and interest are due through September 1, 2010; interest at 4.38%.

On October 21, 2008, the City entered into a lending agreement with RBC Bank for the purchase of real property in the original amount of $1,250,000. At December 31, 2009, the balance of this note is $950,852. Quarterly installments of principal and interest are due through January 1, 2013; interest at 3.28%.

On June 4, 2009, the City entered into a lending agreement with RBC Bank for improvements to the Public Works Administration Building in the original amount of $400,000. At December 31, 2009, the balance of this note is $345,470. Quarterly installments of principal and interest are due through January 1, 2013; interest at 3.46%.

Annual debt service requirements for notes payable are as follows:

Year ending December 31,	Principal	Interest	Total
2010	$ 264,867	$ 22,894	$ 287,761
2011	426,273	32,838	459,111
2012	440,648	18,463	459,111
2013	221,508	3,671	225,179
Totals	$ 1,353,296	$ 77,866	$ 1,431,162

13. Long-Term Debt (continued)

Notes Payable, continued

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, 2009, the balance of this note is $50,162. 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. At December 31, 2009, the balance of this note is $258,000. Payment of principal is due on December 1, 2011; interest at 0.0%.

Annual debt service requirements for note payables are as follows:

Year ending December 31,	Principal	Interest	Total
2010	$ 3,305	$ 1,460	$ 4,765
2011	261,406	1,359	262,765
2012	3,509	1,256	4,765
2013	3,616	1,149	4,765
2014	3,726	1,039	4,765
2015-2017	32,600	2,206	34,806
Totals	$ 308,162	$ 8,469	$ 316,631

13. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for year ended December 31, 2009:

	Balance 12/31/2008	Additions	Deductions	Balance 12/31/2009	Due Within One Year
Governmental activities					
Notes payable	$ 130,148	$ 1,650,000	$ 426,852	$ 1,353,296	$ 264,867
Compensated absences	177,098	177,445	177,098	177,445	177,445
Total governmental activities	$ 307,246	$ 1,827,445	603,950	$ 1,530,741	$ 442,312
Business-type activities					
Compensated absences	$ 7,781	$ 6,701	$ 7,781	$ 6,701	$ 6,701
Downtown Development Authority Component Unit					
Notes payable	$ 311,370	$ 0	$ 3,208	$ 308,162	$ 3,305

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.

14. Reserved/Restricted Equity Balances

General Fund

Reserved for prepaid items - An amount of $27,935 has been reserved for prepaid items since this amount is not legally available for appropriation.

Electric Utility Enterprise Fund

Restricted for MEAG generation projects – An amount of $666,833 has been reserved for MEAG generation projects since this amount is not legally available for appropriation (See Note 3).

15. Deficit Equity Balances

2005 SPLOST Capital Projects Fund

At December 31, 2009, the 2005 SPLOST Fund has a deficit fund balance of $6,235. This is due to payment for capital projects in anticipation of future revenues. The City plans to liquidate this deficit fund balance through future transfers from other funds.

16. Changes in Beginning Balances

Electric Utility Enterprise Fund

A prior period adjustment has been made to reflect an unrecorded investment account with Municipal Electric Authority of Georgia (MEAG) at December 31, 2008. The 2008 amounts for unrestricted investments and unrestricted net assets have been restated to reflected this adjustment. This adjustment increased beginning net assets by $941,583.

17. Intradepartmental Billings

Total operating revenues and total operating expenses in the Water and Sewer Utility, Electric Utility, and Solid Waste Enterprise Funds include $16,752, $128,941, and $29,756, respectively, of intra departmental billings for water and sewer, electricity, and sanitation usage.

18. 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.

18. Retirement Plans (continued)

Plan Description, continued

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.

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	24
Terminated vested participants entitled to but not yet receiving benefits	19
Active participants	82
Total number of participants	125

18. Retirement Plans (continued)

Funding Policy

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The current rate is 9.96% 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. 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 March 1, 2009 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 2009, the City's annual pension cost of $544,640 was equal to the City's recommended and actual contributions. The minimum contribution was $482,321. The recommended contribution (projected to March 1, 2010) was computed as part of an actuarial valuation as of March 1, 2009. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increases of 5.5 percent per year compounded annually (5.0 percent and 0.5 percent attributable to inflation and merit, respectively), (c) no post-retirement benefit increases.

18. 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
3/1/2004	$ 270,164	100%	$ 0
3/1/2005	276,648	100%	0
3/1/2006	316,122	100%	0
3/1/2007	302,934	100%	0
3/1/2008	339,565	100%	0
3/1/2009	544,640	100%	0

Schedule of Funding Progress

Actuarial Valuation Date March 1,	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)
2004	$ 3,173,763	$ 3,855,802	$ 682,039	82.31%	$ 2,654,578	25.69%
2005	3,605,144	4,164,295	559,151	86.57%	2,837,542	19.71%
2006	4,035,170	4,834,638	799,468	83.46%	2,912,963	27.45%
2007	4,507,741	5,097,671	589,930	88.43%	2,956,003	19.96%
2008	4,986,333	5,768,966	782,633	86.43%	3,408,725	22.96%
2009	4,321,148	6,721,388	2,400,240	64.29%	3,750,551	64.00%

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.

19. 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 2009, the City contributed $68,317 to the plans based on covered salaries of $3,248,503. Plan members made voluntary contributions of $165,637 to the plans. Total payroll was $4,460,333.

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.

20. 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	17
Terminated vested participants entitled to but not yet receiving benefits	0
Active participants	68
Total number of participants	85

20. Post Employment Health Care Benefits (continued)

Funding Policy

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 $2,134, through their required contributions of $18.40, $7.44, and $0.92 per month for family health coverage without Medicare, family health coverage with Medicare, and family dental coverage, respectively. 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, 2009 is 30 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 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.

20. Post Employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

For 2009, the City's annual OPEB cost of $1,111,292 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 March 1, 2007. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 4 percent per year compounded annually, (b) a rate of inflation of 3 percent, (c) no post-retirement benefit increases, (d) a medical and drug cost trend rate of 9.5 percent, graded to 5 percent over 9 years, and (e) dental cost trend rate of 5 percent.

Annual required contribution	$ 1,125,553
Interest on net OPEB obligation	33,962
Adjustment to ARC	(48,223)
Annual OPEB cost	1,111,292
Contributions made	(235,411)
Increase (decrease) in net OPEB obligation	875,881
Net OPEB obligation - beginning of year	849,045
Net OPEB obligation - end of year	$ 1,724,926

Historical Trend Information

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

Schedule of Employer Contributions

Fiscal Year	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
12/31/2008	$ 1,077,330	22%	$ 849,045
12/31/2009	1,111,292	21%	1,724,926

Schedule of Funding Progress

Actuarial Valuation Date March 1,	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)
2007	$ 0	$ 7,924,626	$ 7,924,626	0.00%	$ 2,956,003	268.09%

21. Hotel/Motel Lodging Tax

On September 1, 2009, the City changed its lodging tax from 3% to 7%. A summary of the transactions for the year ending December 31, 2009, follows:

Lodging Tax Receipts	$ 208,761	
Disbursements to promote trade and tourism	$ 224,270	107% of tax receipts

22. 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 2009, the City of Norcross contributed the use of one police officer to the DEA for undercover work; the City paid $82,202 in personnel costs for the officer.

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, 2009, 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.

23. 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 $0 as a payment-in-lieu-of-taxes for 2009. Separate financial statements may be obtained from Housing Authority of the City of Norcross, 19 Garner Street, Norcross, GA 30071.

24. Risk Management

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

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

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

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

24. Risk Management (continued)

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, 2009, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

25. 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 $8,236,932 from MEAG during the year ended December 31, 2009. 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, 2009 was $666,833. 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, 2009 was $2,486,200. Both of these accounts are included in investments in the Electric Utility Fund.

25. Commitments and Contingencies (continued)

Commitments, continued

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG's bond obligations. The balances of these accounts at December 31, 2009 were $5,856,563 and $3,604,601, respectively. Due to the restricted nature of these funds, neither is shown in the Electric Utility Fund.

The City has several active construction projects as of December 31, 2009. At year-end, the City's commitments with contractors are as follows:

Projects	Amount Expended Date	Remaining Commitment
Lillian Webb Park improvements	$ 5,340,086	$ 10,297
Parking Study	42,500	12,500
Total	$ 5,382,586	$ 22,797

Contingencies

The City is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The City's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

26. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the year ended December 31, 2009, the City incurred expenditures in the following General Fund department and Special Revenue Funds that were in materially in excess of the amounts appropriated:

Department	Budget	Actual	Variance
City-wide	$ 378,331	$ 439,123	$ (60,792)
Confiscated Assets Fund	16,475	18,075	(1,600)
Hotel/Motel Tax Fund	170,000	224,270	(54,270)
Federal Seized Drug Fund	212,500	271,248	(58,748)

Management concurs with these findings. The Administrative Services Director will be reviewing the comparative financial statements to budget and recommend any necessary budget revisions to the City Council.

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NORCROSS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2009

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Federal Seized Drug**
ASSETS			
Cash and cash equivalents	$ 45,926	$ 0	$ 144,089
Taxes receivable	0	64,950	0
Due from other funds	0	0	43,958
Total assets	$ 45,926	$ 64,950	$ 188,047
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 0	$ 16,007	$ 26,550
Other liabilities	900	0	0
Due to other funds	0	9,408	0
Total liabilities	900	25,415	26,550
Fund balances			
Unreserved	45,026	39,535	161,497
Total liabilities and fund balances	$ 45,926	$ 64,950	$ 188,047

Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
Police Grant	Technology Surcharges	2001 SPLOST	
$ 70,971	$ 48,570	$ 0	$ 309,556
0	0	0	64,950
0	0	0	43,958
$ 70,971	$ 48,570	$ 0	$ 418,464
$ 20,225	$ 0	$ 0	$ 62,782
0	0	0	900
43,958	0	0	53,366
64,183	0	0	117,048
6,788	48,570	0	301,416
$ 70,971	$ 48,570	$ 0	$ 418,464

CITY OF NORCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2009

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Federal Seized Drug**
REVENUES			
Taxes	$ 0	$ 208,761	$ 0
Fees, fines, and forfeitures	2,920	0	241,628
Intergovernmental	0	0	0
Interest	24	0	153
Total revenues	2,944	208,761	241,781
EXPENDITURES			
Current			
General Government	0	0	0
Public Safety	18,075	0	271,248
Housing and Development	0	224,270	0
Capital outlay	0	0	0
Total expenditures	18,075	224,270	271,248
Excess (deficiency) of revenues over (under) expenditures	(15,131)	(15,509)	(29,467)
Fund balances, January 1	60,157	55,044	190,964
Fund balances, December 31	$ 45,026	$ 39,535	$ 161,497

Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
Police Grant	Technology Surcharges	2001 SPLOST	
$ 0	$ 0	$ 0	$ 208,761
0	75,057	0	319,605
70,993	0	0	70,993
0	0	165	342
70,993	75,057	165	599,701
0	91,296	0	91,296
64,205	0	0	353,528
0	0	0	224,270
0	0	259,116	259,116
64,205	91,296	259,116	928,210
6,788	(16,239)	(258,951)	(328,509)
0	64,809	258,951	629,925
$ 6,788	$ 48,570	$ 0	$ 301,416

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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, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 2,398,103	$ 1,240,939
Certificates of deposit	2,424,972	4,147,839
Receivables (net)		
Accounts	8,613	56,453
Taxes	1,140,982	1,222,764
Intergovernmental	0	23,200
Notes	258,000	258,000
Prepaid items	27,935	75,359
Due from other funds	404,563	695,203
Property held for resale	1,085,766	1,085,766
Total assets	$ 7,748,934	$ 8,805,523
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 59,759	$ 212,092
Intergovernmental	0	6,825
Accrued salaries	14,685	0
Deferred revenue	321,813	232,710
Other liabilities	220,976	166,148
Total liabilities	617,233	617,775
Fund balances		
Reserved for prepaid items	27,935	75,359
Unreserved	7,103,766	8,112,389
Total fund balances	7,131,701	8,187,748
Total liabilities and fund balances	$ 7,748,934	$ 8,805,523

CITY OF NORCROSS, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the years ended December 31, 2009 and 2008

	2009	2008
REVENUES		
Taxes	$ 5,862,323	$ 5,970,698
Licenses and permits	229,175	327,783
Fines, fees and forfeitures	1,331,159	1,705,024
Charges for services	153,284	118,785
Intergovernmental	139,050	648,740
Interest	60,805	349,625
Contributions	22	13
Other	122,264	108,436
Total revenues	7,898,082	9,229,104
EXPENDITURES		
Current		
General Government	2,286,895	2,093,650
Judicial	322,856	348,788
Public Safety	3,555,039	3,843,621
Public Works	1,089,894	1,156,937
Culture and Recreation	223,573	697,626
Housing and Development	667,498	1,144,419
Total expenditures	8,145,755	9,285,041
Excess (deficiency) of revenues over (under) expenditures	(247,673)	(55,937)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Utility Fund	410,418	(2,473,172)
Storm Water Utility Fund	0	100,000
2005 SPLOST	(1,239,830)	0
Proceeds from the sale of capital assets	21,038	4,627
Total other financing sources (uses)	(808,374)	(2,368,545)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,056,047)	(2,424,482)
Fund balances, January 1	8,187,748	10,612,230
Fund balances, December 31	$ 7,131,701	$ 8,187,748

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2009
(With comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 3,550,000	$ 3,639,353	$ 89,353	$ 3,662,646
Motor vehicle tax	145,000	132,662	(12,338)	161,415
Cost, penalties, and interest	25,000	75,897	50,897	41,888
Total general property taxes	3,720,000	3,847,912	127,912	3,865,949
Intangible tax	15,000	23,192	8,192	25,692
Real estate transfer tax	6,000	8,286	2,286	8,986
Franchise tax	1,175,000	1,106,426	(68,574)	1,119,199
Insurance premium tax	445,000	466,277	21,277	470,693
Occupational tax	232,000	247,542	15,542	297,068
Alcoholic beverage excise tax	174,000	162,688	(11,312)	183,111
Total taxes	5,767,000	5,862,323	95,323	5,970,698
Licenses and Permits				
Alcohol licenses	125,000	104,900	(20,100)	101,850
Building permits	85,000	110,211	25,211	209,562
Other permits	16,000	14,064	(1,936)	16,371
Total licenses and permits	226,000	229,175	3,175	327,783
Fines, fees and forfeitures	1,151,500	1,331,159	179,659	1,705,024
Charges for Services	89,177	153,284	64,107	118,785
Intergovernmental				
Grants	110,000	134,239	24,239	633,263
Other	0	4,811	4,811	15,477
Total intergovernmental	110,000	139,050	29,050	648,740
Interest	25,000	60,805	35,805	349,625
Contributions	0	22	22	13
Other	53,000	122,264	69,264	108,436
Total revenues	$ 7,421,677	$ 7,898,082	$ 476,405	$ 9,229,104

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2009
(With comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
General Government				
Governing Body				
Personal services	$ 67,303	$ 68,481	$ (1,178)	$ 0
Contract services	140,095	129,703	10,392	0
Supplies and materials	1,800	69	1,731	0
Total Governing Body	209,198	198,253	10,945	0
Administration				
Personal services	396,442	274,792	121,650	357,350
Contract services	176,553	265,231	(88,678)	140,668
Supplies and materials	12,050	17,330	(5,280)	25,595
Capital outlay	0	0	0	2,745
Total Administration	585,045	557,353	27,692	526,358
City Clerk				
Personal services	127,200	119,191	8,009	143,410
Contract services	25,290	17,502	7,788	184,668
Supplies and materials	7,900	3,087	4,813	9,183
Capital outlay	0	0	0	3,450
Total City Clerk	160,390	139,780	20,610	340,711
Chief Executive				
Personal services	206,999	190,850	16,149	184,923
Contract services	96,110	101,577	(5,467)	50,718
Supplies and materials	1,850	1,700	150	610
Total Chief Executive	304,959	294,127	10,832	236,251
City-wide				
Personal services	235,412	235,411	1	228,285
Contract services	5,000	25,121	(20,121)	6,423
Supplies and materials	0	4,639	(4,639)	3,290
Capital outlay	0	96,344	(96,344)	300,000
Debt service	137,919	77,608	60,311	77,607
Total City-wide	378,331	439,123	(60,792)	615,605
Information Technology				
Personal services	164,731	121,904	42,827	117,526
Contract services	112,541	182,859	(70,318)	71,651
Supplies and materials	25,500	32,908	(7,408)	67,512
Capital outlay	502,930	320,588	182,342	118,036
Total Information Technology	805,702	658,259	147,443	374,725
Total General Government	2,443,625	2,286,895	156,730	2,093,650

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2009
(With comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
Judicial				
Municipal Court				
Personal services	$ 301,186	$ 287,958	$ 13,228	$ 316,221
Contract services	33,010	29,016	3,994	27,917
Supplies and materials	2,250	3,087	(837)	4,650
Capital outlay	0	2,795	(2,795)	0
Total Judicial	336,446	322,856	13,590	348,788
Public Safety				
Police				
Personal services	3,203,791	3,112,806	90,985	2,990,900
Contract services	284,871	201,566	83,305	408,095
Supplies and materials	198,875	171,584	27,291	232,860
Capital outlay	21,198	69,083	(47,885)	211,766
Total Police	3,708,735	3,555,039	153,696	3,843,621
Public Works				
Public Works Administration				
Personal services	394,176	372,802	21,374	373,121
Contract services	499,409	528,881	(29,472)	449,428
Supplies and materials	164,043	144,918	19,125	207,881
Capital outlay	38,573	43,293	(4,720)	126,507
Total Public Works Administration	1,096,201	1,089,894	6,307	1,156,937
Culture and Recreation				
Parks and Recreation				
Personal services	99,101	98,601	500	82,348
Contract services	69,291	84,220	(14,929)	54,469
Supplies and materials	38,500	29,175	9,325	50,336
Capital outlay	11,577	11,577	0	510,473
Total Culture and Recreation	218,469	223,573	(5,104)	697,626
Housing and Development				
Community Development				
Personal services	361,775	300,574	61,201	550,822
Contract services	123,613	282,091	(158,478)	254,674
Supplies and materials	6,250	5,750	500	45,116
Capital outlay	160,000	8,083	151,917	293,807
Payments to others	0	71,000	(71,000)	0
Total Housing and Development	651,638	667,498	(15,860)	1,144,419
Total expenditures	$ 8,455,114	$ 8,145,755	$ 309,359	$ 9,285,041

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, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 45,926	$ 73,375
LIABILITIES AND FUND BALANCES		
Liabilities		
Other liabilities	$ 900	$ 13,218
Fund balances		
Unreserved	45,026	60,157
Total liabilities and fund balances	$ 45,926	$ 73,375

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, 2009
(with comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Forfeitures	$ 16,475	$ 2,920	$ (13,555)	$ 114,152
Interest	0	24	24	518
Total revenues	16,475	2,944	(13,531)	114,670
EXPENDITURES				
Current				
Public Safety				
Contract services	0	1,790	(1,790)	4,714
Supplies and materials	0	16,285	(16,285)	26,890
Capital outlay	16,475	0	16,475	41,941
Total expenditures	16,475	18,075	(1,600)	73,545
Excess (deficiency) of revenues over (under) expenditures	0	(15,131)	(15,131)	41,125
Fund balances, January 1	0	60,157	60,157	19,032
Fund balances, December 31	$ 0	$ 45,026	$ 45,026	$ 60,157

CITY OF NORCROSS, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 0	$ 79,902
Taxes receivable	64,950	31,791
Total assets	$ 64,950	$ 111,693
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 16,007	$ 56,649
Due to other funds	9,408	0
Total liabilities	25,415	56,649
Fund balances		
Unreserved	39,535	55,044
Total liabilities and fund balances	$ 64,950	$ 111,693

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, 2009
(with comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	$ 170,000	$ 208,761	$ 38,761	$ 180,988
Interest	0	0	0	4,366
Total revenues	170,000	208,761	38,761	185,354
EXPENDITURES				
Current				
Housing and Development				
Contract services	170,000	224,270	(54,270)	381,407
Total expenditures	170,000	224,270	(54,270)	381,407
Excess (deficiency) of revenues over (under) expenditures	0	(15,509)	(15,509)	(196,053)
Fund balances, January 1	0	55,044	55,044	251,097
Fund balances, December 31	$ 0	$ 39,535	$ 39,535	$ 55,044

CITY OF NORCROSS, GEORGIA
FEDERAL SEIZED DRUG SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 144,089	$ 190,964
Due from other funds	43,958	0
Total assets	$ 188,047	$ 190,964
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 26,550	$ 0
Fund balances		
Unreserved	161,497	190,964
Total liabilities and fund balances	$ 188,047	$ 190,964

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, 2009
(with comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines and forfeitures	$ 212,500	$ 241,628	$ 29,128	$ 305,749
Interest	0	153	153	627
Total revenues	212,500	241,781	29,281	306,376
EXPENDITURES				
Current				
Public Safety				
Contract services	0	27,929	(27,929)	19,813
Supplies and materials	0	11,070	(11,070)	4,970
Capital outlay	212,500	232,249	(19,749)	227,835
Total expenditures	212,500	271,248	(58,748)	252,618
Excess (deficiency) of revenues over (under) expenditures	0	(29,467)	(29,467)	53,758
Fund balances, January 1	0	190,964	190,964	137,206
Fund balances, December 31	$ 0	$ 161,497	$ 161,497	$ 190,964

CITY OF NORCROSS, GEORGIA
POLICE GRANT SPECIAL REVENUE FUND
BALANCE SHEET
December 31, 2009

ASSETS

Cash and cash equivalents	$ 70,971

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	$ 20,225
Due to other funds	43,958
Total liabilities	64,183
Fund balances	
Unreserved	6,788
Total liabilities and fund balances	$ 70,971

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, 2009

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 70,990	$ 70,993	$ 0
Total revenues	70,990	70,993	0
EXPENDITURES			
Current			
Public Safety			
Contract services	0	22,537	(22,537)
Supplies and materials	51,390	22,068	29,322
Capital outlay	19,600	19,600	0
Total expenditures	70,990	64,205	6,785
Excess (deficiency) of revenues over (under) expenditures	0	6,788	6,785
Fund balances, January 1	0	0	0
Fund balances, December 31	$ 0	$ 6,788	$ 6,785

CITY OF NORCROSS, GEORGIA
TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 48,570	$ 119,376
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 54,567
Fund balances		
Unreserved	48,570	64,809
Total liabilities and fund balances	$ 48,570	$ 119,376

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, 2009
(with comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines and forfeitures	$ 90,000	$ 75,057	$ (14,943)	$ 128,254
Interest	0	0	0	2,482
Total revenues	90,000	75,057	(14,943)	130,736
EXPENDITURES				
Current				
General Government				
Contract services	0	10,786	(10,786)	19,980
Supplies and materials	0	475	(475)	1,050
Capital outlay	90,000	80,035	9,965	96,461
Public Safety				
Contract services	0	0	0	5,517
Total expenditures	90,000	91,296	(1,296)	123,008
Excess (deficiency) of revenues over (under) expenditures	0	(16,239)	(16,239)	7,728
Fund balances, January 1	0	64,809	64,809	57,081
Fund balances, December 31	$ 0	$ 48,570	$ 48,570	$ 64,809

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CAPITAL PROJECTS FUNDS

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

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.

2001 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 2001 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.

CITY OF NORCROSS, GEORGIA
2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 354,608	$ 1,398,085
Certificates of deposit	0	509,931
Intergovernmental receivable	0	274,234
Total assets	$ 354,608	$ 2,182,250
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 311,647	$ 452,670
Retainages	15,000	201,728
Due to other funds	34,196	32,711
Total liabilities	360,843	687,109
Fund balances		
Unreserved	(6,235)	1,495,141
Total liabilities and fund balances	$ 354,608	$ 2,182,250

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, 2009 and 2008

	2009	2008
REVENUES		
Intergovernmental	$ 377,241	$ 1,770,489
Interest	11,697	52,441
Total revenues	388,938	1,822,930
EXPENDITURES		
Public Works		
Contract services	215,156	26,443
Capital outlay	608,700	0
Culture and Recreation		
Contract services	9,778	69,022
Capital outlay	2,296,510	2,166,733
Total expenditures	3,130,144	2,262,198
Excess (deficiency) of revenues over (under) expenditures	(2,741,206)	(439,268)
Other financing sources (uses)		
Transfer from other funds	1,239,830	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,501,376)	(439,268)
Fund balances, January 1	1,495,141	1,934,409
Fund balances, December 31	$ (6,235)	$ 1,495,141

CITY OF NORCROSS, GEORGIA
2001 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 0	$ 285,924
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 26,973
Fund balances		
Unreserved	0	258,951
Total liabilities and fund balances	$ 0	$ 285,924

CITY OF NORCROSS, GEORGIA
2001 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, 2009 and 2008

	2009	2008
REVENUES		
Interest	$ 165	$ 20,817
Total revenues	165	20,817
EXPENDITURES		
Public Works		
Contract services	60,126	603,089
Capital outlay	0	35,706
Culture and Recreation		
Capital outlay	198,990	275,307
Total expenditures	259,116	914,102
Excess (deficiency) of revenues over (under) expenditures	(258,951)	(893,285)
Fund balances, January 1	258,951	1,152,236
Fund balances, December 31	$ 0	$ 258,951

CITY OF NORCROSS, GEORGIA
2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
December 31, 2009

ASSETS	
Cash and cash equivalents	$ 543,724
Intergovernmental receivable	361,703
Total assets	$ 905,427
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	$ 61,497
Due to other funds	497,782
Total liabilities	559,279
Fund balances	
Unreserved	346,148
Total liabilities and fund balances	$ 905,427

CITY OF NORCROSS, GEORGIA
2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the year ended December 31, 2009

REVENUES	
Intergovernmental	$ 1,049,494
Interest	497
Total revenues	1,049,991
EXPENDITURES	
Public Works	
Contract services	52,500
Capital outlay	1,292,984
Debt service	397,783
Culture and Recreation	
Contract services	5,000
Capital outlay	595,055
Debt service	10,521
Total expenditures	2,353,843
Excess (deficiency) of revenues over (under) expenditures	(1,303,852)
Other financing sources (uses)	
Issuance of notes payable	1,650,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	346,148
Fund balances, January 1	0
Fund balances, December 31	$ 346,148

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ENTERPRISE FUNDS

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

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 ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Accounts receivable (net)	$ 372,619	$ 289,844
Prepaid items	7,868	17,080
Inventories	51,679	59,075
Total current assets	432,166	365,999
Restricted assets		
Customer deposits		
Cash and cash equivalents	59,780	32,796
Capital assets		
Land	9,500	9,500
Water and sewer system	12,146,649	12,146,649
Vehicles and equipment	141,585	141,585
Construction in progress	63,835	5,248
Accumulated depreciation	(4,407,222)	(4,159,634)
Total capital assets (net of accumulated depreciation)	7,954,347	8,143,348
Total assets	8,446,293	8,542,143
LIABILITIES		
Current liabilities		
Payables		
Accounts	19,736	16,729
Intergovernmental	78,585	151,031
Accrued salaries and payroll liabilities	567	0
Compensated absences	2,363	4,588
Total current liabilities	101,251	172,348
Current liabilities payable from restricted assets		
Customer deposits	59,780	59,085
Total liabilities	161,031	231,433
NET ASSETS		
Invested in capital assets	7,954,347	8,143,348
Unrestricted	330,915	167,362
Total net assets	$ 8,285,262	$ 8,310,710

CITY OF NORCROSS, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the years ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 1,418,823	$ 1,297,896
Sewer charges	1,214,893	1,085,695
Tap fees	1,768	4,226
Other	767	18,921
Total operating revenues	2,636,251	2,406,738
OPERATING EXPENSES		
Costs of sales and services	1,481,538	2,954,848
Personal services	522,317	539,430
Depreciation	247,588	235,664
Total operating expenses	2,251,443	3,729,942
Operating income (loss)	384,808	(1,323,204)
Non-operating revenues (expenses)		
Investment revenue	162	810
Income (loss) before transfers	384,970	(1,322,394)
Transfers in (out)		
General Fund	(410,418)	2,473,172
Change in net assets	(25,448)	1,150,778
Net assets, January 1	8,310,710	7,159,932
Net assets, December 31	$ 8,285,262	$ 8,310,710

CITY OF NORCROSS, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	$ 2,553,404	$ 2,389,681
Payments to suppliers	(1,534,369)	(3,422,226)
Payments to employees	(523,975)	(541,376)
Other receipts	767	18,921
Net cash provided (used) by operating activities	495,827	(1,555,000)
Cash flows from non-capital financing activities		
Receipts from other funds	0	2,473,172
Payments to other funds	(410,418)	0
Net cash provided (uses) by non-capital financing activities	(410,418)	2,473,172
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(58,587)	(918,172)
Cash flows from investing activities:		
Interest received	162	810
Net increase (decrease) in cash and cash equivalents	26,984	810
Cash and cash equivalents, January 1	32,796	31,986
Cash and cash equivalents, December 31	$ 59,780	$ 32,796
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 384,808	$ (1,323,204)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	247,588	235,664
(Increase) decrease in accounts receivable	(82,775)	(9,511)
(Increase) decrease in prepaid items	9,212	844
(Increase) decrease in inventories	7,396	45,360
Increase (decrease) in accounts payable	3,007	14,127
Increase (decrease) in intergovernmental payables	(72,446)	(527,709)
Increase (decrease) in deposits payable	695	11,375
Increase (decrease) in accrued payroll liabilities	(1,658)	(1,946)
Total adjustments	111,019	(231,796)
Net cash provided (used) by operating activities	$ 495,827	$ (1,555,000)
Cash and cash equivalents reconciliation:		
Customer Deposits		
Cash and cash equivalents	$ 59,780	$ 32,796

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Certificates of deposit	$ 0	$ 591,536
Investments	2,184,100	2,047,838
Accounts receivable (net)	1,439,773	1,167,900
Prepaid items	323,111	379,073
Inventories	779,989	824,401
Total current assets	4,726,973	5,010,748
Restricted assets		
MEAG Generation Trust		
Investments	666,833	0
Customer Deposits		
Investments	302,100	310,993
Total restricted assets	968,933	310,993
Capital assets		
Land	1,000	1,000
Electric system	6,412,436	6,251,349
Vehicles and equipment	583,633	606,968
Construction in progress	1,267,045	651,761
Accumulated depreciation	(1,978,775)	(1,860,015)
Total capital assets (net of accumulated depreciation)	6,285,339	5,651,063
Other assets		
Advances to other funds	270,000	0
Total assets	12,251,245	10,972,804
LIABILITIES		
Current liabilities		
Payables		
Accounts	18,908	183,209
Intergovernmental	668,233	752,168
Sales tax	49,342	41,090
Accrued salaries and payroll liabilities	1,413	0
Compensated absences	3,908	2,720
Due to other funds	133,177	1,162,492
Total current liabilities	874,981	2,141,679
Current liabilities payable from restricted assets		
Customer deposits	302,100	310,993
Total liabilities	1,177,081	2,452,672
NET ASSETS		
Invested in capital assets	6,285,339	5,651,063
Restricted for MEAG generation projects	666,833	0
Unrestricted	4,121,992	2,869,069
Total net assets	$ 11,074,164	$ 8,520,132

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the years ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Charges for sales and services		
Electric sales	$ 10,338,936	$ 9,360,336
Other	16,874	78,451
Total operating revenues	10,355,810	9,438,787
OPERATING EXPENSES		
Costs of sales and services	7,175,074	7,956,709
Personal services	527,028	766,751
Depreciation	142,095	132,472
Total operating expenses	7,844,197	8,855,932
Operating income (loss)	2,511,613	582,855
Non-operating revenues (expenses)		
Investment revenue	42,419	72,150
Change in net assets	2,554,032	655,005
Net assets, January 1	8,520,132	7,865,127
Net assets, December 31	$ 11,074,164	$ 8,520,132

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	$ 10,066,422	$ 9,357,484
Payments to suppliers	(7,322,936)	(8,863,561)
Payments to employees	(524,427)	(768,420)
Other receipts	16,874	78,451
Net cash provided (used) by operating activities	2,235,933	(196,046)
Cash flows from non-capital financing activities		
Receipts from other funds	0	1,162,492
Payments to other funds	(1,299,315)	0
Net cash provided (used) by non-capital financing activities	(1,299,315)	1,162,492
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(776,371)	(1,128,478)
Cash flows from investing activities:		
Interest received	42,419	72,150
Proceeds from maturities of investments	1,339,536	381,087
Purchase of investments	(1,542,202)	(984,262)
Net cash provided (used) by investing activities	(160,247)	(531,025)
Net increase (decrease) in cash and cash equivalents	0	(693,057)
Cash and cash equivalents, January 1	0	693,057
Cash and cash equivalents, December 31	$ 0	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 2,511,613	$ (358,728)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	142,095	132,472
(Increase) decrease in accounts receivable	(271,873)	(38,320)
(Increase) decrease in prepaid items	55,962	(351,865)
(Increase) decrease in inventories	44,412	71,872
Increase (decrease) in accounts payable	(164,301)	168,400
Increase (decrease) in intergovernmental payables	(83,935)	145,919
Increase (decrease) in deposits payable	(8,893)	35,468
Increase (decrease) in sales tax payable	8,252	405
Increase (decrease) in accrued payroll liabilities	2,601	(1,669)
Total adjustments	(275,680)	162,682
Net cash provided (used) by operating activities	$ 2,235,933	$ (196,046)

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,128,596	$ 501,144
Accounts receivable (net)	220,982	247,219
Due from other funds	0	500,000
Total current assets	1,349,578	1,248,363
Restricted assets		
Customer deposits		
Cash and cash equivalents	81,930	95,044
Total assets	1,431,508	1,343,407
LIABILITIES		
Current liabilities		
Accounts payable	107,790	208,457
Current liabilities payable from restricted assets		
Customer deposits	81,930	95,044
Total liabilities	189,720	303,501
NET ASSETS		
Unrestricted	$ 1,241,788	$ 1,039,906

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the years ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 1,570,564	$ 1,829,838
Other	3,191	14,724
Total operating revenues	1,573,755	1,844,562
OPERATING EXPENSES		
Costs of sales and services	1,334,821	1,382,849
Personal services	37,052	104,822
Total operating expenses	1,371,873	1,487,671
Operating income (loss)	201,882	356,891
Non-operating revenues (expenses)		
Investment revenue	0	26,032
Change in net assets	201,882	382,923
Net assets, January 1	1,039,906	656,983
Net assets, December 31	$ 1,241,788	$ 1,039,906

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	$ 1,583,687	$ 1,820,721
Payments to suppliers	(1,435,488)	(1,415,063)
Payments to employees	(37,052)	(104,822)
Other receipts	3,191	14,724
Net cash provided (used) by operating activities	114,338	315,560
Cash flows from non-capital financing activities		
Receipts from other funds	500,000	0
Payments to other funds	0	(500,000)
Net cash provided (used) by non-capital financing activities	500,000	(500,000)
Cash flows from investing activities		
Interest received	0	26,032
Net increase (decrease) in cash and cash equivalents	614,338	(158,408)
Cash and cash equivalents, January 1	596,188	754,596
Cash and cash equivalents, December 31	$ 1,210,526	$ 596,188
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 201,882	$ 356,891
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	26,237	(8,111)
Increase (decrease) in accounts payable	(100,667)	(32,215)
Increase (decrease) in deposits payable	(13,114)	(1,005)
Total adjustments	(87,544)	(41,331)
Net cash provided by operating activities	$ 114,338	$ 315,560
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 1,128,596	$ 501,144
Customer Deposits		
Cash and cash equivalents	81,930	95,044
Total cash and cash equivalents	$ 1,210,526	$ 596,188

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 206,268	$ 244,215
Accounts receivable (net)	194,342	154,253
Total current assets	400,610	398,468
Capital assets		
Storm water system	239,256	20,022
Vehicles and equipment	87,203	64,977
Accumulated depreciation	(24,478)	(8,592)
Total capital assets (net of accumulated depreciation)	301,981	76,407
Total assets	702,591	474,875
LIABILITIES		
Current liabilities		
Accounts payable	4,155	7,979
Accrued salaries and payroll liabilities	318	0
Compensated absences	430	473
Total liabilities	4,903	8,452
NET ASSETS		
Invested in capital assets	301,981	76,407
Unrestricted	395,707	390,016
Total net assets	$ 697,688	$ 466,423

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the years ended December 31, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Charges for sales and services		
Storm water fees	$ 484,511	$ 906,552
Total operating revenues	484,511	906,552
OPERATING EXPENSES		
Costs of sales and services	106,723	165,106
Personal services	130,637	169,866
Depreciation	15,886	8,592
Total operating expenses	253,246	343,564
Operating income (loss)	231,265	562,988
Non-operating revenues (expenses)		
Interest revenue	0	3,435
Net income (loss) before transfers	231,265	566,423
Transfers in (out)		
General Fund	0	(100,000)
Change in net assets	231,265	466,423
Net assets, January 1	466,423	0
Net assets, December 31	$ 697,688	$ 466,423

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	$ 444,422	$ 752,299
Payments to suppliers	(110,547)	(116,958)
Payments to employees	(130,362)	(209,562)
Net cash provided (used) by operating activities	203,513	425,779
Cash flows from non-capital financing activities		
Payments to other funds	0	(100,000)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(241,460)	(84,999)
Cash flows from investing activities		
Interest received	0	3,435
Net increase (decrease) in cash and cash equivalents	(37,947)	244,215
Cash and cash equivalents, January 1	244,215	0
Cash and cash equivalents, December 31	$ 206,268	$ 244,215
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 231,265	$ 562,988
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	15,886	8,592
(Increase) decrease in accounts receivable	(40,089)	(154,253)
Increase (decrease) in accounts payable	(3,824)	7,979
Increase (decrease) in payroll liabilities	275	473
Total adjustments	(27,752)	(137,209)
Net cash provided by operating activities	$ 203,513	$ 425,779

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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, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 150,219	$ 277,933
Accounts receivable (net)	203,474	328,155
Total assets	353,693	606,088
LIABILITIES		
Liabilities		
Due to other agencies	$ 353,693	$ 606,088

CITY OF NORCROSS, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended December 31, 2009

	Balance January 1	Additions	Deletions	Balance December 31
ASSETS				
Cash and cash equivalents	$ 277,933	$ 1,663,637	$ (1,791,351)	$ 150,219
Accounts receivable	328,155	565,848	(690,529)	203,474
Total assets	$ 606,088	$ 2,229,485	$ (2,481,880)	$ 353,693
LIABILITIES				
Due to others agencies	$ 606,088	$ 2,229,485	$ (2,481,880)	$ 353,693

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COMPONENT UNIT

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

CITY OF NORCROSS, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 118,112	$ 161,489
Certificates of deposit	100,775	100,663
Property held for resale	386,700	383,800
Receivables		
Notes	0	4,105
Total assets	$ 605,587	$ 650,057
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 9,180	$ 3,288
Deposits	675	675
Total liabilities	9,855	3,963
Fund balances		
Unreserved	595,732	646,094
Total liabilities and fund balances	$ 605,587	$ 650,057

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, 2009
(With comparative actual amounts for the year ended December 31, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 8,340	$ 71,000	$ 62,660	$ 175
Interest	2,100	1,401	(699)	6,149
Rent	0	2,085	2,085	8,340
Other	167,575	3,288	(164,287)	0
Total revenues	178,015	77,774	(100,241)	14,664
EXPENDITURES				
Current				
Housing and Development				
Contract services	79,750	109,540	(29,790)	74,985
Supplies and materials	8,500	4,187	4,313	699
Capital outlay	85,000	9,644	75,356	0
Debt service	4,765	4,765	0	4,765
Total expenditures	178,015	128,136	49,879	80,449
Excess (deficiency) of revenues over (under) expenditures	0	(50,362)	(50,362)	(65,785)
Fund balances, January 1	0	646,094	646,094	711,879
Fund balances, December 31	$ 0	$ 595,732	$ 595,732	$ 646,094

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OTHER REPORTING SECTION

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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 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, 2009, which collectively comprise the City of Norcross, Georgia's basic financial statements and have issued our report thereon dated October 4, 2010. 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.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies 09-1, 09-2, 09-3 and 09-4 listed below to be material weaknesses.

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. We consider the following deficiencies to be significant deficiencies:

Comment 09-1

Condition: City personnel require additional training in the application of generally accepted accounting principles and the preparation of financial statements as it relates to governmental accounting. Currently, the City relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the City. However, there were numerous issues of transactions misposted and unreconciled general ledger accounts that resulted in 72 adjusting journal entries during the audit. The lack of these adjustments would produce materially inaccurate monthly financial statements.

Criteria: Effective internal control requires that the City accept responsibility and understanding of the audited financial report.

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Comment 09-1, continued

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: City personnel should receive training in the identification and application of generally accepted accounting principles and the preparation of the City's financial statements. In addition, the City should consider contracting with a third-party experienced in governmental accounting to review the monthly financial statements and reconciliations and make the necessary journal entries to reconcile all accounts on a monthly basis to provide for accurate reporting.

Management Response: Management concurs with this finding. The Administrative Services Director and Financial Analyst II will work with a third party temporarily to review the monthly financial statements on a quarterly basis to make sure we are providing accurate reports. This action was taken immediately upon receipt of the comment from our auditors.

Comment 09-2

Condition: At the time of our audit fieldwork, the Operating checking account was not reconciled at year end. The last month the Operating account was reconciled was October 2009.

Criteria: Proper accounting on a timely basis requires that cash accounts be reconciled to the general ledger at least monthly.

Effect: Failure to reconcile cash accounts may lead to management decisions based on incorrect information.

Recommendation: The Administrative Services Director should ensure that all checking accounts are reconciled monthly.

Management Response: Management concurs with this finding. The Administrative Services Director will ensure that all cash accounts are reconciled monthly. This action was taken immediately upon receipt of the comment from our auditors.

Comment 09-3

Condition: During the audit, accounts payable and payroll liabilities were not reconciled to the subsidiary listings. The accounts payable listing did balance to the trial balance and the payroll liabilities on the trial balance carried debit balances. Both of these balances were not reconciled until near the end of the audit in July 2010.

Criteria: Proper accounting on a timely basis requires that accounts payable and payroll liabilities be reconciled to the subsidiary ledgers at least monthly.

Effect: Failure to reconcile accounts payable and payroll liabilities may lead to management decisions based on incorrect information.

Recommendation: All trial balance amounts for assets and liabilities should be reconciled to the subsidiary ledgers or listing on a monthly basis.

Management Response: Management concurs with this finding. The Administrative Services Director will ensure that all assets and liabilities are reconciled to the subsidiary ledgers or listing monthly. This action was taken immediately upon receipt of the comment from our auditors.

Comment 09-4

Condition: At the beginning of 2009, the City carried a liability for credit balances on property tax accounts in the total amount of $90,006. During the software conversion, none of these amounts were converted to the new software, as credit balances were not converted.

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Comment 09-4, continued

Criteria: Proper accounting on a timely basis requires that property tax accounts be reconciled to the general ledger at least monthly.

Effect: Failure to reconcile property tax accounts may lead to management decisions based on incorrect information.

Recommendation: We recommend that the City review these credit balances in the prior software and update the new software for those credit balances that still exist.

Management Response: Management concurs with this finding. The Administrative Services Director along with the Property Tax Officer review all accounts in the prior software to ensure those credit balances still exist and are accurate. This action was taken immediately upon receipt of the comment from our auditors.

Comment 09-5

Condition: During audit procedures for inventory, we noted that the method used to value inventory is not appropriate. Although average cost is an appropriate method, the software uses cost from the beginning of time to calculate the average cost. This is not a true measure of average cost, since the costs used in the calculation are no longer in inventory.

Criteria: Generally accepted accounting principles require the value of inventory to be calculated using an appropriate method.

Effect: Failure to value inventory using an appropriate method may lead to financial statements that are materially misstated.

Recommendation: The City should remove old costs from the calculation, so that a true measure of average cost is used in the determination of the value of inventory.

Management Response: Management concurs with this finding. The Administrative Services Director along with the Public Works/Public Utilities Director will ensure that a true measure of average cost is used in the determination of the inventory value in the current software. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 09-6

Condition: During audit procedures for capital assets, we noted that the capital outlay accounts had not been reconciled at year end. It was noted that there were disbursements for capital expenditures posted to expenditure/expense accounts and disbursements for non-capital items were posted to capital outlay accounts.

Criteria: Generally accepted accounting principles require that transactions be properly classified and posted to the general ledger.

Effect: Failure to properly classify transactions may lead to management decisions based on incorrect information.

Recommendation: The Administrative Services Director should ensure that capital outlay accounts are reconciled to capital asset additions quarterly. The Administrative Services Director should also establish review procedures for disbursements posted to expenditure to identify any misposted capital items. This would help to properly classify disbursements.

Management Response: Management concurs with this finding. The Administrative Services Director will ensure that the capital outlay accounts are reconciled on a monthly basis. This action was implemented immediately upon receipt of the comment from our auditors.

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Comment 09-7

Condition: During audit procedures for cash, we noted no evidence of review and approval on the bank reconciliations and statements.

Criteria: Effective internal control requires segregation of duties, which include proper review and approval of bank reconciliations and statements.

Effect: Failure to segregate duties and review and approve bank reconciliations and statements may lead to misappropriation of assets.

Recommendation: Someone other than the preparer should review the bank reconciliations and the City Manager should review the bank statements and evidence their review by signature.

Management Response: Management concurs with this finding. The Administrative Services Director will be reviewing and approving by signature on the bank reconciliations. The City Manager will receive a copy of all bank statements each month for review and will sign off as proof of viewing those statements. This action was taken immediately upon receipt of the comment from our auditors.

Comment 09-8

Condition: The City is not following generally accepting accounting principles for the recording of certain transactions. As an example, revenues and expenditures for grants were netted and posted to the same general ledger account. This could lead to the underreporting of revenue and expenditures.

Criteria: Governmental accounting standards require revenues and expenditures to be posted in separate general ledger accounts.

Effect: Failure to properly record revenues and expenditures in separate general ledger accounts may lead to management decisions based on incorrect information.

Recommendation: We recommend that the City seek additional training for employees in governmental accounting.

Management Response: Management concurs with this finding. The Administrative Services Director will make sure that all transactions are recorded properly. This action was taken immediately upon receipt of the comment from our auditors.

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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*:

Comment 09-9

Condition: The City-wide department in the General Fund and the Hotel/Motel Tax, Confiscated Assets, and Federal Seized Drug Special Revenue Funds had expenditures in excess of appropriations.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

Effect: Failure to maintain expenditures within the balanced budget for this fund will place the City in violation of state law.

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Comment 09-9, continued

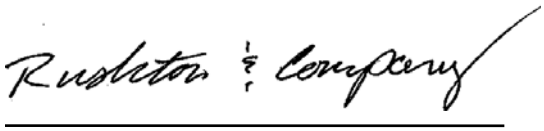
Recommendation: State law requires that all special revenue funds operate within a legally adopted budget. The Administrative Services Director should monitor all legally adopted budgets to ensure compliance.

Management Response: Management concurs with this finding. The Administrative Services Director will be reviewing the comparative financial statements to budget and recommend any necessary budget revisions to City Council. This action was taken immediately upon receipt of the comment from our auditors.

We noted certain matters that we have reported to management of the City of Norcross, Georgia, in a separate letter dated October 4, 2010.

The City of Norcross, Georgia's, responses to the findings identified in our audit are described above. We did not audit the City of Norcross, Georgia's, responses and, accordingly, we express no opinion on them.

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



Certified Public Accountants

Gainesville, Georgia
October 4, 2010

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CITY OF NORCROSS, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2009

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2001 SPLOST Referendum					
Park Improvements	$ 605,791	$ 667,814	$ 533,743	$ 198,990	$ 732,733
Roads Improvements	605,791	667,813	638,795	60,126	698,921
Total	$ 1,211,582	$ 1,335,627	$ 1,172,538	$ 259,116	$ 1,431,654
2004 SPLOST Referendum					
Roads Improvements	$ 1,040,250	$ 1,040,250	$ 26,443	$ 823,856	$ 850,299
Recreational Facilities	5,000,500	5,436,170	5,077,080	1,066,458	6,143,538
Public Safety Facilities and Equipment	344,324	344,324	317,610	0	317,610
Total	$ 6,385,074	$ 6,820,744	$ 5,421,133	$ 1,890,314	$ 7,311,447
2009 SPLOST Referendum					
Roads Improvements	$ 1,500,000	$ 1,500,000	$ 0	$ 93,267	$ 93,267
Recreational Facilities	3,568,281	3,568,281	0	610,576	610,576
Administrative Facilities	2,000,000	2,000,000	0	0	0
Parking Facilities	2,000,000	2,000,000	0	0	0
Total	$ 9,068,281	$ 9,068,281	$ 0	$ 703,843	$ 703,843

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

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