# *CITY OF NORCROSS, GEORGIA*

## *Annual Financial Report*

## *For the year ended December 31, 2011*

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# *CITY OF NORCROSS, GEORGIA*
## *FINANCIAL REPORT*
## *For the year ended December 31, 2011*

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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, 2011, 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, 2011, 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 May 13, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 introductory section, combining and individual fund financial statements, the state reporting section with the special purpose local option sales tax report, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the financial statements. The combining and individual fund financial statements, the special local option sales tax report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Norcross, Georgia's basic financial statements for the year ended December 31, 2010, which are not presented with the accompanying financial statements. In our report dated May 10, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norcross, Georgia's financial statements as a whole. The combining and individual fund financial statements and schedules, related to the 2010 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 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 2010 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
May 3, 2012

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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, 2011. 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 $79,735,395 (reported as "net assets"). Of this amount $10,632,708 is unrestricted, of which $3,640,032 is Governmental Activities and $6,992,676 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 $677,163.

- The City's governmental funds reported combined ending fund balances of $7,459,546. Approximately 87 percent of this amount, $6,508,819, is available for spending at the City's discretion (unassigned fund balance in the General Fund).

- The City's proprietary funds reported net assets of $24,110,396 at year end, an increase of $1,794,208 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 75.

### Governmental funds

Most of the City's basic governmental activities reported in the government-wide statements are accounted for in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between governmental activities (reported in the statement of net 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 2019 Special Purpose Local Option Sales Tax (SPLOST) Capital Projects Fund is 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 36-74 of this report.

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

This report includes two schedules on pages 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

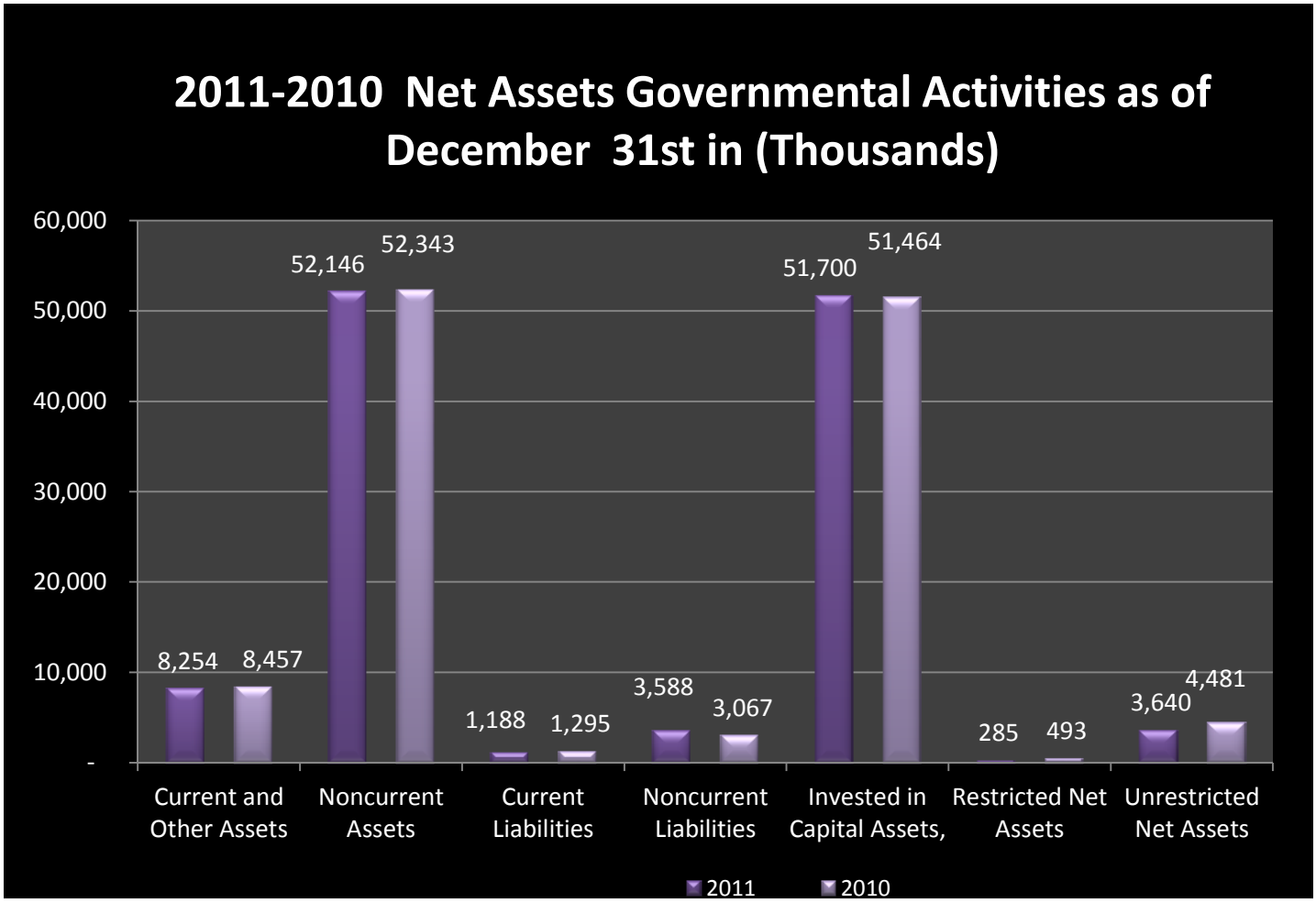
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by $79,735,395 as of December 31, 2011. The following table provides a summary of the City's governmental and business-type net assets for the years ended December 31.

**City of Norcross**
**Net Assets as of December 31, 2011 and 2010**
**(in Thousands)**

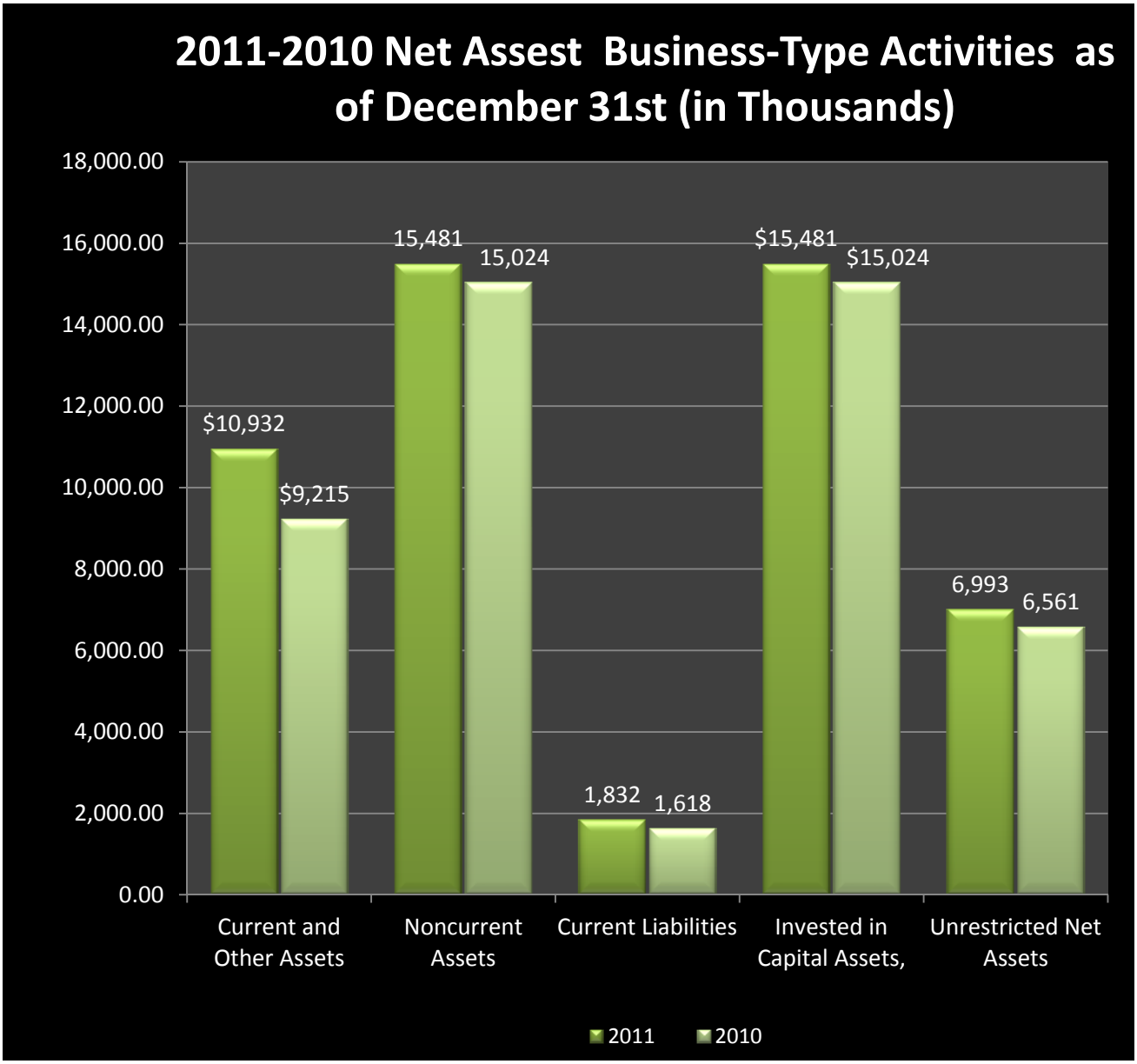
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current Assets | $8,254 | $8,457 | $10,932 | $9,215 | $19,186 | $17,672 |
| Capital Assets | 52,146 | 52,343 | 15,481 | 15,024 | 67,627 | 67,366 |
| Total Assets | 60,400 | 60,800 | 26,413 | 24,239 | 86,813 | 85,039 |
| Current Liabilities | $1,187 | $1,295 | $1,832 | $1,618 | $3,019 | $2,913 |
| Long-term Liabilities | 3,588 | 3,067 | 471 | 0 | 4,059 | 3,067 |
| Total Liabilities | 4,775 | 4,362 | 2,303 | 1,618 | 7,078 | 5,980 |
| Invested in Capital Assets, net of Related Debt | $51,700 | $51,464 | $15,481 | $15,024 | $67,181 | $66,488 |
| Restricted Net Assets | 285 | 493 | 1,636 | 1,036 | 1,921 | 1,529 |
| Unrestricted Net Assets | 3,640 | 4,481 | 6,993 | 6,561 | 10,633 | 11,042 |
| Total Net Assets | $55,625 | $56,438 | $24,110 | $21,299 | $79,735 | $79,059 |

The largest portion of the City's net assets as of December 31, 2011 (84%) 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:** Capital assets increased by 1% over 2010. Unrestricted net assets decreased in 2011 by 19%.



**Business-Type**: Current assets increased by 16%, noncurrent assets increased by 3%, and unrestricted net assets increased by 6%.



Restricted net assets of the primary government totaling $1,921,878 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 $10,632,708 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 $6,992,676 at the end of the year.

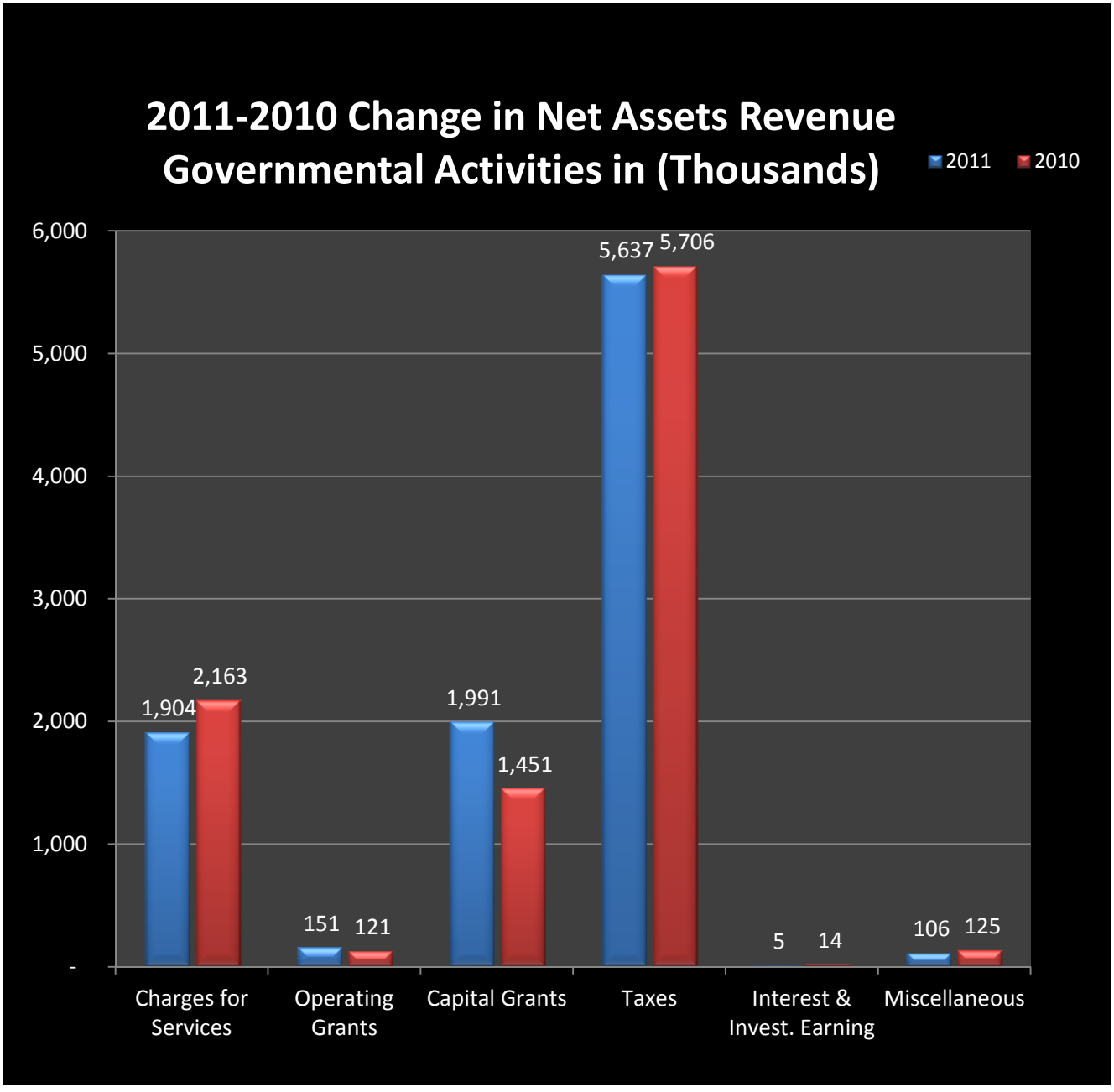
The City's net assets increased by $677,163 during the current year. Governmental activities resulted in a decrease in net assets of $1,117,045 while business-type activities resulted in an increase of net assets of $1,794,208. The following table was derived from the government-wide Statement of Activities 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, 2011 and 2010**
**(in Thousands)**

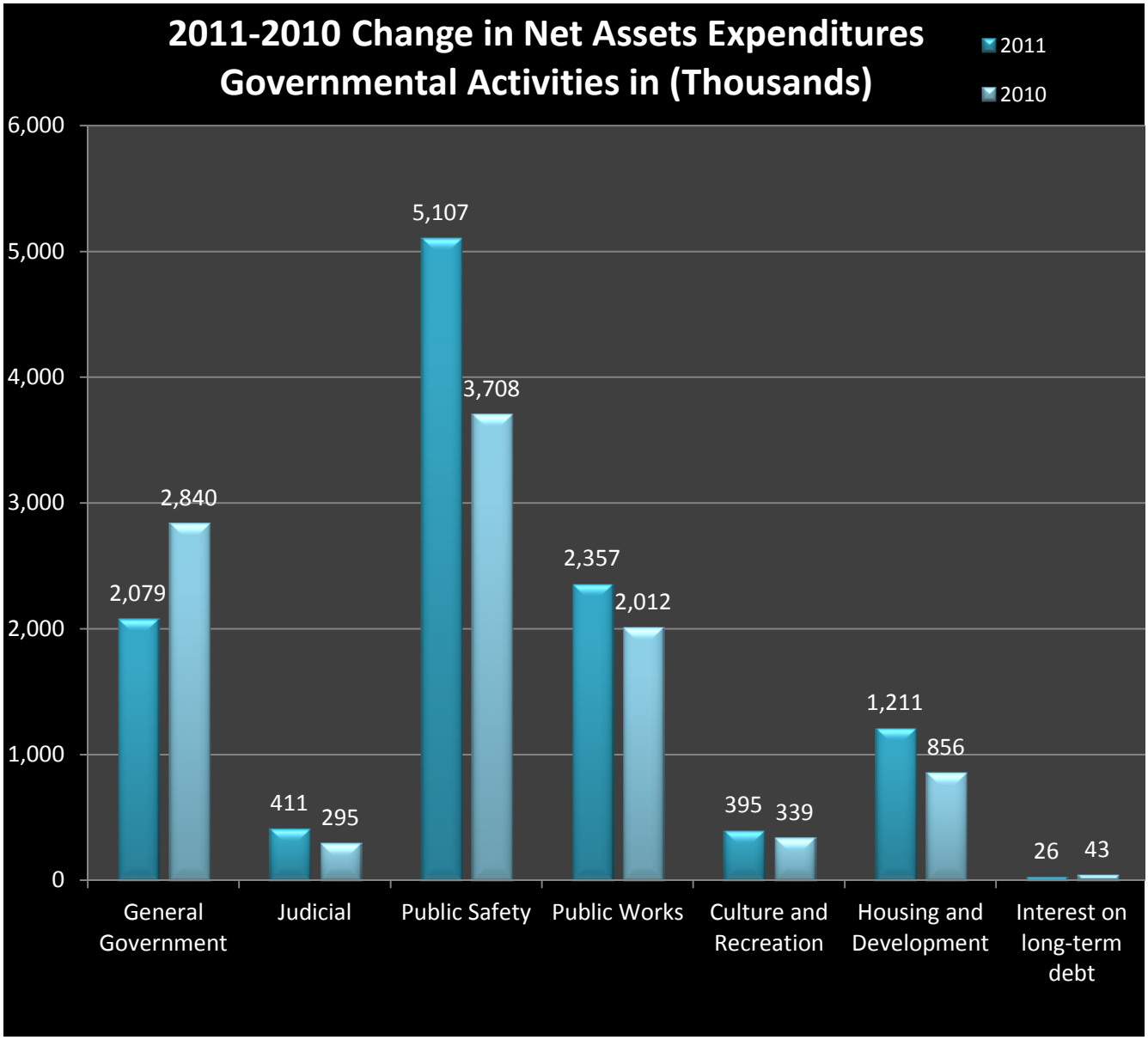
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| **Revenues:** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $1,904 | $2,163 | $16,694 | $16,153 | $18,598 | $18,316 |
| Operating Grants | 151 | 121 | 0 | 0 | 151 | 121 |
| Capital Grants | 1,991 | 1,451 | 15 | 41 | 2,006 | 1,492 |
| General Revenues: | | | | | | |
| Taxes | 5,637 | 5,706 | 0 | 0 | 5,637 | 5,706 |
| Interest and Investment Earnings | 5 | 14 | 43 | 106 | 48 | 120 |
| Miscellaneous | 106 | 125 | 56 | 20 | 162 | 145 |
| **Total Revenues** | **9,794** | **9,580** | **16,808** | **16,320** | **26,602** | **25,900** |
| **Expenses:** | | | | | | |
| General Government | 2,079 | 2,840 | 0 | 0 | 2,079 | 2,840 |
| Judicial | 411 | 295 | 0 | 0 | 411 | 295 |
| Public Safety | 5,107 | 3,708 | 0 | 0 | 5,107 | 3,708 |
| Public Works | 2,357 | 2,012 | 0 | 0 | 2,357 | 2,012 |
| Culture and Recreation | 395 | 339 | 0 | 0 | 395 | 339 |
| Housing and Development | 1,211 | 856 | 0 | 0 | 1,211 | 856 |
| Interest on long-term debt | 26 | 43 | 0 | 0 | 26 | 43 |
| Water and Sewer | 0 | 0 | 2,573 | 2,332 | 2,573 | 2,332 |
| Electric | 0 | 0 | 10,028 | 9,370 | 10,028 | 9,370 |
| Solid Waste | 0 | 0 | 1,357 | 1,394 | 1,357 | 1,394 |
| Storm Water | 0 | 0 | 380 | 307 | 380 | 307 |
| **Total Expenses** | **11,586** | **10,093** | **14,338** | **13,403** | **25,924** | **23,496** |
| **Increase in net assets before transfers** | **(1,792)** | **(512)** | **2,469** | **2,917** | **677** | **2,405** |
| Transfers | 675 | 1,595 | (675) | (1,595) | 0 | 0 |
| **Change in Net Assets** | **(1,117)** | **1,083** | **1,794** | **1,322** | **677** | **2,405** |
| Net Assets - January 1 | 56,438 | 55,354 | 22,620 | 21,299 | 79,058 | 76,653 |
| Prior period adjustments | 304 | 0 | (304) | 0 | 0 | 0 |
| **Dec. 31 Net Assets** | **$55,625** | **$56,438** | **$24,110** | **$22,621** | **$79,735** | **$79,058** |

**Governmental Activities**. Governmental Activities decreased the City's net assets by $1,117,045. Revenues for the City's governmental activities increased by 2% ($212,375) over 2010. This increase in revenue was the result of an increase in alcoholic beverage, and taxes. Expenses are up by 15% (1,492,911) over 2010. This increase in expense was the result of an increase in the Public Safety function.

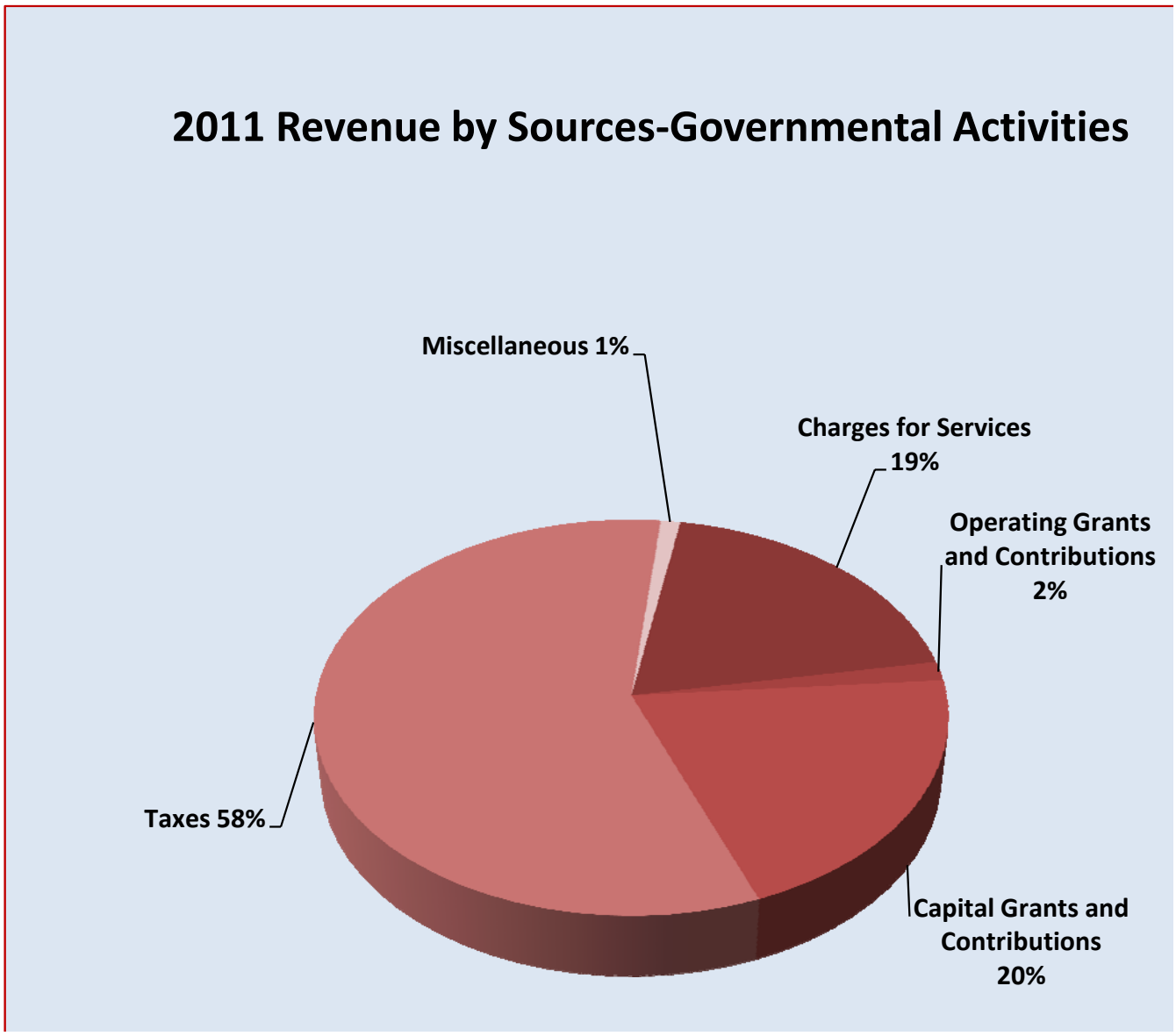
Operating Grants and Contributions increased 24%, Capital Grants and Contributions increased 37%, Taxes increased 1%, Interest and Investment Earnings decreased 7%.



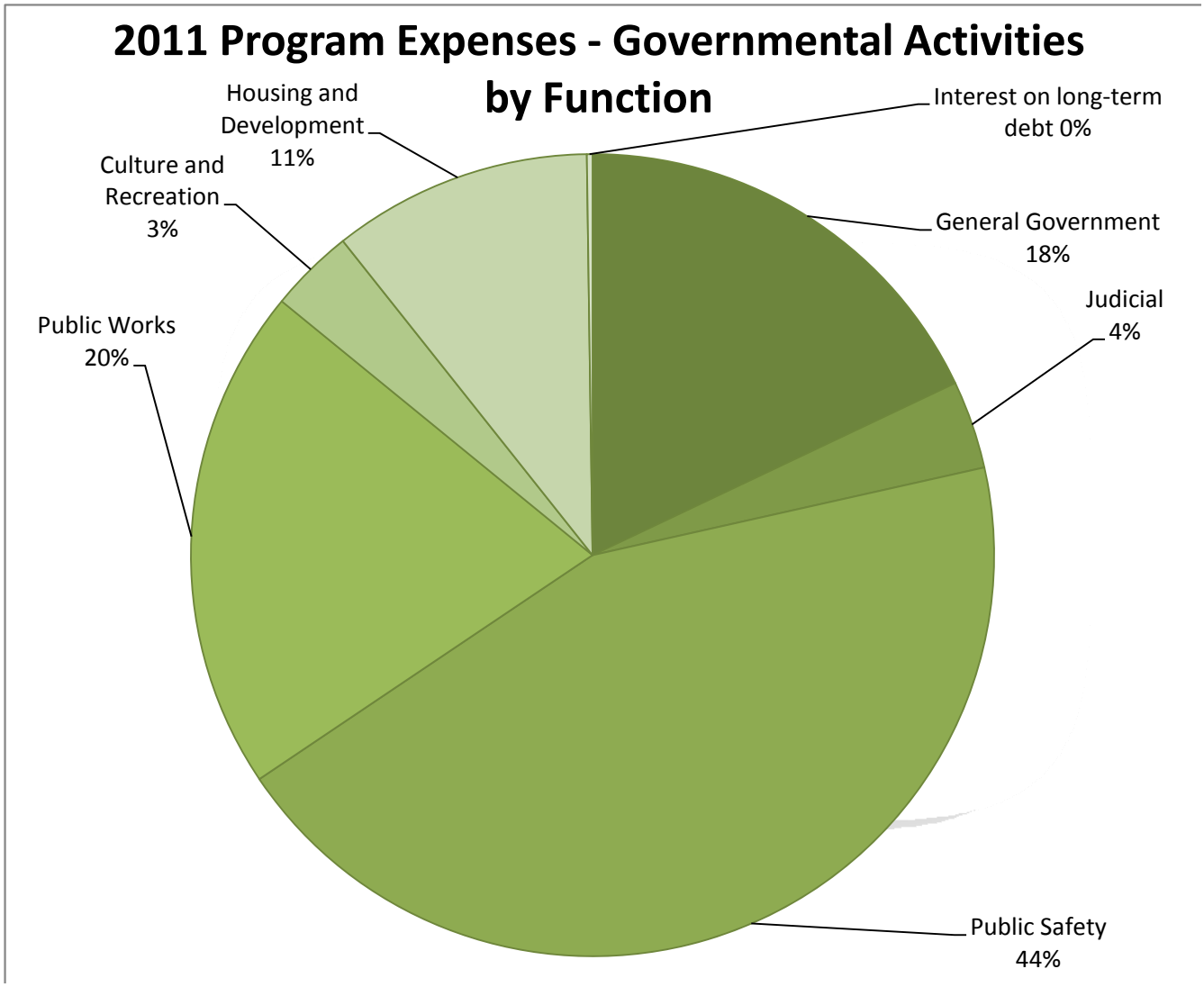
**Governmental Activities**: General Government expenses decreased by 27%, Public Safety increased 38%, Judicial increased 40%, Culture Art increased 16%, Public Works increased 17%, Housing and Development increased 42% and Interest on long term debt decreased 38%.



Revenue for Governmental Activities was $9.79 million. The major revenue sources were taxes (58%), capital grants and contributions (20%), charges for services (19%), operating grants and contributions (2%) and miscellaneous (1%).

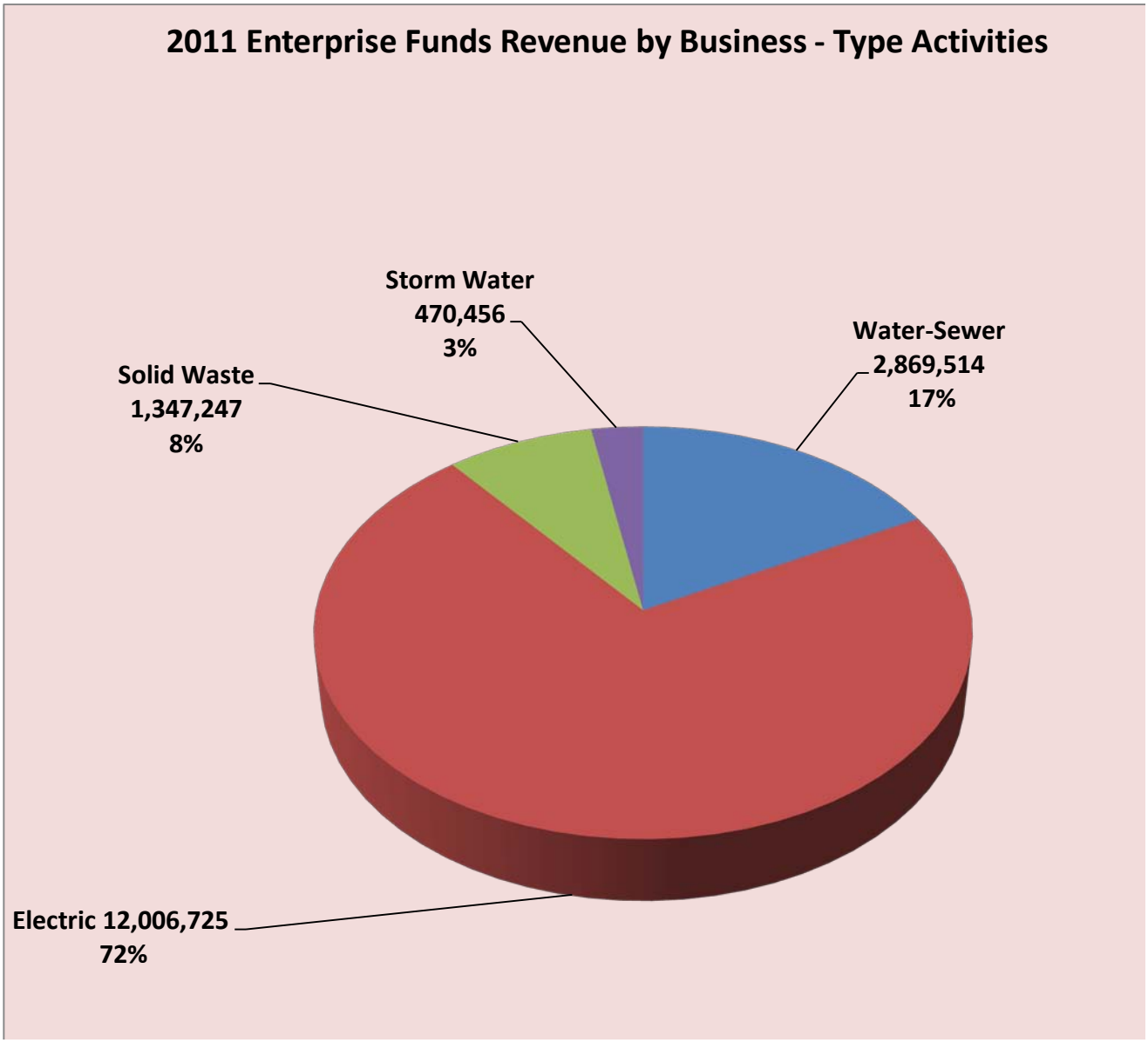


Expenses for the Governmental Activities were $11.6 million, of which Public Safety accounted for 44%, Public Works 20%, General Government 18%, Housing and Development 11%, Judicial 4%, and Culture and Recreation 3% .

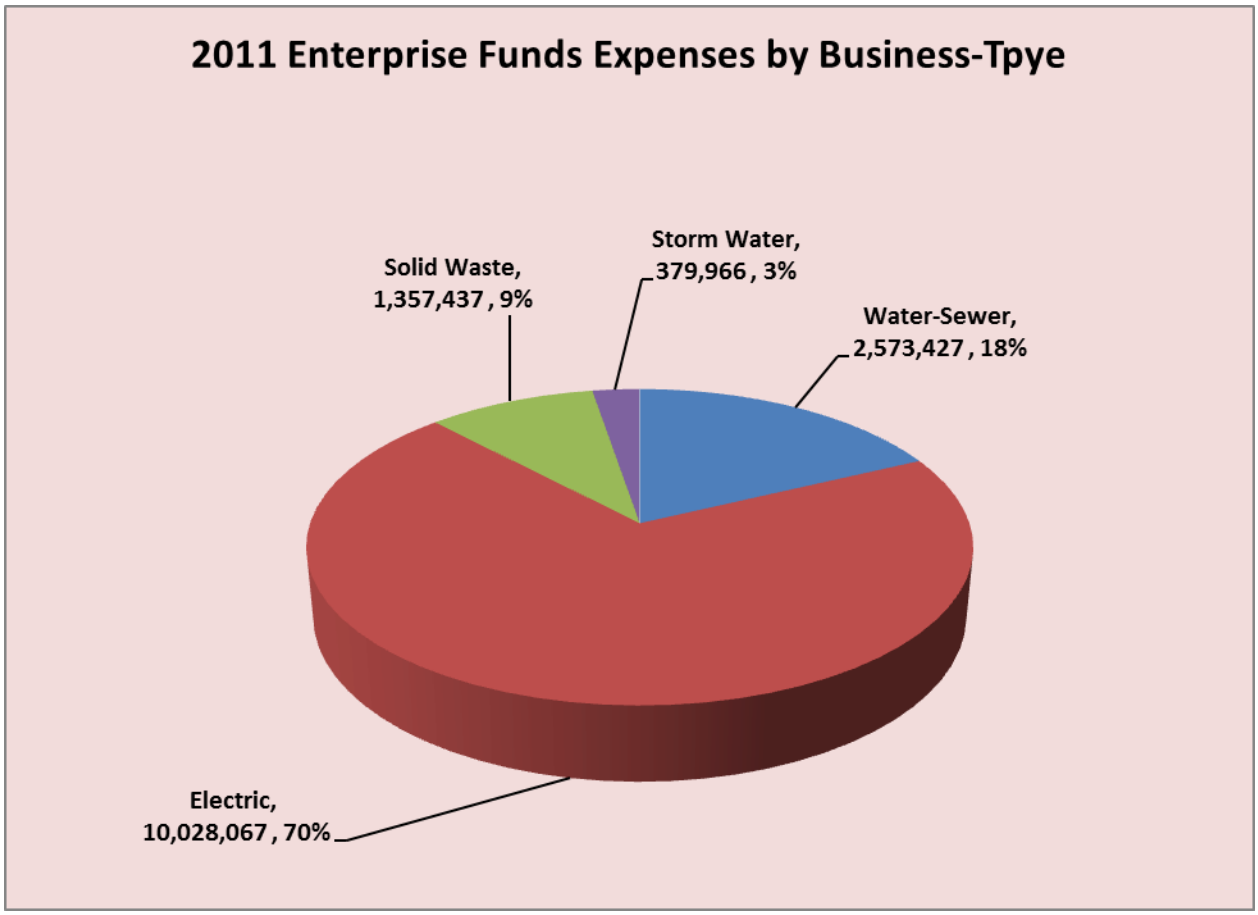


**Business-Type Activities**. Operations of business-type activities increased the City's net assets by $1,794,208. Key elements of this increase were as follows:

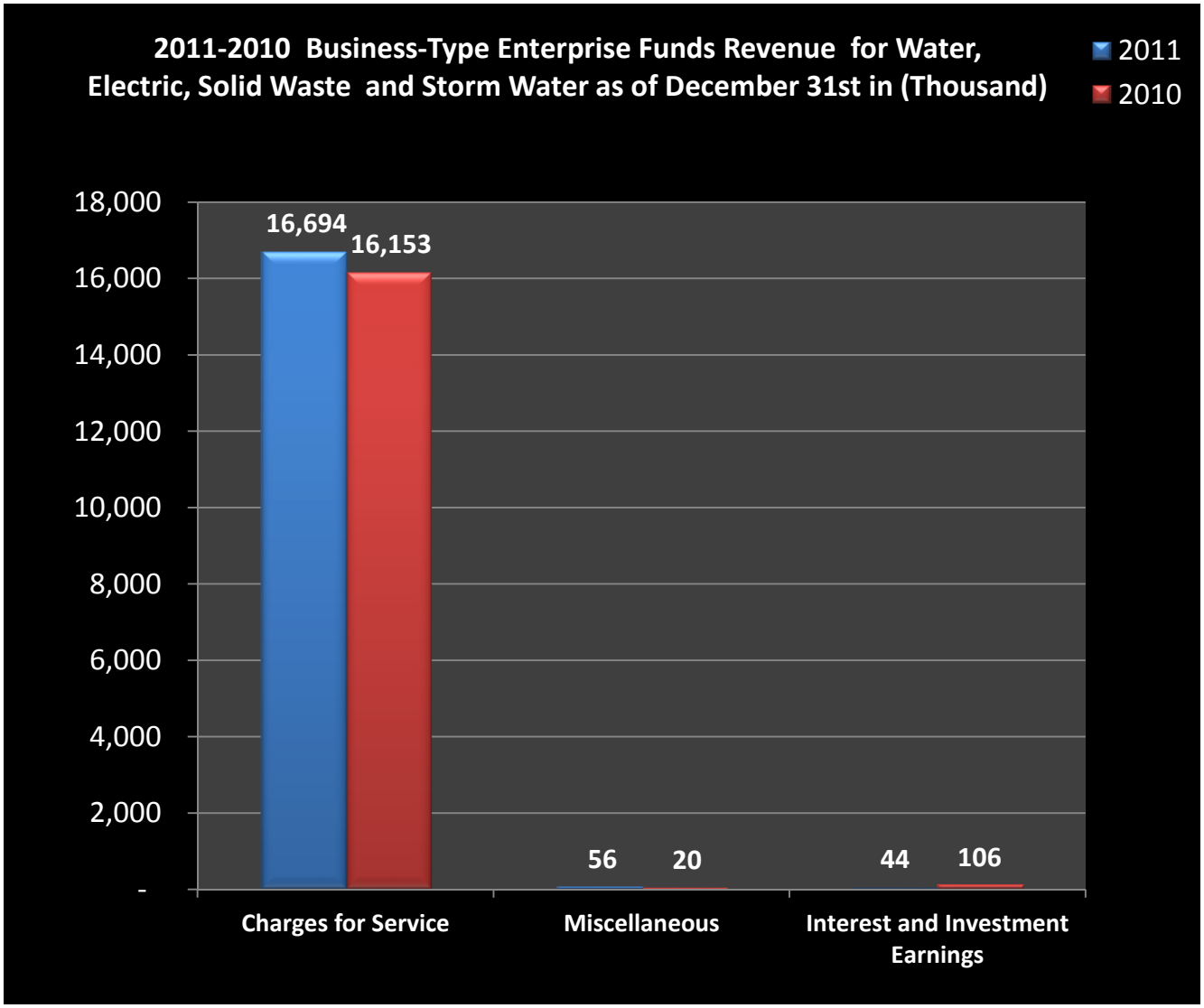
Sales for Business-Type activities were $16,693,942 an increase of 3% over the prior year sales of $16,153,661.



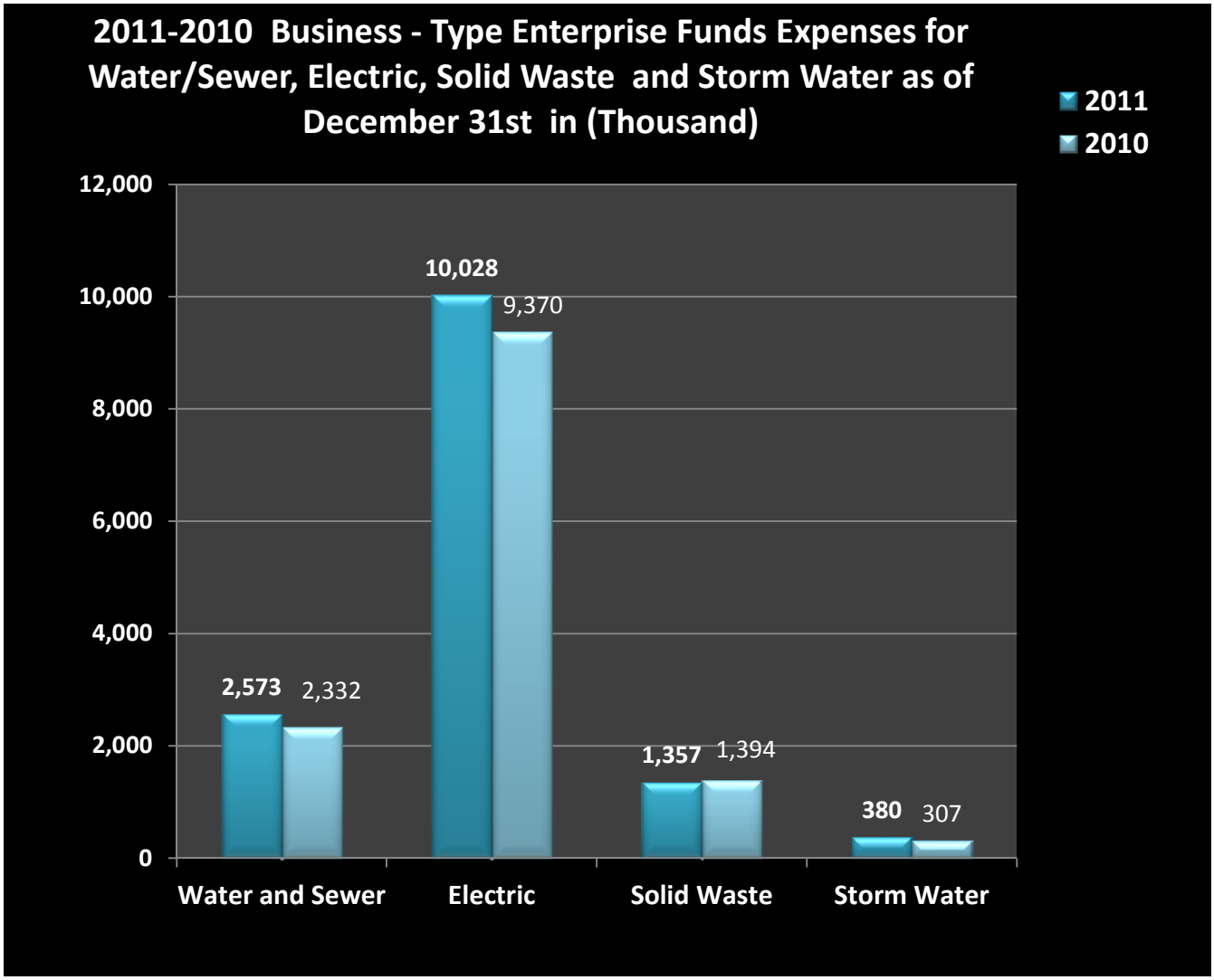
Expenses for the Business-type Activities were $14.3 million, of which Electric accounted for 70%, Water/Sewer 18%, Solid Waste 9% and Storm Water 3%.



**Business-Type:** Water/Sewer, Electric, Storm Water, and Solid Waste charges for services increased 3%, Miscellaneous increased 176% and Interest on Investment Earning decreased by 59%



**Business-Type:** Water/Sewer expenses increased 10%, Electric increased 7%, Solid Waste decreased 3% and Storm Water increased 24%.




The Water and Sewer Utility Enterprise Fund net assets increased by $148,506. The increase in net assets was due to only $175,069 being transferred to the General Fund compared to $573,514 in 2010.

The Electric Utility Enterprise Fund net assets increased by $1,540,525. This was a increase from 2010 of $1,342,831 due to only $500,000 being transferred to the General Fund compared to $1,021,850 in 2010.

The Solid Waste Utility Enterprise Fund net assets decreased by $2,767. This is a decrease from 2010 of $31,108 due to several services being transferred to the sanitation contractor.

The Storm Water Utility Fund net assets increased by $107,944. This is a decrease from 2010 of $189,304 due to an increase in personal services.

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

# FINANCIAL ANALYSIS OF THE GOVERNMENT'S INDIVIDUAL FUNDS

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

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

At the end of the current year, the City's General Fund reported an ending fund balance of $6,957,538, a decrease of $260,430 or (4%) in comparison with the prior year. Approximately 93.6% of this amount ($6,508,819) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is in the form of nonspendable assets.

As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 77% of total general fund expenditures for the current year.

Key factors in the decrease of the General Fund's fund balance of $260,430 during the current year are:

- This decrease is due in part to added expenditures related to annexation.
- For 2011, there was a transfer in of $675,069. There was $175,069 transferred in from the Water and Sewer Utility Enterprise Fund, and $500,000 from the Electric Utility Enterprise Fund. This is down from transfers in of $1,595,364 for 2010.

Below is a breakdown of 2011-2010 Revenues and Expenses comparison:

- 2011-2010 Revenues comparison: Revenues for 2011 are $7,475,380 and 2010 revenues were $6,983,028. Revenues increased by $492,352, which is an increase of 7% over 2010.
- 2011-2010 Expenditures comparison: Expenditures for 2011 are $8,411,979 and 2010 expenditures were $8,041,339. Expenditures increased by $370,640, a 5% increase over 2010.

Below are several revenue line items that have an increase (decrease) in revenue over 2010.

- Tax revenue increased by $304,220 (6%) as a result increased collections in various types of taxes.
- Investment earnings decreased by $3,584 (26%) due to the market rate being very low on investments.
- Licenses and permits increased by $164,532 (55%) due to new business startup.
- Fine, fees and forfeitures decreased by $14,228 (1%) over 2010 due to the increase in community service work.
- Charges for services increased by $29,932 (33%) due to the increase in reimbursements and fees.
- Other decreased by $10,395 (9%) due to the decrease in miscellaneous revenue

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

## SPECIAL REVENUE FUNDS

- Confiscated Assets Fund: The fund balance for 2010 was $41,840 and for 2011 is $42,657. This is a increase of $817, which is a 2% increase over 2010.

- Hotel/Motel Tax Fund: The fund balance for 2010 was $57,223 and for 2011 is $40,624. This is a decrease of $16,599, which is a 29% decrease over 2010.

- Federal Seized Drug Fund: The fund balance for 2010 was $342,269 and for 2011 is $194,313. This is a decrease of $147,956, which is a 43% decrease over 2010.

- Police Grant Fund: The fund balance for 2010 was $2,186 and for 2011 is $277. This is a decrease of $1,909, which is a 87% decrease over 2010.

- Technology Surcharges Fund: The fund balance for 2010 was $50,036 and for 2011 is $63,555. This is an increase of $13,519, which is a 27% increase over 2010.

## CAPITAL PROJECTS FUNDS

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

- 2004 Special Purpose Local Option Sales Tax Fund: The fund balance for 2010 was $1,027 and for 2011 is $77. This is a decrease of $950, which is a 93% decrease over 2010. All projects are complete and this SPLOST Fund has been closed out.

- 2010 Special Purpose Local Option Sales Tax Fund: The fund balance for 2010 was ($364,476) and for 2011 is ($54,069). This is an increase of $310,407, which is an increase of 44% over 2010.

- Capital Grants: The fund balance for 2010 was $0 and for 2011 is $214,574. There was no fund balance in 2010, therefore there is no data to compare.

## PRIOPRIETARY FUNDS

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

2011 Net assets of the City's four proprietary funds are as follows:

| | |
|---|---|
| Water and Sewer Utility | $ 8,137,072 |
| Electric Utility | 13,763,319 |
| Solid Waste Utility | 1,270,129 |
| Storm Water Utility | 939,876 |

The increase in net assets for the funds was $1,794,208, which is a 36% increase over 2010. 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

The Downtown Development Authority Component Unit 2010 Balance Sheet shows fund balance of $490,562 and 2011 Balance Sheet shows fund balance of $440,448. This is a decrease of $50,114 which is a decrease of 10% over 2010.

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

# GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund 2011 adopted budget was $7,768,393. Final year end budget total was $8,456,076. There were budget adjustments of $687,683 due to unexpected projects within the various departments.

# CAPITAL ASSET AND DEBT ADMINISTRATION

## *Capital Assets*

### Governmental and Business-Type

The investment in capital assets for the City's Governmental and Business- type activities as of December 31, 2011, amounted to $67,627,466 (net of accumulated depreciation), which is a <1% increase over 2010. 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, 2011, the City invested $2,532,167 in new capital assets. Investment for business-type activities totaled $972,410 while $1,559,757 was for governmental activities. Major capital asset events during the current year included the following:

Governmental Activities : $1,559,757

- $255,242 Purchase of Land
- $599,412 Construction in Progress
- $282,600 Buildings
- $71,866 Infrastructure
- $139,724 Vehicles and equipment
- $210,913 Furniture and Fixtures

Business-type Activities : $972,410

- $598,117 Construction in Progress
- $272,802 Investment in the water/sewer, electrical, and storm water distribution systems
- $101,491 Vehicles and equipment

More information on capital assets may be found in the Notes to the Financial Statements, Exhibit A-12, on pages 55-56 of this report.

## *Debt Administration*

## *General Fund:*

At the end of 2011 the City had a balance due of $327,684 from a $1,250,000 loan that was secured to purchase 346 lively Street which houses the Public Works/Public Utilities Department. Also, there was a balance due of $118,974 on a $400,000 note which was secured for the renovation and improvement of 345 Lively. These notes are paid back out of the 2010 SPLOST Fund through January 1, 2013.

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### *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, 2011 the balance of the noted is $43,451. 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). On July 22, 2010, a portion of this property was returned to the City and $165,500 of the original amount was forgiven. As of December 31, 2011 the balance was $92,500. The balance is due on September 1, 2017: interest at 0.00%.

Downtown Development Authority entered into a lending agreement with the City of Norcross in the amount of $100,000 on July 22, 2010. The proceeds were then loaned to a local business for renovation improvements. As of December 31, 2011, the balance was $100,000. The balance is due on September 1, 2017; interest payments are due monthly through September 1, 2017 at the MEAG Municipal Competitive Trust Short-term Portfolio rate of return at quarter end plus 1%;

More information on long-term debt may be found in the Notes to the Financial Statements, Exhibit A-12, on pages 58-60 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, 2012. Budget calculations were based on, but not limited to, the following factors:

- The City is currently in aggressive 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 been operating for three 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 $125,000. These funds are restricted for Roads and Streets, Recreation, Administration Facilities, and Parking Facilities. The challenge at this point is cash flow problems, and we are spending only once we receive monies or we do advance loans to cover needed projects.
- Tee-Grant and LCI revenues and expenditures will be recognized during 2012.
- 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.
- The revenue projected could be lower than anticipated. Therefore; some projects might not be funded if revenue does not come in as projected.
- The biggest challenge is to continue to provide excellent customer service to residents 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 and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrative Services Director, 65 Lawrenceville Street, Norcross GA, 30071.

*BASIC FINANCIAL STATEMENTS*

## *CITY OF NORCROSS, GEORGIA*
## *STATEMENT OF NET ASSETS*
## *December 31, 2011*

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 2,711,250 | $ 2,381,597 | $ 5,092,847 | $ 133,733 |
| Certificates of deposit | 2,637,890 | 0 | 2,637,890 | 0 |
| Investments | 0 | 3,064,161 | 3,064,161 | 0 |
| Restricted assets | | | | |
| Cash and cash equivalents | 0 | 173,453 | 173,453 | 0 |
| Investments | 0 | 1,982,231 | 1,982,231 | 0 |
| Receivables (net) | | | | |
| Accounts | 11,570 | 2,274,133 | 2,285,703 | 0 |
| Taxes | 810,213 | 0 | 810,213 | 0 |
| Intergovernmental | 620,692 | 15,000 | 635,692 | 0 |
| Notes | 192,500 | 0 | 192,500 | 3,468 |
| Interest | 11,682 | 0 | 11,682 | 0 |
| Internal balances | 1,549 | (1,549) | 0 | 0 |
| Prepaid items | 171,067 | 227,109 | 398,176 | 0 |
| Property held for resale | 1,085,766 | 0 | 1,085,766 | 112,994 |
| Inventories | 0 | 816,023 | 816,023 | 0 |
| Total current assets | 8,254,179 | 10,932,158 | 19,186,337 | 250,195 |
| **Noncurrent assets** | | | | |
| Notes receivable | 0 | 0 | 0 | 192,391 |
| Capital assets | | | | |
| Non-depreciable | 16,142,573 | 666,853 | 16,809,426 | 4,000 |
| Depreciable (net) | 36,003,659 | 14,814,381 | 50,818,040 | 0 |
| Total noncurrent assets | 52,146,232 | 15,481,234 | 67,627,466 | 196,391 |
| **Total assets** | 60,400,411 | 26,413,392 | 86,813,803 | 446,586 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Payables | | | | |
| Accounts | 212,769 | 320,416 | 533,185 | 610 |
| Retainages | 0 | 29,033 | 29,033 | 0 |
| Intergovernmental | 120,641 | 880,719 | 1,001,360 | 1,528 |
| Sales tax | 0 | 52,320 | 52,320 | 0 |
| Accrued salaries and payroll liabilities | 59,609 | 6,706 | 66,315 | 0 |
| Compensated absences | 110,758 | 13,071 | 123,829 | 0 |
| Unearned revenue | 20,793 | 10,532 | 31,325 | 0 |
| Other liabilities | 216,385 | 0 | 216,385 | 0 |
| Notes payable | 446,657 | 0 | 446,657 | 3,509 |
| Liabilities payable from restricted assets | | | | |
| Customer deposits payable | 0 | 519,198 | 519,198 | 0 |
| Total current liabilities | 1,187,612 | 1,831,995 | 3,019,607 | 5,647 |
| Noncurrent liabilities | | | | |
| Notes payable | 0 | 0 | 0 | 232,442 |
| Net OPEB obligation | 3,587,800 | 471,001 | 4,058,801 | 0 |
| Total noncurrent liabilities | 3,587,800 | 471,001 | 4,058,801 | 232,442 |
| **Total liabilities** | 4,775,412 | 2,302,996 | 7,078,408 | 238,089 |

See accompanying notes to the financial statements.

## *CITY OF NORCROSS, GEORGIA*
## *STATEMENT OF NET ASSETS*
## *December 31, 2011*

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | $ 51,699,575 | $ 15,481,234 | $ 67,180,809 | $ 4,000 |
| Restricted for: | | | | |
| General Government | 63,555 | 0 | 63,555 | 0 |
| Public Safety | 7,186 | 0 | 7,186 | 0 |
| Public Works | 214,574 | 0 | 214,574 | 0 |
| MEAG generation projects | 0 | 1,636,486 | 1,636,486 | 0 |
| Capital projects | 77 | 0 | 77 | 0 |
| Unrestricted | 3,640,032 | 6,992,676 | 10,632,708 | 204,497 |
| **Total net assets** | $ 55,624,999 | $ 24,110,396 | $ 79,735,395 | $ 208,497 |

See accompanying notes to the financial statements.

## *CITY OF NORCROSS, GEORGIA*
## *STATEMENT OF ACTIVITIES*
## *For the year ended December 31, 2011*

| 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 | $ 2,078,770 | $ 123,861 | $ 0 | $ 0 | $ (1,954,909) |
| Judicial | 411,141 | 0 | 0 | 0 | (411,141) |
| Public Safety | 5,106,972 | 1,354,894 | 150,699 | 0 | (3,601,379) |
| Public Works | 2,356,518 | 0 | 0 | 5,173 | (2,351,345) |
| Culture and Recreation | 394,724 | 0 | 0 | 1,431,252 | 1,036,528 |
| Housing and Development | 1,211,088 | 425,006 | 0 | 554,844 | (231,238) |
| Interest on long-term debt | 26,479 | 0 | 0 | 0 | (26,479) |
| Total governmental activities | 11,585,692 | 1,903,761 | 150,699 | 1,991,269 | (7,539,963) |
| Business-type activities | | | | | |
| Water and Sewer Utility | 2,573,427 | 2,869,514 | 0 | 0 | 296,087 |
| Electric Utility | 10,028,067 | 12,006,725 | 0 | 0 | 1,978,658 |
| Solid Waste | 1,357,437 | 1,347,247 | 0 | 0 | (10,190) |
| Storm Water Utility | 379,966 | 470,456 | 0 | 15,000 | 105,490 |
| Total business-type activities | 14,338,897 | 16,693,942 | 0 | 15,000 | 2,370,045 |
| Total primary government | 25,924,589 | 18,597,703 | 150,699 | 2,006,269 | (5,169,918) |
| **Component Unit** | | | | | |
| Downtown Development Authority | | | | | |
| Housing and Development | 85,938 | 0 | 0 | 0 | (85,938) |

| | Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Component Unit |
|---|---|---|---|---|
| **Change in net assets** | | | | |
| Net (expense) revenue | $ (7,539,963) | $ 2,370,045 | $ (5,169,918) | $ (85,938) |
| General revenues | | | | |
| Taxes | | | | |
| Property | 3,408,442 | 0 | 3,408,442 | 0 |
| Franchise | 893,935 | 0 | 893,935 | 0 |
| Insurance premium | 427,579 | 0 | 427,579 | 0 |
| Intangibles | 23,553 | 0 | 23,553 | 0 |
| Occupational | 292,591 | 0 | 292,591 | 0 |
| Alcoholic beverage | 203,351 | 0 | 203,351 | 0 |
| Hotel/Motel | 378,866 | 0 | 378,866 | 0 |
| Other | 8,626 | 0 | 8,626 | 0 |
| Interest and investment earnings | 4,713 | 43,598 | 48,311 | 10,422 |
| Payment from City of Norcross | 0 | 0 | 0 | 25,000 |
| Miscellaneous | 106,193 | 55,634 | 161,827 | 3,808 |
| Transfers | 675,069 | (675,069) | 0 | 0 |
| Total general revenues and transfers | 6,422,918 | (575,837) | 5,847,081 | 39,230 |
| Change in net assets | (1,117,045) | 1,794,208 | 677,163 | (46,708) |
| Net assets - beginning (original) | 56,437,723 | 22,620,509 | 79,058,232 | 255,205 |
| Prior period adjustments | 304,321 | (304,321) | 0 | 0 |
| Net assets - beginning (restated) | 56,742,044 | 22,316,188 | 79,058,232 | 255,205 |
| Net assets - ending | $ 55,624,999 | $ 24,110,396 | $ 79,735,395 | $ 208,497 |

See accompanying notes to the financial statements.

***CITY OF NORCROSS, GEORGIA***
***BALANCE SHEET***
***GOVERNMENTAL FUNDS***
***December 31, 2011***

| | General | 2009 SPLOST | Nonmajor Governmental Funds | Totals |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 1,960,743 | $ 300,064 | $ 450,443 | $ 2,711,250 |
| Certificates of deposit | 2,637,890 | 0 | 0 | 2,637,890 |
| Receivables (net) | | | | |
| Accounts | 11,570 | 0 | 0 | 11,570 |
| Taxes | 741,019 | 0 | 69,194 | 810,213 |
| Intergovernmental | 44,000 | 265,280 | 311,412 | 620,692 |
| Notes | 192,500 | 0 | 0 | 192,500 |
| Interest | 11,682 | 0 | 0 | 11,682 |
| Prepaid items | 167,617 | 0 | 3,450 | 171,067 |
| Due from other funds | 615,554 | 0 | 12,298 | 627,852 |
| Property held for resale | 1,085,766 | 0 | 0 | 1,085,766 |
| Advances to other funds | 281,102 | 0 | 0 | 281,102 |
| **Total assets** | $ 7,749,443 | $ 565,344 | $ 846,797 | $ 9,161,584 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **Liabilities** | | | | |
| Payables | | | | |
| Accounts | $ 132,221 | $ 55,496 | $ 25,052 | $ 212,769 |
| Intergovernmental | 0 | 0 | 120,641 | 120,641 |
| Accrued salaries and payroll liabilities | 59,207 | 0 | 402 | 59,609 |
| Deferred revenue | 170,653 | 0 | 14,576 | 185,229 |
| Due to other funds | 0 | 12,815 | 115,037 | 127,852 |
| Other liabilities | 201,373 | 0 | 15,012 | 216,385 |
| Advances from other funds | 228,451 | 551,102 | 0 | 779,553 |
| Total liabilities | 791,905 | 619,413 | 290,720 | 1,702,038 |
| **Fund balances** | | | | |
| Nonspendable: | | | | |
| Prepaid items | 167,617 | 0 | 0 | 167,617 |
| Advances to other funds | 281,102 | 0 | 0 | 281,102 |
| Restricted for: | | | | |
| General Government | 0 | 0 | 63,555 | 63,555 |
| Public Safety | 0 | 0 | 7,186 | 7,186 |
| Public Works | 0 | 0 | 214,574 | 214,574 |
| Capital outlay | 0 | 0 | 77 | 77 |
| Assigned for: | | | | |
| Housing and Development | 0 | 0 | 40,624 | 40,624 |
| Budget | 0 | 0 | 230,061 | 230,061 |
| Unassigned | 6,508,819 | (54,069) | 0 | 6,454,750 |
| Total fund balances | 6,957,538 | (54,069) | 556,077 | 7,459,546 |
| **Total liabilities and fund balances** | $ 7,749,443 | $ 565,344 | $ 846,797 | $ 9,161,584 |

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, 2011*

| | | |
|---|---|---|
| **Total fund balance - total governmental funds** | | $ 7,459,546 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Some assets are not financial resources and, therefore, are not reported in the funds. These are: | | |
| Capital assets, net of accumulated depreciation | | 52,146,232 |
| Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are: | | |
| Property taxes | | 164,436 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are: | | |
| Notes payable | (446,657) | |
| Compensated absences | (110,758) | |
| Net OPEB obligations | (3,587,800) | (4,145,215) |
| Net assets of governmental activities | | $ 55,624,999 |

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, 2011***

| | General | 2009 SPLOST | Nonmajor Governmental Funds | Totals |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 5,545,462 | $ 0 | $ 378,866 | $ 5,924,328 |
| Licenses and permits | 462,794 | 0 | 0 | 462,794 |
| Fines, fees and forfeitures | 1,086,636 | 0 | 232,791 | 1,319,427 |
| Charges for services | 121,540 | 0 | 0 | 121,540 |
| Intergovernmental | 150,699 | 1,430,999 | 560,017 | 2,141,715 |
| Interest | 3,584 | 254 | 1,129 | 4,967 |
| Other | 104,665 | 0 | 426 | 105,091 |
| **Total revenues** | 7,475,380 | 1,431,253 | 1,173,229 | 10,079,862 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | 1,699,114 | 0 | 47,961 | 1,747,075 |
| Judicial | 349,661 | 0 | 0 | 349,661 |
| Public Safety | 4,028,451 | 0 | 320,938 | 4,349,389 |
| Public Works | 1,203,406 | 0 | 0 | 1,203,406 |
| Culture and Recreation | 280,616 | 0 | 0 | 280,616 |
| Housing and Development | 850,731 | 0 | 396,441 | 1,247,172 |
| Capital outlay | 0 | 1,007,551 | 950 | 1,008,501 |
| Debt service | 0 | 458,738 | 0 | 458,738 |
| **Total expenditures** | 8,411,979 | 1,466,289 | 766,290 | 10,644,558 |
| Excess (deficiency) of revenues over (under) expenditures | (936,599) | (35,036) | 406,939 | (564,696) |
| Other financing soures (uses) | | | | |
| Transfers in | 675,069 | 345,443 | 0 | 1,020,512 |
| Transfers out | 0 | 0 | (345,443) | (345,443) |
| Sale of capital assets | 1,100 | 0 | 0 | 1,100 |
| Total other financing sources (uses) | 676,169 | 345,443 | (345,443) | 676,169 |
| Net change in fund balance | (260,430) | 310,407 | 61,496 | 111,473 |
| Fund balances, January 1 | 7,217,968 | (364,476) | 494,581 | 7,348,073 |
| **Fund balances, December 31** | $ 6,957,538 | $ (54,069) | $ 556,077 | $ 7,459,546 |

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, 2011***

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ 111,473 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay | 1,559,757 | |
| Depreciation | (1,756,178) | (196,421) |
| 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. | | (287,384) |
| 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. | | |
| Debt principal repayments | 432,259 | |
| Debt proceeds | 0 | 432,259 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. | | |
| Compensated absences | 93,241 | |
| Net OPEB obligations | (1,270,213) | (1,176,972) |
| Change in net assets of governmental activities | | $ (1,117,045) |

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, 2011***

| | Budget | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Taxes | $ 5,850,000 | $ 5,966,580 | $ 5,545,462 | $ (421,118) |
| Licenses and permits | 211,600 | 273,486 | 462,794 | 189,308 |
| Fines, fees and forfeitures | 1,202,000 | 1,202,000 | 1,086,636 | (115,364) |
| Charges for services | 247,000 | 185,500 | 121,540 | (63,960) |
| Intergovernmental | 130,000 | 130,000 | 150,699 | 20,699 |
| Interest | 5,000 | 5,000 | 3,584 | (1,416) |
| Other | 65,000 | 65,000 | 104,665 | 39,665 |
| **Total revenues** | 7,710,600 | 7,827,566 | 7,475,380 | (352,186) |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| Governing Body | 155,767 | 241,931 | 241,930 | 1 |
| Administration | 419,484 | 557,060 | 558,062 | (1,002) |
| City Clerk | 169,931 | 184,928 | 184,991 | (63) |
| Chief Executive | 116,761 | 130,416 | 131,555 | (1,139) |
| City-wide | 497,339 | 0 | 0 | 0 |
| Information Technology | 622,368 | 582,604 | 582,576 | 28 |
| Judicial | | | | |
| Municipal Court | 338,702 | 350,066 | 349,661 | 405 |
| Public Safety | | | | |
| Police | 3,496,666 | 4,064,713 | 4,028,451 | 36,262 |
| Public Works | | | | |
| Public Works Administration | 1,137,496 | 1,193,208 | 1,203,406 | (10,198) |
| Culture and Recreation | | | | |
| Parks and Recreation | 201,223 | 280,616 | 280,616 | 0 |
| Housing and Development | | | | |
| Community Development | 587,656 | 845,534 | 825,731 | 19,803 |
| Downtown Development Authority | 25,000 | 25,000 | 25,000 | 0 |
| **Total expenditures** | 7,768,393 | 8,456,076 | 8,411,979 | 44,097 |
| Excess (deficiency) of revenues over (under) expenditures | (57,793) | (628,510) | (936,599) | (308,089) |
| Other financing sources (uses) | | | | |
| Transfers in | 97,793 | 138,793 | 675,069 | 536,276 |
| Proceeds from sale of capital assets | 0 | 0 | 1,100 | 1,100 |
| Contingency | (40,000) | 0 | 0 | 0 |
| Total other financing sources (uses) | 57,793 | 138,793 | 676,169 | 537,376 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (489,717) | (260,430) | 229,287 |
| Fund balances, January 1 | 0 | 489,717 | 7,217,968 | 6,728,251 |
| **Fund balances, December 31** | $ 0 | $ 0 | $ 6,957,538 | $ 6,957,538 |

See accompanying notes to the financial statements.

## *CITY OF NORCROSS, GEORGIA*
## *STATEMENT OF NET ASSETS*
## *PROPRIETARY FUNDS*
## *December 31, 2011*

| | Business Type | | | | |
|---|---|---|---|---|---|
| | Water and Sewer Utility | Electric Utility | Solid Waste | Storm Water Utility | Totals |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | $ 555,341 | $ 303,045 | $ 1,176,692 | $ 346,519 | $ 2,381,597 |
| Investments | 0 | 3,064,161 | 0 | 0 | 3,064,161 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 75,075 | 0 | 98,378 | 0 | 173,453 |
| Investments | 0 | 1,982,231 | 0 | | 1,982,231 |
| Receivables | | | | | |
| Accounts (net) | 402,622 | 1,545,484 | 222,403 | 103,624 | 2,274,133 |
| Intergovernmental | 0 | 0 | 0 | 15,000 | 15,000 |
| Prepaid items | 0 | 225,998 | 0 | 1,111 | 227,109 |
| Inventories | 30,728 | 785,295 | 0 | 0 | 816,023 |
| Total current assets | 1,063,766 | 7,906,214 | 1,497,473 | 466,254 | 10,933,707 |
| **Noncurrent assets** | | | | | |
| Capital assets | | | | | |
| Non-depreciable | 9,500 | 657,353 | 0 | 0 | 666,853 |
| Depreciable (net) | 7,464,259 | 6,731,471 | 0 | 618,651 | 14,814,381 |
| Other assets | | | | | |
| Advances to other funds | 0 | 498,451 | 0 | 0 | 498,451 |
| Total noncurrent assets | 7,473,759 | 7,887,275 | 0 | 618,651 | 15,979,685 |
| **Total assets** | 8,537,525 | 15,793,489 | 1,497,473 | 1,084,905 | 26,913,392 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Payables | | | | | |
| Accounts | 124,285 | 49,516 | 118,434 | 28,181 | 320,416 |
| Retainages | 0 | 0 | 0 | 29,033 | 29,033 |
| Intergovernmental | 112,970 | 767,749 | 0 | 0 | 880,719 |
| Sales tax | 0 | 52,320 | 0 | 0 | 52,320 |
| Accrued salaries and payroll liabilities | 1,577 | 4,418 | 0 | 711 | 6,706 |
| Compensated absences | 1,311 | 9,891 | 0 | 1,869 | 13,071 |
| Unearned revenue | 0 | 0 | 10,532 | 0 | 10,532 |
| Due to other funds | 0 | 500,000 | 0 | 0 | 500,000 |
| Liabilities payable from restricted assets | | | | | |
| Customer deposits payable | 75,075 | 345,745 | 98,378 | 0 | 519,198 |
| Total current liabilities | 315,218 | 1,729,639 | 227,344 | 59,794 | 2,331,995 |
| **Noncurrent liabilities** | | | | | |
| Net OPEB obligation | 85,235 | 300,531 | 0 | 85,235 | 471,001 |
| **Total liabilities** | 400,453 | 2,030,170 | 227,344 | 145,029 | 2,802,996 |
| **NET ASSETS** | | | | | |
| Invested in capital assets | 7,473,759 | 7,388,824 | 0 | 618,651 | 15,481,234 |
| Restricted for: | | | | | |
| MEAG generation projects | 0 | 1,636,486 | 0 | 0 | 1,636,486 |
| Unrestricted | 663,313 | 4,738,009 | 1,270,129 | 321,225 | 6,992,676 |
| **Total net assets** | $ 8,137,072 | $ 13,763,319 | $ 1,270,129 | $ 939,876 | $ 24,110,396 |

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, 2011*

| | Business Type | | | | |
|---|---|---|---|---|---|
| | Water and Sewer Utility | Electric Utility | Solid Waste | Storm Water Utility | Totals |
| **OPERATING REVENUES** | | | | | |
| Charges for sales and services | $ 2,869,514 | $ 12,006,725 | $ 1,347,247 | $ 470,456 | $ 16,693,942 |
| Other | 22,973 | 28,911 | 0 | 0 | 51,884 |
| **Total operating revenues** | 2,892,487 | 12,035,636 | 1,347,247 | 470,456 | 16,745,826 |
| **OPERATING EXPENSES** | | | | | |
| Costs of sales and services | 1,868,360 | 8,963,420 | 1,288,881 | 102,671 | 12,223,332 |
| Personal services | 456,277 | 832,498 | 68,556 | 243,426 | 1,600,757 |
| Depreciation | 248,790 | 232,149 | 0 | 33,869 | 514,808 |
| **Total operating expenses** | 2,573,427 | 10,028,067 | 1,357,437 | 379,966 | 14,338,897 |
| Operating income (loss) | 319,060 | 2,007,569 | (10,190) | 90,490 | 2,406,929 |
| Non-operating revenues (expenses) | | | | | |
| Investment revenue | 4,515 | 29,206 | 7,423 | 2,454 | 43,598 |
| Gain (loss) on sale of assets | 0 | 3,750 | 0 | 0 | 3,750 |
| Total non-operating revenues (expenses) | 4,515 | 32,956 | 7,423 | 2,454 | 47,348 |
| Income (loss) before capital contributions and transfers | 323,575 | 2,040,525 | (2,767) | 92,944 | 2,454,277 |
| Capital contributions | | | | | |
| Capital contributions | 0 | 0 | 0 | 15,000 | 15,000 |
| Income (loss) before transfers | 323,575 | 2,040,525 | (2,767) | 107,944 | 2,469,277 |
| Transfers in (out) | | | | | |
| Transfers out | (175,069) | (500,000) | 0 | 0 | (675,069) |
| Change in net assets | 148,506 | 1,540,525 | (2,767) | 107,944 | 1,794,208 |
| Net assets, January 1 (original) | 8,043,626 | 12,416,995 | 1,272,896 | 886,992 | 22,620,509 |
| Prior period adjustments | (55,060) | (194,201) | 0 | (55,060) | (304,321) |
| Net assets, January 1 (restated) | 7,988,566 | 12,222,794 | 1,272,896 | 831,932 | 22,316,188 |
| **Net assets, December 31** | $ 8,137,072 | $ 13,763,319 | $ 1,270,129 | $ 939,876 | $ 24,110,396 |

See accompanying notes to the financial statements.

***CITY OF NORCROSS, GEORGIA***
***STATEMENT OF CASH FLOWS***
***PROPRIETARY FUNDS***
***For the year ended December 31, 2011***

| | Business Type | | | | |
|---|---|---|---|---|---|
| | Water and Sewer Utility | Electric Utility | Solid Waste | Storm Water Utility | Totals |
| **Cash flows from operating activities:** | | | | | |
| Receipts from customers | $ 2,873,313 | $ 11,948,763 | $ 1,343,725 | $ 496,738 | $ 16,662,539 |
| Payments to suppliers | (1,735,445) | (8,807,311) | (1,373,754) | (98,206) | (12,014,716) |
| Payments to employees | (424,866) | (720,487) | (68,556) | (213,109) | (1,427,018) |
| Other receipts | 22,973 | 28,911 | 0 | 0 | 51,884 |
| Net cash provided (used) by operating activities | 735,975 | 2,449,876 | (98,585) | 185,423 | 3,272,689 |
| **Cash flows from non-capital financing activities:** | | | | | |
| Payments to other funds | (175,069) | 0 | 0 | 0 | (175,069) |
| **Cash flows from capital and related financing activities:** | | | | | |
| Proceeds from sale of capital assets | 0 | 3,750 | 0 | 0 | 3,750 |
| Acquisition of capital assets | 0 | (676,521) | 0 | (241,735) | (918,256) |
| Net cash provided (uses) by capital and related financing activities | 0 | (672,771) | 0 | (241,735) | (914,506) |
| **Cash flows from investing activities:** | | | | | |
| Interest received | 4,515 | 29,206 | 7,423 | 2,454 | 43,598 |
| Purchase of investments | 0 | (1,571,398) | 0 | 0 | (1,571,398) |
| Net cash provided (used) by investing activities | 4,515 | (1,542,192) | 7,423 | 2,454 | (1,527,800) |
| Net increase (decrease) in cash and cash equivalents | 565,421 | 234,913 | (91,162) | (53,858) | 655,314 |
| Cash and cash equivalents, January 1 | 64,995 | 68,132 | 1,366,232 | 400,377 | 1,899,736 |
| **Cash and cash equivalents, December 31** | $ 630,416 | $ 303,045 | $ 1,275,070 | $ 346,519 | $ 2,555,050 |

See accompanying notes to the financial statements.

***CITY OF NORCROSS, GEORGIA***
***STATEMENT OF CASH FLOWS***
***PROPRIETARY FUNDS***
***For the year ended December 31, 2011***

| | 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) | $ 319,060 | $ 2,007,569 | $ (10,190) | $ 90,490 | $ 2,406,929 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation expense | 248,790 | 232,149 | 0 | 33,869 | 514,808 |
| (Increase) decrease in accounts receivable | (6,281) | (138,620) | (24,197) | 26,282 | (142,816) |
| (Increase) decrease in prepaid items | 4,425 | 62,852 | 0 | 1,544 | 68,821 |
| (Increase) decrease in inventories | 1,504 | 96,874 | 0 | 0 | 98,378 |
| Increase (decrease) in accounts payable | 121,237 | (78,654) | (84,873) | 2,921 | (39,369) |
| Increase (decrease) in intergovernmental payable | 5,749 | 75,037 | 0 | 0 | 80,786 |
| Increase (decrease) in sales tax payable | 0 | 52,320 | 0 | 0 | 52,320 |
| Increase (decrease) in unearned revenue | 0 | 0 | 10,532 | 0 | 10,532 |
| Increase (decrease) in deposits payable | 10,080 | 28,338 | 0 | 0 | 38,418 |
| Increase (decrease) in net OPEB obligation | 30,175 | 106,330 | 0 | 30,175 | 166,680 |
| Increase (decrease) in accrued payroll liabilities | 1,236 | 5,681 | 10,143 | 142 | 17,202 |
| Total adjustments | 416,915 | 442,307 | (88,395) | 94,933 | 865,760 |
| Net cash provided (used) by operating activities | $ 735,975 | $ 2,449,876 | $ (98,585) | $ 185,423 | $ 3,272,689 |
| **Cash and cash equivalents reconciliation:** | | | | | |
| Cash and cash equivalents | $ 555,341 | $ 303,045 | $ 1,176,692 | $ 346,519 | $ 2,381,597 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 75,075 | 0 | 98,378 | 0 | 173,453 |
| Total cash and cash equivalents | $ 630,416 | $ 303,045 | $ 1,275,070 | $ 346,519 | $ 2,555,050 |

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

Acquistion of capital assets through accounts payable totaled $54,155 for the year ended December 31, 2011.

See accompanying notes to the financial statements.

*CITY OF NORCROSS, GEORGIA*
*STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES*
*FIDUCIARY FUNDS*
*December 31, 2011*

| | Municipal Court Agency Fund |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 95,684 |
| Accounts receivable (net) | 137,268 |
| **Total assets** | 232,952 |
| **LIABILITIES** | |
| Due to other agencies | $ 232,952 |

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.

**Norcross Development Authority**

The Norcross Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council. The Development Authority provides for the development and promotion of trade, commerce, industry, and employment opportunities in the City of Norcross. There was no activity for the Development Authority in 2011.

# 2. Summary of Significant Accounting Policies (continued)

## *C. Government-wide and Fund Financial Statements*

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.

***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.

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

#### *Governmental Fund Types*

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

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

## 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, 2011 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. Fund Balances – Governmental Funds*

The City of Norcross implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at December 31, 2011, by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

# 2. Summary of Significant Accounting Policies (continued)

## *N. Fund Balances – Governmental Funds, continued*

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

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

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

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

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

# 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. Certain 2010 amounts have been reclassified to conform with the 2011 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 the City's Voluntary Flexible Operating Accounts or Generation Trust Accounts in MEAG's Municipal Competitive Trust in lieu of receiving a refund. This voluntary stabilization funds are used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The generation trust accounts are used to offset the City's share of future MEAG generation projects. The City may not use funds in the generation trust accounts for any other purpose.

The Municipal Competitive Trust accounts are held in the Intermediate and Short-term Portfolios; these portfolios are not rated. At December 31, 2011, the average weighted maturity of the Intermediate and Short-term Portfolios were 26.5 and 5.0 months, respectively. At December 31, 2011, the City's balances in the Voluntary Flexible Operating Accounts were $3,409,906 and in the Generation Trust Accounts were $1,636,486.

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 State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

Georgia Fund 1 is rated AAAm by Standard & Poor's. The weighted average maturity at December 31, 2011 was 60 days. At December 31, 2011, the City's balance in Georgia Fund 1 was $46,891.

## 4. Accounts Receivable

Net accounts receivable at December 31, 2010 consist of the following:

| | | |
|---|---|---|
| **Major Funds** | | |
| General Fund | | $ 11,570 |
| Enterprise Funds | | |
| Water and Sewer Utility | $ 404,645 | |
| Less: Allowances for Uncollectibles | (2,023) | |
| Electric Utility | 1,553,250 | |
| Less: Allowances for Uncollectibles | (7,766) | |
| Solid Waste | 223,520 | |
| Less: Allowances for Uncollectibles | (1,117) | |
| Storm Water Utility | 152,599 | |
| Less: Allowances for Uncollectibles | (48,975) | 2,274,133 |
| Total Primary Government | | $ 2,285,703 |
| **Fiduciary Funds** | | |
| Agency Funds | | |
| Municipal Court | $ 935,210 | |
| Less: Allowances for Uncollectibles | (797,942) | $ 137,268 |

## 5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2011 consist of the following:

| | | |
|---|---|---|
| **Major Funds** | | |
| General Fund | | |
| Atlanta Regional Commission | $ 9,970 | |
| Gwinnett Village Community Improvement District | 32,502 | |
| City of Norcross Downtown Development Authority | 1,528 | $ 44,000 |
| 2009 SPLOST Capital Projects | | |
| Gwinnett County, Georgia | | 265,280 |
| Stormwater Utility Fund | | |
| Georgia Soil and Water Commission | | 15,000 |
| **Nonmajor Funds** | | |
| Grants Capital Projects Fund | | |
| Georgia Department of Transportation | | 311,412 |
| Total primary government | | $ 635,692 |

# 6. Taxes Receivable

## *Property Taxes*

Property taxes receivable as of December 31, 2011 consist of property taxes for seven years as follows:

| Year of Levy | Amount |
|---|---|
| 2011 | $ 231,337 |
| 2010 | 30,839 |
| 2009 | 17,617 |
| 2008 | 26,341 |
| 2007 | 10,454 |
| 2006 | 7,059 |
| 2005 | 26,411 |
| | 350,058 |
| Less allowance for uncollectible | (116,305) |
| Total | $ 233,753 |

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 2011, based upon the assessments of January 1, 2011, were billed on September 15, 2011, and due on November 11. 2011. Tax liens are issued 90 days after the due date. The tax rate of 6.424 mills for 2011 was levied on August 1, 2011.

## *Other Taxes*

$490,868 of franchise taxes, $69,194 of hotel/motel taxes, and $16,398 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 | 2009 SPLOST | $ 281,619 |
| | Electric Utility | 500,000 |
| | Nonmajor Governmental | 115,037 |
| Electric Utility | General | 228,451 |
| | 2009 SPLOST | 270,000 |
| Nonmajor Governmental | 2009 SPLOST | 12,298 |
| Subtotal | | $ 1,407,405 |

The balance reported in the General Fund as due from the Nonmajor Governmental Funds resulted from transactions to alleviate an equity in pooled cash deficit at year-end.

The balance reported in the Nonmajor Governmental Funds as due from the 2009 SPLOST Capital Project Fund resulted from transactions to move expenditures allowable by the 2009 SPLOST referendum.

The balance reported in the Electric Utilities Fund as due from General is an advance to the General Fund which will be liquidated through future revenue recognition; this balance is not expected to be paid back 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 | | | |
|---|---|---|---|---|
| | Water/Sewer Utility | Electric Utility | Nonmajor Governmental | Total |
| **Transfers in:** | | | | |
| **Major Funds** | | | | |
| General | $ 175,069 | $ 500,000 | $ 0 | $ 675,069 |
| 2009 SPLOST | 0 | 0 | 345,443 | 345,443 |
| **Total** | $ 175,069 | $ 500,000 | $ 345,443 | $ 1,020,512 |

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, 2010 was as follows:

| | Balance 12/31/2010 | Increases | Decreases | Balance 12/31/2011 |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 15,045,181 | $ 255,242 | $ 0 | $ 15,300,423 |
| Construction in progress | 965,738 | 599,412 | (723,000) | 842,150 |
| Total nondepreciable assets | 16,010,919 | 854,654 | (723,000) | 16,142,573 |
| Depreciable assets | | | | |
| Buildings | 12,316,988 | 282,600 | 0 | 12,599,588 |
| Infrastructure | 47,449,653 | 680,305 | 0 | 48,129,958 |
| Vehicles and equipment | 2,342,524 | 139,724 | (25,155) | 2,457,093 |
| Furniture and fixtures | 1,630,630 | 325,474 | 0 | 1,956,104 |
| Intangible assets | 125,000 | 0 | 0 | 125,000 |
| Total depreciable assets | 63,864,795 | 1,428,103 | (25,155) | 65,267,743 |
| Accumulated depreciation | | | | |
| Buildings | (1,926,464) | (248,568) | 0 | (2,175,032) |
| Infrastructure | (23,362,045) | (964,667) | 0 | (24,326,712) |
| Vehicles and equipment | (1,616,019) | (244,155) | 25,155 | (1,835,019) |
| Furniture and fixtures | (611,265) | (290,500) | 0 | (901,765) |
| Intangible assets | (17,268) | (8,288) | 0 | (25,556) |
| Total accumulated depreciation | (27,533,061) | (1,756,178) | 25,155 | (29,264,084) |
| Total depreciable assets, net | 36,331,734 | (328,075) | 0 | 36,003,659 |
| Governmental activities capital assets, net | $ 52,342,653 | $ 526,579 | $ (723,000) | $ 52,146,232 |
| **Business-type activities** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 10,500 | $ 0 | $ 0 | $ 10,500 |
| Construction in progress | 185,543 | 598,117 | (127,308) | 656,352 |
| Total non-depreciable assets | 196,043 | 598,117 | (127,308) | 666,852 |
| Depreciable assets | | | | |
| Distribution system | 20,567,242 | 400,110 | 0 | 20,967,352 |
| Vehicles and equipment | 1,100,988 | 101,491 | (29,195) | 1,173,284 |
| Total depreciable assets | 21,668,230 | 501,601 | (29,195) | 22,140,636 |
| Accumulated depreciation | | | | |
| Distribution system | (6,102,800) | (410,381) | 0 | (6,513,181) |
| Vehicles and equipment | (737,842) | (104,427) | 29,195 | (813,074) |
| Total accumulated depreciation | (6,840,642) | (514,808) | 29,195 | (7,326,255) |
| Total depreciable assets, net | 14,827,588 | (13,207) | 0 | 14,814,381 |
| Business-type activities capital assets, net | $ 15,023,631 | $ 584,910 | $ (127,308) | $ 15,481,233 |

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, 2011 was as follows:

| | Balance 12/31/2010 | Increases | Decreases | Balance 12/31/2011 |
|---|---|---|---|---|
| **Downtown Development Authority Component Unit** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 4,000 | $ 0 | $ 0 | $ 4,000 |

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

| | |
|---|---|
| **Governmental activities** | |
| General Government | $ 260,103 |
| Judicial | 922 |
| Public Safety | 355,582 |
| Public Works | 1,037,658 |
| Culture and Recreation | 54,928 |
| Housing and Development | 46,985 |
| Total depreciation expense for governmental activities | $ 1,756,178 |
| **Business-type activities** | |
| Water and Sewer Utility | $ 248,790 |
| Electric Utility | 232,149 |
| Storm Water Utility | 33,869 |
| Total depreciation expense for business-type activities | $ 514,808 |

## 10. Property held for Resale

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

## 11. Notes Receivable

On July 22, 2010, the Downtown Development Authority entered into an owner-financed lending agreement with a local business for the sale of real property in the original amount of $83,901. As part of the lending agreement, the Downtown Development Authority also agreed to finance $100,000 for renovation improvements to the property. At December 31, 2011, the balance of the note receivable was $180,859. Monthly installments of principal and interest are due through August 1, 2017, with unpaid principal and interest due September 1, 2017; interest at 6.00%. The Downtown Development Authority will use these payments to service the lending agreements with the City of Norcross. See Note 13.

On August 1, 2011, the Downtown Development Authority entered into a lending agreement with a local business for the improvements in the downtown area in the original amount of $15,000. At December 31, 2011, the balance of the note receivable was $15,000. Monthly installments of interest only are due through February 1, 2012, principal and interest are due through August 1, 2017, with unpaid principal and interest due February 1, 2022; interest at 4.25%.

Annual service requirements for note receivable are as follows:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ 3,468 | $ 11,406 | $ 14,874 |
| 2013 | 3,871 | 11,204 | 15,075 |
| 2014 | 4,087 | 10,988 | 15,075 |
| 2015 | 4,314 | 10,761 | 15,075 |
| 2016 | 4,555 | 10,520 | 15,075 |
| 2017-2021 | 175,258 | 8,452 | 183,710 |
| 2022 | 306 | 2 | 308 |
| Totals | $ 195,859 | $ 63,333 | $ 259,192 |

## 12. Operating Lease Agreements

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

## 13. Long-Term Debt

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

### *Notes Payable*

#### *Governmental Activities*

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, 2011, the balance of this note is $327,684. 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, 2011, the balance of this note is $118,974. 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 |
|---|---|---|---|
| 2012 | $ 446,657 | $ 9,980 | $ 456,637 |

## 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, 2011, the balance of this note is $43,451. Monthly installments of principal and interest are due through August 1, 2017, with unpaid principal and interest due September 1, 2017; interest at 3.00%.

On December 20, 2006, the Downtown Development Authority entered into an owner-financed lending agreement with the City of Norcross for the purchase of real property in the original amount of $258,000. On July 22, 2010, the Downtown Development Authority returned a portion of the property back to the City of Norcross; $165,500 of the original debt was forgiven. At December 31, 2011, the balance of this note is $92,500. Payment of principal is due on September 1, 2017; interest at 0.00%. On July 22, 2010, the Downtown Development Authority sold the remaining portion of the property to a local business. See Note 11 for note receivable on the sale of the property.

On July 22, 2010, the Downtown Development Authority entered into a lending agreement with the City of Norcross in the original amount of $100,000. The proceeds of this agreement were subsequently loaned to a local business for renovation improvements. See Note 11 for note receivable on the loan. At December 31, 2011, the balance of this note is $100,000. Payment of principal is due on September 1, 2017; interest payments are due monthly through September 1, 2017 at the variable interest rate of the MEAG Municipal Competitive Trust Short-term Portfolio rate of return plus 1%; at December 31, 2010, this interest rate was 1.12%.

## 13. Long-Term Debt (continued)

### *Notes Payable, continued*

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

Annual debt service requirements for note payables are as follows:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ 3,509 | $ 2,446 | $ 5,955 |
| 2013 | 3,616 | 2,339 | $ 5,955 |
| 2014 | 3,726 | 2,229 | 5,955 |
| 2015 | 3,840 | 2,115 | 5,955 |
| 2016 | 3,856 | 1,999 | 5,855 |
| 2017 | 217,304 | 1,365 | 218,669 |
| Totals | $ 235,851 | $ 12,493 | $ 248,344 |

### *Changes in Long-Term Debt*

The following is a summary of changes in long-term debt of the City for year ended December 31, 2011:

| | Balance 12/31/2009 | Additions | Deductions | Balance 12/31/2010 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| Notes payable | $ 878,916 | $ 0 | $ (432,259) | $ 446,657 | $ 446,657 |
| Compensated absences | 203,999 | 110,758 | (203,999) | 110,758 | |
| Total governmental activities | $ 1,082,915 | $ 110,758 | (636,258) | $ 557,415 | $ 446,657 |
| **Business-type activities** | | | | | |
| Compensated absences | $ 8,135 | $ 13,071 | $ (8,135) | $ 13,071 | $ 13,071 |
| **Downtown Development Authority Component Unit** | | | | | |
| Notes payable | $ 239,357 | $ 0 | $ (3,406) | $ 235,951 | $ 3,509 |

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. Changes in Beginning Balances

During 2011, the City changed its accounting policy regarding Other Post-Employment Benefits. In prior periods, the expense was recorded in the General Government function as a city-wide expense. For 2011, the City allocated all OPEB expenses to the Governmental Activities and the Business-type Activities based on the number of employees in each department.

## *Governmental Activities*

A prior period adjustment has been made to allocate a portion of the beginning balance of the City's net OPEB obligation to the Enterprise Funds. This adjustment increased beginning net assets by $304,321.

## *Business-type Activities*

***Water and Sewer Utility Enterprise Fund***

A prior period adjustment has been made to allocate a portion of the beginning balance of the City's net OPEB obligation from the Governmental Activities. The 2010 amounts for personal services, net OPEB obligation, and unrestricted net assets were restated to reflect this adjustment. This adjustment decreased beginning net assets by $55,060.

***Electric Utility Enterprise Fund***

A prior period adjustment has been made to allocate a portion of the beginning balance of the City's net OPEB obligation from the Governmental Activities. The 2010 amounts for personal services, net OPEB obligation, and unrestricted net assets were restated to reflect this adjustment. This adjustment decreased beginning net assets by $194,201.

***Stormwater Utility Enterprise Fund***

A prior period adjustment has been made to allocate a portion of the beginning balance of the City's net OPEB obligation from the Governmental Activities. The 2010 amounts for personal services, net OPEB obligation, and unrestricted net assets were restated to reflect this adjustment. This adjustment decreased beginning net assets by $55,060.

The net effect of these adjustments decreased beginning net assets of the Business-type Activities by $304,321.

## 15. Deficit Equity Balances

### *2009 SPLOST Capital Projects Fund*

At December 31, 2011, the 2009 SPLOST Fund has a deficit fund balance of $54,069. This is due to payment for capital projects in anticipation of future revenues. The City plans to liquidate this deficit fund balance through future revenue recognition.

## 16. Intradepartmental Billings

Total operating revenues and total operating expenses in the Water and Sewer Utility, Electric Utility, and Solid Waste Enterprise Funds include $77,895, $218,804, and $29,239, respectively, of intra departmental billings for water and sewer, electricity, and sanitation usage.

## 17. Retirement Plans

### *Plan Description*

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

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

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

# 17. Retirement Plans (continued)

## *Plan Description, continued*

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

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

Current Membership is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 26 |
| Terminated vested participants entitled to but not yet receiving benefits | 22 |
| Active participants | 79 |
| Total number of participants | 127 |

## *Funding Policy*

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The current rate is 14.15% 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.

# 17. Retirement Plans (continued)

## *Funding Policy, continued*

These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1986 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at July 1, 2011 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 2011, the City's annual pension cost of $536,674 was equal to the City's recommended and actual contributions. The minimum contribution was $399,719. The recommended contribution (projected to January 1, 2012) was computed as part of an actuarial valuation as of July 1, 2011. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 6.5 percent per year compounded annually (3.0 percent and 3.5 percent attributable to inflation and merit, respectively), (c) no post-retirement benefit increases.

# 17. 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 |
|---|---|---|---|
| 3/1/2006 | $ 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 |
| 7/1/2010 | 525,100 | 100% | 0 |
| 7/1/2011 | 536,674 | 100% | 0 |

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | (Funded) Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 3/1/2006 | $ 4,035,170 | $ 4,834,638 | $ 799,468 | 83.46% | $ 2,912,963 | 27.45% |
| 3/1/2007 | 4,507,741 | 5,097,671 | 589,930 | 88.43% | 2,956,003 | 19.96% |
| 3/1/2008 | 4,986,333 | 5,768,966 | 782,633 | 86.43% | 3,408,725 | 22.96% |
| 3/1/2009 | 4,321,148 | 6,721,388 | 2,400,240 | 64.29% | 3,750,551 | 64.00% |
| 7/1/2010 | 5,774,959 | 7,360,077 | 1,585,118 | 78.46% | 3,853,588 | 41.13% |
| 7/1/2011 | 6,237,899 | 7,817,111 | 1,579,212 | 79.80% | 3,726,964 | 42.37% |

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.

## 18. 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 2011, the City contributed $77,036 to the plans based on covered salaries of $3,338,990. Plan members made voluntary contributions of $179,350 to the plans. Total payroll was $5,018,274.

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.

# 19. Post Employment Health Care Benefits

## *Plan Description*

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

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

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

Current Membership is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 18 |
| Active participants | 79 |
| Total number of participants | 97 |

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 $3,042, through their required contributions of $25.56, $11.76, and $10.82 per month for family health coverage without Medicare, family health coverage with Medicare, and family dental coverage, respectively.

## 19. Post Employment Health Care Benefits (continued)

### *Funding Policy*

The recommended contribution meets the guidelines for calculating an annual required contribution set forth in GASB Statement No. 45. These contributions are determined under the unit credit actuarial cost method and the market value of assets for developing the actuarial value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2011 is 27 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.

## 19. Post Employment Health Care Benefits (continued)

### *Annual OPEB Cost and Net OPEB Obligation*

For 2011, the City's annual OPEB cost of $1,689,853 was equal to the City's recommended contribution, as calculated on the pay-as-you go basis. The recommended contribution was computed as part of an actuarial valuation as of July 1, 2011. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 4.0 percent per year compounded annually, (b) a rate of inflation of 3.0 percent, (c) no post-retirement benefit increases, (d) a medical and drug cost trend rate of 9.5 percent, graded to 5.0 percent over 9 years, and (e) dental cost trend rate of 7.0 percent, graded to 5.0 percent over 4 years.

| | |
|---|---|
| Annual required contribution | $ 1,739,363 |
| Interest on net OPEB obligation | 104,876 |
| Adjustment to ARC | (154,386) |
| Annual OPEB cost | 1,689,853 |
| Contributions made | (252,960) |
| Increase (decrease) in net OPEB obligation | 1,436,893 |
| Net OPEB obligation - beginning of year | 2,621,908 |
| Net OPEB obligation - end of year | $ 4,058,801 |

### *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 |
| 12/31/2010 | 1,146,327 | 22% | 2,621,908 |
| 12/31/2011 | 1,689,853 | 14% | 4,058,801 |

## 19. Post Employment Health Care Benefits (continued)

### *Historical Trend Information, continued*

**Schedule of Funding Progress**

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

## 20. Hotel/Motel Lodging Tax

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51. The City is require to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes. A summary of the transactions for the year ending December 31, 2011, follows:

| | | |
|---|---|---|
| Lodging Tax Receipts | $ 378,866 | |
| Disbursements to promote trade and tourism | $ 396,441 | 105% of tax receipts |

## 21. 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 2011, the City of Norcross contributed the use of one police officer to the DEA for undercover work; the City paid $102,208 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, 2011, 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.

## 22. Related Organizations

The Housing Authority of the City of Norcross is considered a related organization to the City of Norcross. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Norcross. The City received $1,948 as a payment-in-lieu-of-taxes for 2011. Separate financial statements may be obtained from Housing Authority of the City of Norcross, 19 Garner Street, Norcross, GA 30071.

## 23. 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.

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, 2011, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

# 24. 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 $8,310,256 from MEAG during the year ended December 31, 2011. 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, 2011 was $1,636,486. 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, 2011 was $3,409,906. Both of these accounts are included in investments in the Electric Utility Fund.

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG's bond obligations. The balances of these accounts at December 31, 2011 were $2,552,447 and $2,621,676, respectively. Due to the restricted nature of these funds, neither is shown in the Electric Utility Fund.

## 24. Commitments and Contingencies (continued)

### *Commitments, continued*

The City has several active construction projects as of December 31, 2011. At year-end, the City's commitments with contractors are as follows:

| Projects | Amount Expended Date | Remaining Commitment |
|---|---|---|
| Downtown Norcross Streetscape project | $ 50,979 | $ 22,118 |
| Buford Highway project | 164,996 | 195,354 |
| Total | $ 215,975 | $ 217,472 |

### *Contingencies*

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

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# *COMBINING STATEMENTS*

*NONMAJOR GOVERNMENTAL FUNDS*

# *CITY OF NORCROSS, GEORGIA*
# *COMBINING BALANCE SHEET*
# *NONMAJOR GOVERNMENTAL FUNDS*
# *December 31, 2011*

| | Special Revenue | | |
|---|---|---|---|
| | **Confiscated Assets** | **Hotel/Motel Tax** | **Federal Seized Drug** |
| **ASSETS** | | | |
| Cash and cash equivalents | $ 57,669 | $ 99,285 | $ 215,004 |
| Receivables | | | |
| Taxes | 0 | 69,194 | 0 |
| Intergovernmental | 0 | 0 | 0 |
| Prepaid items | 0 | 3,450 | 0 |
| Due from other funds | 0 | 12,298 | 0 |
| **Total assets** | $ 57,669 | $ 184,227 | $ 215,004 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **Liabilities** | | | |
| Payables | | | |
| Accounts | $ 0 | $ 22,560 | $ 0 |
| Intergovernmental | 0 | 120,641 | 0 |
| Accrued salaries and payroll liabilities | 0 | 402 | 0 |
| Deferred revenues | 0 | 0 | 0 |
| Other liabilities | 15,012 | 0 | 0 |
| Due to other funds | 0 | 0 | 20,691 |
| Total liabilities | 15,012 | 143,603 | 20,691 |
| **Fund balances** | | | |
| Restricted for: | | | |
| General Government | 0 | 0 | 0 |
| Public Safety | 14 | 0 | 6,895 |
| Public Works | 0 | 0 | 0 |
| Capital projects | 0 | 0 | 0 |
| Assigned for: | | | |
| Housing and Development | 0 | 40,624 | 0 |
| Budget | 42,643 | 0 | 187,418 |
| Total fund balances | 42,657 | 40,624 | 194,313 |
| **Total liabilities and fund balances** | $ 57,669 | $ 184,227 | $ 215,004 |

| Special Revenue | | Capital Projects | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| Police Grant | Technology Surcharges | 2004 SPLOST | Grants | |
| $ 14,853 | $ 63,555 | $ 77 | $ 0 | $ 450,443 |
| 0 | 0 | 0 | 0 | 69,194 |
| 0 | 0 | 0 | 311,412 | 311,412 |
| 0 | 0 | 0 | 0 | 3,450 |
| 0 | 0 | 0 | 0 | 12,298 |
| $ 14,853 | $ 63,555 | $ 77 | $ 311,412 | $ 846,797 |
| $ 0 | $ 0 | $ 0 | $ 2,492 | $ 25,052 |
| 0 | 0 | 0 | 0 | 120,641 |
| 0 | 0 | 0 | 0 | 402 |
| 14,576 | | | | 14,576 |
| 0 | 0 | 0 | 0 | 15,012 |
| 0 | 0 | 0 | 94,346 | 115,037 |
| 14,576 | 0 | 0 | 96,838 | 290,720 |
| 0 | 63,555 | 0 | 0 | 63,555 |
| 277 | 0 | 0 | 0 | 7,186 |
| 0 | 0 | 0 | 214,574 | 214,574 |
| 0 | 0 | 77 | 0 | 77 |
| 0 | 0 | 0 | 0 | 40,624 |
| 0 | 0 | 0 | 0 | 230,061 |
| 277 | 63,555 | 77 | 214,574 | 556,077 |
| $ 14,853 | $ 63,555 | $ 77 | $ 311,412 | $ 846,797 |

***CITY OF NORCROSS, GEORGIA***
***COMBINING STATEMENT OF REVENUES, EXPENDITURES***
***AND CHANGES IN FUND BALANCES***
***NONMAJOR GOVERNMENTAL FUNDS***
***For the year ended December 31, 2011***

| | Special Revenue | | |
|---|---|---|---|
| | **Confiscated Assets** | **Hotel/Motel Tax** | **Federal Seized Drug** |
| **REVENUES** | | | |
| Taxes | $ 0 | $ 378,866 | $ 0 |
| Fees, fines, and forfeitures | 3,775 | 0 | 167,860 |
| Intergovernmental | 0 | 0 | 0 |
| Interest | 42 | 550 | 213 |
| Other | 0 | 426 | 0 |
| **Total revenues** | 3,817 | 379,842 | 168,073 |
| **EXPENDITURES** | | | |
| Current | | | |
| General Government | 0 | 0 | 0 |
| Public Safety | 3,000 | 0 | 316,029 |
| Housing and Development | 0 | 396,441 | 0 |
| Capital outlay | 0 | 0 | 0 |
| **Total expenditures** | 3,000 | 396,441 | 316,029 |
| Excess (deficiency) of revenues over (under) expenditures | 817 | (16,599) | (147,956) |
| Other financing sources (uses) | | | |
| Transfers out | 0 | 0 | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 817 | (16,599) | (147,956) |
| Fund balances, January 1 | 41,840 | 57,223 | 342,269 |
| **Fund balances, December 31** | $ 42,657 | $ 40,624 | $ 194,313 |

| Special Revenue | | Capital Projects | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| Police Grant | Technology Surcharges | 2004 SPLOST | Grants | |
| $ 0 | $ 0 | $ 0 | $ 0 | $ 378,866 |
| 0 | 61,156 | 0 | 0 | 232,791 |
| 0 | 0 | 0 | 560,017 | 560,017 |
| 0 | 324 | 0 | 0 | 1,129 |
| 0 | 0 | 0 | 0 | 426 |
| 0 | 61,480 | 0 | 560,017 | 1,173,229 |
| 0 | 47,961 | 0 | 0 | 47,961 |
| 1,909 | 0 | 0 | 0 | 320,938 |
| 0 | 0 | 0 | 0 | 396,441 |
| 0 | 0 | 950 | 0 | 950 |
| 1,909 | 47,961 | 950 | 0 | 766,290 |
| (1,909) | 13,519 | (950) | 560,017 | 406,939 |
| 0 | 0 | 0 | (345,443) | (345,443) |
| (1,909) | 13,519 | (950) | 214,574 | 61,496 |
| 2,186 | 50,036 | 1,027 | 0 | 494,581 |
| $ 277 | $ 63,555 | $ 77 | $ 214,574 | $ 556,077 |

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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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,960,743 | $ 3,911,354 |
| Certificates of deposit | 2,637,890 | 1,622,233 |
| Receivables (net) | | |
| Accounts | 11,570 | 781 |
| Taxes | 741,019 | 1,127,480 |
| Intergovernmental | 44,000 | 8,100 |
| Notes | 192,500 | 192,500 |
| Interest | 11,682 | 8,316 |
| Prepaid items | 167,617 | 22,170 |
| Due from other funds | 615,554 | 23,218 |
| Property held for resale | 1,085,766 | 1,085,766 |
| Advances to other funds | 281,102 | 281,102 |
| **Total assets** | $ 7,749,443 | $ 8,283,020 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 132,221 | $ 97,115 |
| Accrued salaries and payroll liabilities | 59,207 | 35,054 |
| Deferred revenue | 170,653 | 458,560 |
| Other liabilities | 201,373 | 245,872 |
| Advances from other fund | 228,451 | 228,451 |
| Total liabilities | 791,905 | 1,065,052 |
| **Fund balances** | | |
| Nonspendable: | | |
| Prepaid items | 167,617 | 22,170 |
| Advances to other funds | 281,102 | 281,102 |
| Unassigned | 6,508,819 | 6,914,696 |
| Total fund balances | 6,957,538 | 7,217,968 |
| **Total liabilities and fund balances** | $ 7,749,443 | $ 8,283,020 |

# *CITY OF NORCROSS, GEORGIA*
# *GENERAL FUND*
# *COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES*
# *For the years ended December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| Taxes | $ 5,545,462 | $ 5,241,242 |
| Licenses and permits | 462,794 | 298,262 |
| Fines, fees and forfeitures | 1,086,636 | 1,100,864 |
| Charges for services | 121,540 | 91,608 |
| Intergovernmental | 150,699 | 122,212 |
| Interest | 3,584 | 13,780 |
| Other | 104,665 | 115,060 |
| **Total revenues** | 7,475,380 | 6,983,028 |
| **EXPENDITURES** | | |
| Current | | |
| General Government | 1,699,114 | 1,822,925 |
| Judicial | 349,661 | 292,765 |
| Public Safety | 4,028,451 | 3,245,701 |
| Public Works | 1,203,406 | 1,538,949 |
| Culture and Recreation | 280,616 | 280,597 |
| Housing and Development | 850,731 | 802,197 |
| Debt service | | |
| General Government | 0 | 58,205 |
| **Total expenditures** | 8,411,979 | 8,041,339 |
| Excess (deficiency) of revenues over (under) expenditures | (936,599) | (1,058,311) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Water and Sewer Utility Fund | 175,069 | 573,514 |
| Electric Utility Fund | 500,000 | 1,021,850 |
| 2005 SPLOST Fund | 0 | (46,722) |
| 2009 SPLOST Fund | 0 | (350,000) |
| Grants Capital Projects Fund | 0 | (63,812) |
| Proceeds from the sale of capital assets | 1,100 | 9,748 |
| Total other financing sources (uses) | 676,169 | 1,144,578 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (260,430) | 86,267 |
| Fund balances, January 1 | 7,217,968 | 7,131,701 |
| **Fund balances, December 31** | $ 6,957,538 | $ 7,217,968 |

***CITY OF NORCROSS, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF REVENUES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the year ended December 31, 2011***
***(With comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| **Taxes** | | | | |
| General property taxes | | | | |
| Property tax | $ 3,700,000 | $ 3,443,749 | $ (256,251) | $ 3,055,721 |
| Motor vehicle tax | 148,533 | 148,533 | 0 | 133,218 |
| Cost, penalties, and interest | 25,000 | 103,545 | 78,545 | 40,234 |
| Total general property taxes | 3,873,533 | 3,695,827 | (177,706) | 3,229,173 |
| Intangible tax | 23,552 | 23,553 | 1 | 27,003 |
| Real estate transfer tax | 8,625 | 8,626 | 1 | 5,951 |
| Franchise tax | 1,105,000 | 893,935 | (211,065) | 1,014,051 |
| Insurance premium tax | 460,000 | 427,579 | (32,421) | 452,725 |
| Occupational tax | 292,520 | 292,591 | 71 | 345,999 |
| Alcoholic beverage excise tax | 203,350 | 203,351 | 1 | 166,340 |
| Total taxes | 5,966,580 | 5,545,462 | (421,118) | 5,241,242 |
| **Licenses and Permits** | | | | |
| Alcohol licenses | 100,000 | 91,575 | (8,425) | 86,000 |
| Building permits | 163,486 | 363,181 | 199,695 | 200,525 |
| Other permits | 10,000 | 8,038 | (1,962) | 11,737 |
| Total licenses and permits | 273,486 | 462,794 | 189,308 | 298,262 |
| **Fines, fees and forfeitures** | 1,202,000 | 1,086,636 | (115,364) | 1,100,864 |
| **Charges for Services** | 185,500 | 121,540 | (63,960) | 91,608 |
| **Intergovernmental** | | | | |
| Grants | 0 | 0 | 0 | 10,052 |
| Other | 130,000 | 150,699 | 20,699 | 112,160 |
| Total intergovernmental | 130,000 | 150,699 | 20,699 | 122,212 |
| **Interest** | 5,000 | 3,584 | (1,416) | 13,780 |
| **Other** | 65,000 | 104,665 | 39,665 | 115,060 |
| **Total revenues** | $ 7,827,566 | $ 7,475,380 | $ (352,186) | $ 6,983,028 |

***CITY OF NORCROSS, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the year ended December 31, 2011***
***(With comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **EXPENDITURES** | | | | |
| **Current** | | | | |
| **General Government** | | | | |
| Governing Body | | | | |
| Personal services | $ 66,653 | $ 66,651 | $ 2 | $ 61,960 |
| Contract services | 174,329 | 174,836 | (507) | 88,016 |
| Supplies and materials | 949 | 443 | 506 | 199 |
| Total Governing Body | 241,931 | 241,930 | 1 | 150,175 |
| Administration | | | | |
| Personal services | 361,387 | 358,346 | 3,041 | 268,964 |
| Contract services | 174,073 | 186,834 | (12,761) | 163,468 |
| Supplies and materials | 21,600 | 12,882 | 8,718 | 13,190 |
| Total Administration | 557,060 | 558,062 | (1,002) | 445,622 |
| City Clerk | | | | |
| Personal services | 139,778 | 155,371 | (15,593) | 137,974 |
| Contract services | 35,450 | 23,340 | 12,110 | 24,459 |
| Supplies and materials | 9,700 | 6,280 | 3,420 | 10,974 |
| Total City Clerk | 184,928 | 184,991 | (63) | 173,407 |
| Chief Executive | | | | |
| Personal services | 61,986 | 67,443 | (5,457) | 93,483 |
| Contract services | 66,730 | 63,461 | 3,269 | 76,243 |
| Supplies and materials | 1,700 | 651 | 1,049 | 270 |
| Total Chief Executive | 130,416 | 131,555 | (1,139) | 169,996 |
| City-wide | | | | |
| Personal services | 0 | 0 | 0 | 249,345 |
| Contract services | 0 | 0 | 0 | 143,455 |
| Supplies and materials | 0 | 0 | 0 | 2,160 |
| Total City-wide | 0 | 0 | 0 | 394,960 |
| Information Technology | | | | |
| Personal services | 132,665 | 145,312 | (12,647) | 139,850 |
| Contract services | 408,689 | 398,103 | 10,586 | 167,913 |
| Supplies and materials | 41,250 | 39,161 | 2,089 | 58,353 |
| Capital outlay | 0 | 0 | 0 | 122,649 |
| Total Information Technology | 582,604 | 582,576 | 28 | 488,765 |
| Total General Government | 1,696,939 | 1,699,114 | (2,175) | 1,822,925 |

***CITY OF NORCROSS, GEORGIA***
***GENERAL FUND***
***SCHEDULE OF EXPENDITURES***
***BUDGET (GAAP BASIS) AND ACTUAL***
***For the year ended December 31, 2011***
***(With comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **Judicial** | | | | |
| Municipal Court | | | | |
| Personal services | $ 326,386 | $ 327,833 | $ (1,447) | $ 267,785 |
| Contract services | 21,005 | 20,039 | 966 | 22,785 |
| Supplies and materials | 2,675 | 1,789 | 886 | 2,195 |
| Total Judicial | 350,066 | 349,661 | 405 | 292,765 |
| **Public Safety** | | | | |
| Police | | | | |
| Personal services | 3,503,462 | 3,494,647 | 8,815 | 2,796,772 |
| Contract services | 269,876 | 218,105 | 51,771 | 227,364 |
| Supplies and materials | 240,007 | 269,127 | (29,120) | 170,991 |
| Capital outlay | 51,368 | 46,572 | 4,796 | 50,574 |
| Total Police | 4,064,713 | 4,028,451 | 36,262 | 3,245,701 |
| **Public Works** | | | | |
| Public Works Administration | | | | |
| Personal services | 441,625 | 442,520 | (895) | 269,554 |
| Contract services | 604,690 | 575,445 | 29,245 | 658,854 |
| Supplies and materials | 146,893 | 178,661 | (31,768) | 171,731 |
| Capital outlay | 0 | 6,780 | (6,780) | 438,810 |
| Total Public Works Administration | 1,193,208 | 1,203,406 | (10,198) | 1,538,949 |
| **Culture and Recreation** | | | | |
| Parks and Recreation | | | | |
| Personal services | 152,316 | 162,028 | (9,712) | 125,463 |
| Contract services | 64,800 | 52,103 | 12,697 | 89,191 |
| Supplies and materials | 63,500 | 66,485 | (2,985) | 62,248 |
| Capital outlay | 0 | 0 | 0 | 3,695 |
| Total Culture and Recreation | 280,616 | 280,616 | 0 | 280,597 |
| **Housing and Development** | | | | |
| Community Development | | | | |
| Personal services | 557,205 | 595,341 | (38,136) | 389,729 |
| Contract services | 85,979 | 34,844 | 51,135 | 66,123 |
| Supplies and materials | 14,600 | 10,542 | 4,058 | 40,550 |
| Capital outlay | 187,750 | 185,004 | 2,746 | 260,795 |
| Total Community Development | 845,534 | 825,731 | 19,803 | 757,197 |
| Downtown Development Authority | | | | |
| Agency allocation | 25,000 | 25,000 | 0 | 45,000 |
| Total Housing and Development | 870,534 | 850,731 | 19,803 | 802,197 |
| Total current | 8,456,076 | 8,411,979 | 44,097 | 7,983,134 |

*CITY OF NORCROSS, GEORGIA*
*GENERAL FUND*
*SCHEDULE OF EXPENDITURES*
*BUDGET (GAAP BASIS) AND ACTUAL*
*For the year ended December 31, 2011*
*(With comparative actual amounts for the year ended December 31, 2010)*

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| Debt service | | | | |
| General Government | | | | |
| City-wide | $ 0 | $ 0 | $ 0 | $ 58,205 |
| **Total expenditures** | $ 8,456,076 | $ 8,411,979 | $ 44,097 | $ 8,041,339 |

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## *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 57,669 | $ 56,203 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 0 | $ 3,001 |
| Other liabilities | 15,012 | 11,362 |
| Total liabilities | 15,012 | 14,363 |
| **Fund balances** | | |
| Restricted for Public Safety | 14 | 41,840 |
| Assigned for budget | 42,643 | 0 |
| Total fund balances | 42,657 | 41,840 |
| **Total liabilities and fund balances** | $ 57,669 | $ 56,203 |

***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, 2011***
***(with comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Forfeitures | $ 10,000 | $ 3,775 | $ (6,225) | $ 750 |
| Interest | 0 | 42 | 42 | 22 |
| **Total revenues** | 10,000 | 3,817 | (6,183) | 772 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Contract services | 0 | 3,000 | (3,000) | 3,000 |
| Supplies and materials | 10,000 | 0 | 10,000 | 958 |
| **Total expenditures** | 10,000 | 3,000 | 7,000 | 3,958 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 817 | 817 | (3,186) |
| Fund balances, January 1 | 0 | 41,840 | 41,840 | 45,026 |
| **Fund balances, December 31** | $ 0 | $ 42,657 | $ 42,657 | $ 41,840 |

# *CITY OF NORCROSS, GEORGIA*
# *HOTEL/MOTEL TAX SPECIAL REVENUE FUND*
# *COMPARATIVE BALANCE SHEETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 99,285 | $ 26,215 |
| Taxes receivable | 69,194 | 62,562 |
| Prepaid items | 3,450 | 0 |
| Due from other funds | 12,298 | 0 |
| **Total assets** | $ 184,227 | $ 88,777 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 22,560 | $ 0 |
| Intergovernmental | 120,641 | 31,345 |
| Accrued salaries and payroll liabilities | 402 | 209 |
| Total liabilities | 143,603 | 31,554 |
| **Fund balances** | | |
| Assigned for: | | |
| Housing and Development | 40,624 | 34,811 |
| Budget | 0 | 22,412 |
| Total fund balances | 40,624 | 57,223 |
| **Total liabilities and fund balances** | $ 184,227 | $ 88,777 |

***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, 2011***
***(with comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Hotel/Motel taxes | $ 350,000 | $ 378,866 | $ 28,866 | $ 332,215 |
| Interest | 0 | 550 | 550 | 165 |
| Other | 44,942 | 426 | (44,516) | 0 |
| **Total revenues** | 394,942 | 379,842 | (15,100) | 332,380 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Personal services | 53,162 | 49,473 | 3,689 | 17,515 |
| Contract services | 341,780 | 226,327 | 115,453 | 265,832 |
| Payments to others | 0 | 120,641 | (120,641) | 31,345 |
| **Total expenditures** | 394,942 | 396,441 | (1,499) | 314,692 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (16,599) | (16,599) | 17,688 |
| Fund balances, January 1 | 0 | 57,223 | 57,223 | 39,535 |
| **Fund balances, December 31** | $ 0 | $ 40,624 | $ 40,624 | $ 57,223 |

# *CITY OF NORCROSS, GEORGIA*
# *FEDERAL SEIZED DRUG SPECIAL REVENUE FUND*
# *COMPARATIVE BALANCE SHEETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 215,004 | $ 348,398 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 0 | $ 6,129 |
| Due to other funds | 20,691 | 0 |
| Total liabilities | 20,691 | 6,129 |
| **Fund balances** | | |
| Restricted for Public Safety | 6,895 | 342,269 |
| Assigned for budget | 187,418 | 0 |
| Total fund balances | 194,313 | 342,269 |
| **Total liabilities and fund balances** | $ 215,004 | $ 348,398 |

***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, 2011***
***(with comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fees, fines and forfeitures | $ 400,000 | $ 167,860 | $ (232,140) | $ 572,934 |
| Interest | 0 | 213 | 213 | 194 |
| Other | 0 | 0 | 0 | 559 |
| **Total revenues** | 400,000 | 168,073 | (231,927) | 573,687 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Contract services | 0 | 4,650 | (4,650) | 0 |
| Supplies and materials | 228,000 | 25,156 | 202,844 | 95,677 |
| Capital outlay | 172,000 | 286,223 | (114,223) | 297,238 |
| **Total expenditures** | 400,000 | 316,029 | 83,971 | 392,915 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (147,956) | (147,956) | 180,772 |
| Fund balances, January 1 | 0 | 342,269 | 342,269 | 161,497 |
| **Fund balances, December 31** | $ 0 | $ 194,313 | $ 194,313 | $ 342,269 |

# *CITY OF NORCROSS, GEORGIA*
# *POLICE GRANT SPECIAL REVENUE FUND*
# *COMPARATIVE BALANCE SHEETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 14,853 | $ 2,186 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Deferred revenues | $ 14,576 | $ 0 |
| **Fund balances** | | |
| Restricted for Public Safety | 277 | 2,186 |
| Total liabilities and fund balances | $ 14,853 | $ 2,186 |

***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, 2011***
***(with comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 1,909 | $ 0 | $ 0 | $ 17,397 |
| **Total revenues** | 1,909 | 0 | 0 | 17,397 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Public Safety | | | | |
| Supplies and materials | 1,909 | 1,909 | 0 | 18,200 |
| Capital outlay | 0 | 0 | 0 | 3,799 |
| **Total expenditures** | 1,909 | 1,909 | 0 | 21,999 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (1,909) | 0 | (4,602) |
| Fund balances, January 1 | 0 | 2,186 | 2,186 | 6,788 |
| **Fund balances, December 31** | $ 0 | $ 277 | $ 2,186 | $ 2,186 |

# *CITY OF NORCROSS, GEORGIA*
# *TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND*
# *COMPARATIVE BALANCE SHEETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 63,555 | $ 54,041 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 0 | $ 4,005 |
| **Fund balances** | | |
| Restricted for General Government | 63,555 | 50,036 |
| **Total liabilities and fund balances** | $ 63,555 | $ 54,041 |

***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, 2011***
***(with comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Fees, fines and forfeitures | $ 67,200 | $ 61,156 | $ (6,044) | $ 98,234 |
| Interest | 0 | 324 | 324 | 213 |
| **Total revenues** | 67,200 | 61,480 | (5,720) | 98,447 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | | | | |
| Contract services | 6,900 | 6,900 | 0 | 20,896 |
| Supplies and materials | 60,300 | 0 | 60,300 | 16,081 |
| Capital outlay | 0 | 41,061 | (41,061) | 55,307 |
| Judicial | | | | |
| Capital outlay | 0 | 0 | 0 | 4,697 |
| **Total expenditures** | 67,200 | 47,961 | 19,239 | 96,981 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 13,519 | 13,519 | 1,466 |
| Fund balances, January 1 | 0 | 50,036 | 50,036 | 48,570 |
| **Fund balances, December 31** | $ 0 | $ 63,555 | $ 63,555 | $ 50,036 |

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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.

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

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

# *CITY OF NORCROSS, GEORGIA*
# *2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX*
# *CAPITAL PROJECTS FUND*
# *COMPARATIVE BALANCE SHEETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 77 | $ 1,027 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Fund balances** | | |
| Restricted for capital projects | $ 77 | $ 1,027 |

***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, 2011 and 2010***

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ 0 | $ 3,888 |
| Interest | 0 | 39 |
| **Total revenues** | 0 | 3,927 |
| **EXPENDITURES** | | |
| Public Safety | | |
| Capital outlay | 0 | 18,150 |
| Public Works | | |
| Supplies and materials | 0 | 716 |
| Capital outlay | 950 | 8,550 |
| Culture and Recreation | | |
| Contract services | 0 | 13,619 |
| Capital outlay | 0 | 2,352 |
| **Total expenditures** | 950 | 43,387 |
| Excess (deficiency) of revenues over (under) expenditures | (950) | (39,460) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 0 | 46,722 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (950) | 7,262 |
| Fund balances, January 1 | 1,027 | (6,235) |
| **Fund balances, December 31** | $ 77 | $ 1,027 |

# *CITY OF NORCROSS, GEORGIA*
# *2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX*
# *CAPITAL PROJECTS FUND*
# *COMPARATIVE BALANCE SHEETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 300,064 | $ 48,921 |
| Intergovernmental receivable | 265,280 | 254,890 |
| **Total assets** | $ 565,344 | $ 303,811 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 55,496 | $ 63,307 |
| Retainages | 0 | 53,878 |
| Due to other funds | 12,815 | 0 |
| Advances from other funds | 551,102 | 551,102 |
| Total liabilities | 619,413 | 668,287 |
| **Fund balances** | | |
| Unassigned | (54,069) | (364,476) |
| **Total liabilities and fund balances** | $ 565,344 | $ 303,811 |

***CITY OF NORCROSS, GEORGIA***
***2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX***
***CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES***
***For the years ended December 31, 2011 and 2010***

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ 1,430,999 | $ 1,289,679 |
| Interest | 254 | 542 |
| **Total revenues** | 1,431,253 | 1,290,221 |
| **EXPENDITURES** | | |
| Public Works | | |
| Contract services | 2,086 | 24,105 |
| Capital outlay | 812,267 | 1,367,474 |
| Culture and Recreation | | |
| Contract services | 12,298 | 0 |
| Capital outlay | 180,900 | 500,428 |
| Debt service | 458,738 | 458,838 |
| **Total expenditures** | 1,466,289 | 2,350,845 |
| Excess (deficiency) of revenues over (under) expenditures | (35,036) | (1,060,624) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 0 | 350,000 |
| Grants Capital Projects Fund | 345,443 | 0 |
| Total other financing sources (uses) | 345,443 | 350,000 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 310,407 | (710,624) |
| Fund balances, January 1 | (364,476) | 346,148 |
| **Fund balances, December 31** | $ (54,069) | $ (364,476) |

# *CITY OF NORCROSS, GEORGIA*
# *GRANTS CAPITAL PROJECTS FUND*
# *COMPARATIVE BALANCE SHEETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Intergovernmental receivable | $ 311,412 | $ 122,795 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Accounts payable | $ 2,492 | $ 99,577 |
| Due to other funds | 94,346 | 23,218 |
| Total liabilities | 96,838 | 122,795 |
| **Fund balances** | | |
| Restricted for Public Works | 214,574 | 0 |
| **Total liabilities and fund balances** | $ 311,412 | $ 122,795 |

***CITY OF NORCROSS, GEORGIA***
***GRANTS CAPITAL PROJECTS FUND***
***COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES***
***For the years ended December 31, 2011 and 2010***

| | 2011 | 2010 |
|---|---|---|
| **REVENUES** | | |
| Intergovernmental | $ 560,017 | $ 138,689 |
| **Total revenues** | 560,017 | 138,689 |
| **EXPENDITURES** | | |
| Housing and Development | | |
| Capital outlay | 0 | 202,501 |
| **Total expenditures** | 0 | 202,501 |
| Excess (deficiency) of revenues over (under) expenditures | 560,017 | (63,812) |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| General Fund | 0 | 63,812 |
| 2009 SPLOST Fund | (345,443) | 0 |
| Total other financing sources (uses) | (345,443) | 63,812 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 214,574 | 0 |
| Fund balances, January 1 | 0 | 0 |
| **Fund balances, December 31** | $ 214,574 | $ 0 |

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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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 555,341 | $ 0 |
| Accounts receivable (net) | 402,622 | 396,341 |
| Prepaid items | 0 | 4,425 |
| Inventories | 30,728 | 32,232 |
| Total current assets | 988,691 | 432,998 |
| **Restricted assets** | | |
| Customer deposits | | |
| Cash and cash equivalents | 75,075 | 64,995 |
| **Capital assets** | | |
| Land | 9,500 | 9,500 |
| Water and sewer system | 12,210,484 | 12,210,484 |
| Vehicles and equipment | 160,786 | 160,786 |
| Accumulated depreciation | (4,907,011) | (4,658,221) |
| Total capital assets (net of accumulated depreciation) | 7,473,759 | 7,722,549 |
| **Total assets** | 8,537,525 | 8,220,542 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 124,285 | 3,048 |
| Intergovernmental | 112,970 | 107,221 |
| Accrued salaries and payroll liabilities | 1,577 | 837 |
| Compensated absences | 1,311 | 815 |
| Total current liabilities | 240,143 | 111,921 |
| **Current liabilities payable from restricted assets** | | |
| Customer deposits | 75,075 | 64,995 |
| **Noncurrent assets** | | |
| Net OPEB obligation | 85,235 | 55,060 |
| **Total liabilities** | 400,453 | 231,976 |
| **NET ASSETS** | | |
| Invested in capital assets | 7,473,759 | 7,722,549 |
| Unrestricted | 663,313 | 266,017 |
| **Total net assets** | $ 8,137,072 | $ 7,988,566 |

# *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Water sales | $ 1,550,200 | $ 1,439,921 |
| Sewer charges | 1,283,038 | 1,221,470 |
| Tap fees | 36,276 | 0 |
| Other | 22,973 | 0 |
| **Total operating revenues** | 2,892,487 | 2,661,391 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 1,868,360 | 1,758,134 |
| Personal services | 456,277 | 378,178 |
| Depreciation | 248,790 | 250,998 |
| **Total operating expenses** | 2,573,427 | 2,387,310 |
| Operating income (loss) | 319,060 | 274,081 |
| Non-operating revenues (expenses) | | |
| Investment revenue | 4,515 | 2,737 |
| Income (loss) before transfers | 323,575 | 276,818 |
| Transfers in (out) | | |
| General Fund | (175,069) | (573,514) |
| Change in net assets | 148,506 | (296,696) |
| Net assets, January 1 (restated) | 7,988,566 | 8,285,262 |
| **Net assets, December 31** | $ 8,137,072 | $ 7,988,566 |

***CITY OF NORCROSS, GEORGIA***
***WATER AND SEWER UTILITY ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the years ended December 31, 2011 and 2010***

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 2,873,313 | $ 2,642,884 |
| Payments to suppliers | (1,735,445) | (1,723,296) |
| Payments to employees | (424,866) | (324,396) |
| Other receipts | 22,973 | 0 |
| Net cash provided (used) by operating activities | 735,975 | 595,192 |
| **Cash flows from non-capital financing activities** | | |
| Payments to other funds | (175,069) | (573,514) |
| **Cash flows from capital and related financing activities:** | | |
| Acquisition of capital assets | 0 | (19,200) |
| **Cash flows from investing activities:** | | |
| Interest received | 4,515 | 2,737 |
| Net increase (decrease) in cash and cash equivalents | 565,421 | 5,215 |
| Cash and cash equivalents, January 1 | 64,995 | 59,780 |
| **Cash and cash equivalents, December 31** | $ 630,416 | $ 64,995 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 319,060 | $ 274,081 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 248,790 | 250,998 |
| (Increase) decrease in accounts receivable | (6,281) | (23,722) |
| (Increase) decrease in prepaid items | 4,425 | 3,443 |
| (Increase) decrease in inventories | 1,504 | 19,447 |
| Increase (decrease) in accounts payable | 121,237 | (16,688) |
| Increase (decrease) in intergovernmental payables | 5,749 | 28,636 |
| Increase (decrease) in deposits payable | 10,080 | 5,215 |
| Increase (decrease) in net OPEB obligation | 30,175 | 55,060 |
| Increase (decrease) in accrued payroll liabilities | 1,236 | (1,278) |
| Total adjustments | 416,915 | 321,111 |
| Net cash provided (used) by operating activities | $ 735,975 | $ 595,192 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash equivalents | $ 555,341 | $ 0 |
| Customer Deposits | | |
| Cash and cash equivalents | 75,075 | 64,995 |
| Total cash and cash equivalents | $ 630,416 | $ 64,995 |

# *CITY OF NORCROSS, GEORGIA*
# *ELECTRIC UTILITY ENTERPRISE FUND*
# *COMPARATIVE STATEMENTS OF NET ASSETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 303,045 | $ 68,132 |
| Investments | 3,064,161 | 2,121,281 |
| Accounts receivable (net) | 1,545,484 | 1,406,864 |
| Prepaid items | 225,998 | 288,850 |
| Inventories | 785,295 | 882,169 |
| Total current assets | 5,923,983 | 4,767,296 |
| **Restricted assets** | | |
| MEAG Generation Trust | | |
| Investments | 1,636,486 | 1,036,306 |
| Customer Deposits | | |
| Investments | 345,745 | 317,407 |
| Total restricted assets | 1,982,231 | 1,353,713 |
| **Capital assets** | | |
| Land | 1,000 | 1,000 |
| Electric system | 8,217,255 | 8,089,947 |
| Vehicles and equipment | 847,637 | 798,429 |
| Construction in progress | 656,353 | 185,543 |
| Accumulated depreciation | (2,333,421) | (2,130,467) |
| Total capital assets (net of accumulated depreciation) | 7,388,824 | 6,944,452 |
| **Other assets** | | |
| Advances to other funds | 498,451 | 498,451 |
| **Total assets** | 15,793,489 | 13,563,912 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 49,516 | 128,170 |
| Intergovernmental | 767,749 | 692,712 |
| Sales tax | 52,320 | 0 |
| Accrued salaries and payroll liabilities | 4,418 | 3,258 |
| Compensated absences | 9,891 | 5,370 |
| Due to other funds | 500,000 | 0 |
| Total current liabilities | 1,383,894 | 829,510 |
| **Current liabilities payable from restricted assets** | | |
| Customer deposits | 345,745 | 317,407 |
| **Noncurrent liabilities** | | |
| Net OPEB obligation | 300,531 | 194,201 |
| **Total liabilities** | 2,030,170 | 1,341,118 |
| **NET ASSETS** | | |
| Invested in capital assets | 7,388,824 | 6,944,452 |
| Restricted for MEAG generation projects | 1,636,486 | 1,036,306 |
| Unrestricted | 4,738,009 | 4,242,036 |
| **Total net assets** | $ 13,763,319 | $ 12,222,794 |

# *CITY OF NORCROSS, GEORGIA*
# *ELECTRIC UTILITY ENTERPRISE FUND*
# *COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS*
## *For the years ended December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Electric sales | $ 12,006,725 | $ 11,578,440 |
| Other | 28,911 | 20,130 |
| **Total operating revenues** | 12,035,636 | 11,598,570 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 8,963,420 | 8,565,338 |
| Personal services | 832,498 | 818,330 |
| Depreciation | 232,149 | 180,692 |
| **Total operating expenses** | 10,028,067 | 9,564,360 |
| Operating income (loss) | 2,007,569 | 2,034,210 |
| Non-operating revenues (expenses) | | |
| Investment revenue | 29,206 | 95,095 |
| Gain (loss) on sale of assets | 3,750 | 0 |
| Total non-operating revenues (expenses) | 32,956 | 95,095 |
| Net income before capital contributions and transfers | 2,040,525 | 2,129,305 |
| Capital contributions | | |
| Capital contributions | 0 | 41,175 |
| Net income before transfers | 2,040,525 | 2,170,480 |
| Transfers in (out) | | |
| General Fund | (500,000) | (1,021,850) |
| Change in net assets | 1,540,525 | 1,148,630 |
| Net assets, January 1 (restated) | 12,222,794 | 11,074,164 |
| **Net assets, December 31** | $ 13,763,319 | $ 12,222,794 |

# *CITY OF NORCROSS, GEORGIA*
# *ELECTRIC UTILITY ENTERPRISE FUND*
# *COMPARATIVE STATEMENTS OF CASH FLOWS*
# *For the years ended December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 11,948,763 | $ 11,577,314 |
| Payments to suppliers | (8,807,311) | (8,499,516) |
| Payments to employees | (720,487) | (620,822) |
| Other receipts | 28,911 | 20,130 |
| Net cash provided (used) by operating activities | 2,449,876 | 2,477,106 |
| **Cash flows from non-capital financing activities** | | |
| Payments to other funds | 0 | (1,383,478) |
| **Cash flows from capital and related financing activities:** | | |
| Receipt of capital contributions | 0 | 41,175 |
| Proceeds from sale of capital assets | 3,750 | 0 |
| Acquisition of capital assets | (676,521) | (839,805) |
| Net cash provided (used) by capital and related financing activities | (672,771) | (798,630) |
| **Cash flows from investing activities:** | | |
| Interest received | 29,206 | 95,095 |
| Proceeds from maturities of investments | 0 | 1,241,500 |
| Purchase of investments | (1,571,398) | (1,563,461) |
| Net cash provided (used) by investing activities | (1,542,192) | (226,866) |
| Net increase (decrease) in cash and cash equivalents | 234,913 | 68,132 |
| Cash and cash equivalents, January 1 | 68,132 | 0 |
| **Cash and cash equivalents, December 31** | $ 303,045 | $ 68,132 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 2,007,569 | $ 2,034,210 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 232,149 | 180,692 |
| (Increase) decrease in accounts receivable | (138,620) | 32,909 |
| (Increase) decrease in prepaid items | 62,852 | 34,261 |
| (Increase) decrease in inventories | 96,874 | (102,180) |
| Increase (decrease) in accounts payable | (78,654) | 109,262 |
| Increase (decrease) in intergovernmental payables | 75,037 | 24,479 |
| Increase (decrease) in deposits payable | 28,338 | 15,307 |
| Increase (decrease) in sales tax payable | 52,320 | (49,342) |
| Increase (decrease) in accrued payroll liabilities | 5,681 | 3,307 |
| Increase (decrease) in net OPEB obligation | 106,330 | 194,201 |
| Total adjustments | 442,307 | 442,896 |
| Net cash provided (used) by operating activities | $ 2,449,876 | $ 2,477,106 |

# *CITY OF NORCROSS, GEORGIA*
# *SOLID WASTE ENTERPRISE FUND*
# *COMPARATIVE STATEMENTS OF NET ASSETS*
# *December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 1,176,692 | $ 1,277,997 |
| Accounts receivable (net) | 222,403 | 198,206 |
| Total current assets | 1,399,095 | 1,476,203 |
| **Restricted assets** | | |
| Customer deposits | | |
| Cash and cash equivalents | 98,378 | 88,235 |
| **Total assets** | 1,497,473 | 1,564,438 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable | 118,434 | 203,307 |
| Unearned revenue | 10,532 | 0 |
| Total current liabilities | 128,966 | 203,307 |
| **Current liabilities payable from restricted assets** | | |
| Customer deposits | 98,378 | 88,235 |
| **Total liabilities** | 227,344 | 291,542 |
| **NET ASSETS** | | |
| Unrestricted | $ 1,270,129 | $ 1,272,896 |

# *CITY OF NORCROSS, GEORGIA*
# *SOLID WASTE ENTERPRISE FUND*
# *COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS*
# *For the years ended December 31, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Sanitation fees | $ 1,347,247 | $ 1,419,313 |
| **Total operating revenues** | 1,347,247 | 1,419,313 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 1,288,881 | 1,311,772 |
| Personal services | 68,556 | 82,474 |
| **Total operating expenses** | 1,357,437 | 1,394,246 |
| Operating income (loss) | (10,190) | 25,067 |
| Non-operating revenues (expenses) | | |
| Investment revenue | 7,423 | 6,041 |
| Change in net assets | (2,767) | 31,108 |
| Net assets, January 1 | 1,272,896 | 1,241,788 |
| **Net assets, December 31** | $ 1,270,129 | $ 1,272,896 |

***CITY OF NORCROSS, GEORGIA***
***SOLID WASTE ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the years ended December 31, 2011 and 2010***

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 1,343,725 | $ 1,448,393 |
| Payments to suppliers | (1,373,754) | (1,216,254) |
| Payments to employees | (68,556) | (82,474) |
| Net cash provided (used) by operating activities | (98,585) | 149,665 |
| **Cash flows from investing activities** | | |
| Interest received | 7,423 | 6,041 |
| Net increase (decrease) in cash and cash equivalents | (91,162) | 155,706 |
| Cash and cash equivalents, January 1 | 1,366,232 | 1,210,526 |
| **Cash and cash equivalents, December 31** | $ 1,275,070 | $ 1,366,232 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ (10,190) | $ 25,067 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| (Increase) decrease in accounts receivable | (24,197) | 22,776 |
| Increase (decrease) in accounts payable | (84,873) | 95,517 |
| Increase (decrease) in unearned revenue | 10,532 | 0 |
| Increase (decrease) in deposits payable | 10,143 | 6,305 |
| Total adjustments | (88,395) | 124,598 |
| Net cash provided by operating activities | $ (98,585) | $ 149,665 |
| **Cash and cash equivalents reconciliation:** | | |
| Cash and cash equivalents | $ 1,176,692 | $ 1,277,997 |
| Customer Deposits | | |
| Cash and cash equivalents | 98,378 | 88,235 |
| Total cash and cash equivalents | $ 1,275,070 | $ 1,366,232 |

***CITY OF NORCROSS, GEORGIA***
***STORM WATER UTILITY ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF NET ASSETS***
***December 31, 2011 and 2010***

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 346,519 | $ 400,377 |
| Receivables | | |
| Accounts (net) | 103,624 | 129,906 |
| Intergovernmental | 15,000 | 0 |
| Prepaid items | 1,111 | 2,655 |
| Total current assets | 466,254 | 532,938 |
| **Capital assets** | | |
| Storm water system | 539,613 | 266,811 |
| Vehicles and equipment | 164,861 | 141,773 |
| Accumulated depreciation | (85,823) | (51,954) |
| Total capital assets (net of accumulated depreciation) | 618,651 | 356,630 |
| **Total assets** | 1,084,905 | 889,568 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Payables | | |
| Accounts | 28,181 | 138 |
| Retainages | 29,033 | 0 |
| Accrued salaries and payroll liabilities | 711 | 488 |
| Compensated absences | 1,869 | 1,950 |
| Total current liabilities | 59,794 | 2,576 |
| **Noncurrent liabilities** | | |
| Net OPEB obligation | 85,235 | 55,060 |
| **Total liabilities** | 145,029 | 57,636 |
| **NET ASSETS** | | |
| Invested in capital assets | 618,651 | 356,630 |
| Unrestricted | 321,225 | 475,302 |
| **Total net assets** | $ 939,876 | $ 831,932 |

# *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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for sales and services | | |
| Storm water fees | $ 470,456 | $ 494,517 |
| **Total operating revenues** | 470,456 | 494,517 |
| **OPERATING EXPENSES** | | |
| Costs of sales and services | 102,671 | 103,566 |
| Personal services | 243,426 | 231,002 |
| Depreciation | 33,869 | 27,476 |
| **Total operating expenses** | 379,966 | 362,044 |
| Operating income (loss) | 90,490 | 132,473 |
| Non-operating revenues (expenses) | | |
| Investment revenue | 2,454 | 1,771 |
| Net income (loss) before capital contributions | 92,944 | 134,244 |
| Capital contributions | | |
| Intergovernmental | 15,000 | 0 |
| Change in net assets | 107,944 | 134,244 |
| Net assets, January 1 (restated) | 831,932 | 697,688 |
| **Net assets, December 31** | $ 939,876 | $ 831,932 |

***CITY OF NORCROSS, GEORGIA***
***STORM WATER UTILITY ENTERPRISE FUND***
***COMPARATIVE STATEMENTS OF CASH FLOWS***
***For the years ended December 31, 2011 and 2010***

| | 2011 | 2010 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Receipts from customers | $ 496,738 | $ 558,953 |
| Payments to suppliers | (98,206) | (110,238) |
| Payments to employees | (213,109) | (174,252) |
| Net cash provided (used) by operating activities | 185,423 | 274,463 |
| **Cash flows from capital and related financing activities:** | | |
| Acquisition of capital assets | (241,735) | (82,125) |
| **Cash flows from investing activities** | | |
| Interest received | 2,454 | 1,771 |
| Net increase (decrease) in cash and cash equivalents | (53,858) | 194,109 |
| Cash and cash equivalents, January 1 | 400,377 | 206,268 |
| **Cash and cash equivalents, December 31** | $ 346,519 | $ 400,377 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | |
| Operating income (loss) | $ 90,490 | $ 132,473 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 33,869 | 27,476 |
| (Increase) decrease in accounts receivable | 26,282 | 64,436 |
| (Increase) decrease in prepaid items | 1,544 | (2,655) |
| Increase (decrease) in accounts payable | 2,921 | (4,017) |
| Increase (decrease) in payroll liabilities | 142 | 1,690 |
| Increase (decrease) in net OPEB obligation | 30,175 | 55,060 |
| Total adjustments | 94,933 | 141,990 |
| Net cash provided by operating activities | $ 185,423 | $ 274,463 |

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

Acquistion of capital assets through accounts payable totaled $54,155 for the year ended December 31, 2011.

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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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 95,684 | $ 146,143 |
| Accounts receivable (net) | 137,268 | 183,360 |
| **Total assets** | 232,952 | 329,503 |
| **LIABILITIES** | | |
| **Liabilities** | | |
| Due to other agencies | $ 232,952 | $ 329,503 |

***CITY OF NORCROSS, GEORGIA***
***MUNICIPAL COURT AGENCY FUND***
***STATEMENT OF CHANGES IN ASSETS AND LIABILITIES***
***For the year ended December 31, 2011***

| | Balance January 1 | Additions | Deletions | Balance December 31 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 146,143 | $ 2,144,743 | $ (2,195,202) | $ 95,684 |
| Accounts receivable (net) | 183,360 | 529,489 | (575,581) | 137,268 |
| Total assets | $ 329,503 | $ 2,674,232 | $ (2,770,783) | $ 232,952 |
| **LIABILITIES** | | | | |
| Due to others agencies | $ 329,503 | $ 2,674,232 | $ (2,770,783) | $ 232,952 |

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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, 2011 and 2010*

| | 2011 | 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 133,733 | $ 205,528 |
| Property held for resale | 112,994 | 112,994 |
| Notes receivable | 195,859 | 182,976 |
| **Total assets** | $ 442,586 | $ 501,498 |
| **LIABILITIES AND FUND BALANCES** | | |
| **Liabilities** | | |
| Payables | | |
| Accounts | $ 610 | $ 2,161 |
| Intergovernmental | 1,528 | 8,100 |
| Deposits | 0 | 675 |
| Total liabilities | 2,138 | 10,936 |
| **Fund balances** | | |
| Assigned for: | | |
| Housing and Development | 300,418 | 361,598 |
| Budget | 140,030 | 128,964 |
| Total fund balances | 440,448 | 490,562 |
| **Total liabilities and fund balances** | $ 442,586 | $ 501,498 |

***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, 2011***
***(With comparative actual amounts for the year ended December 31, 2010)***

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Final Budget | Actual | Variance | Actual |
| **REVENUES** | | | | |
| Intergovernmental | $ 25,000 | $ 25,000 | $ 0 | $ 45,000 |
| Interest | 1,200 | 10,422 | 9,222 | 5,970 |
| Rent | 2,700 | 2,740 | 40 | 2,250 |
| Other | 128,964 | 1,068 | (127,896) | 1,843 |
| **Total revenues** | 157,864 | 39,230 | (118,634) | 55,063 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Contract services | 152,530 | 81,109 | 71,421 | 65,403 |
| Supplies and materials | 2,500 | 156 | 2,344 | 260 |
| Payments to others | 8,000 | 1,786 | 6,214 | 0 |
| Debt service | (5,166) | 6,293 | (11,459) | 170,265 |
| **Total expenditures** | 157,864 | 89,344 | 68,520 | 235,928 |
| Excess (deficiency) of revenues over (under) expenditures | 0 | (50,114) | (50,114) | (180,865) |
| Other financing sources (uses) | | | | |
| Loss on sale of property held for resale | 0 | 0 | 0 | (24,305) |
| Issuance of notes payable | 0 | 0 | 0 | 100,000 |
| Total other financing sources (uses) | 0 | 0 | 0 | 75,695 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 0 | (50,114) | (50,114) | (105,170) |
| Fund balances, January 1 | 0 | 490,562 | 490,562 | 595,732 |
| **Fund balances, December 31** | $ 0 | $ 440,448 | $ 440,448 | $ 490,562 |

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***SINGLE AUDIT SECTION***

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

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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, 2011, which collectively comprise the City of Norcross, Georgia's basic financial statements and have issued our report thereon dated May 3, 2012. 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the City of Norcross, Georgia, in a separate letter dated May 3, 2012.



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W. Barclay Rushton, CPA | J. Chris Hollifield, CPA | Perry C. Barnett, CPA, PFS | Sally Walden-Crowe, CPA

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.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
May 13, 2012

**Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the City of Norcross, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Norcross, Georgia's major federal programs for the year ended December 31, 2011. The City of Norcross, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Norcross, Georgia's management. Our responsibility is to express an opinion on the City of Norcross, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Norcross, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Norcross, Georgia's compliance with those requirements.

In our opinion, the City of Norcross, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the City of Norcross, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Norcross, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Norcross, Georgia's internal control over compliance.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above.

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
May 3, 2012

# *CITY OF NORCROSS, GEORGIA*
# *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
# *For the year ended December 31, 2011*

| Federal Grant/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Number | Expenditures |
|---|---|---|---|
| **U.S. Department of Justice** | | | |
| Equitable Sharing for State and Local Law Enforcement Agencies | 16.000 | N/A | $ 316,029 |
| **U.S. Department of Transportation** | | | |
| Passed through the Georgia Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | STP-0006-00(587) | 340,270 |
| | | CSTEE-0009-00(079) | 5,173 |
| | | STP-0010-00(330) | 14,048 |
| Total U.S. Department of Transportation | | | 359,491 |
| **Total Federal Awards** | | | $ 675,520 |

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

## *1. Basis of Presentation*

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal grant activity of the City of Norcross, Georgia, under programs for the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

## *2. Summary of Significant Accounting Policies*

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

***CITY OF NORCROSS, GEORGIA***
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***
***For the year ended December 31, 2011***

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

### *A. Financial Statements*

| | |
|---|---|
| Type of auditor's report issued: | Unqualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | None noted |
| Significant deficiency(ies) identified not considered material weaknesses? | None noted |
| Noncompliance material to financial statements noted? | None noted |

### *B. Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | None noted |
| Significant deficiency(ies) identified not considered material weaknesses? | None noted |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? | None noted |

Identification of major programs:

| | |
|---|---|
| 16.000 | Equitable Sharing for State and Local Law Enforcement Agencies |
| 20.205 | Highway Planning and Construction |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $300,000 |
| Auditee qualified as low-risk auditee? | No |

## *2. Financial Statement Findings*

### *A. Significant Deficiencies*

None reported

### *B. Material Noncompliance*

None reported

### *C. Prior Year Audit Findings Follow-Ups*

No prior audit findings to report.

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

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

***STATE REPORTING SECTION***

# *CITY OF NORCROSS, GEORGIA*
# *SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX*
## *For the year ended December 31, 2011*

| Project | Estimated Cost * Original | Estimated Cost * Current | Expenditures Prior Years | Expenditures Current Year | Expenditures Total |
|---|---|---|---|---|---|
| **2004 SPLOST Referendum** | | | | | |
| Roads Improvements | $ 1,040,250 | $ 1,040,250 | $ 859,565 | $ 950 | $ 860,515 |
| Recreational Facilities | 5,000,500 | 5,436,170 | 6,112,787 | 0 | 6,112,787 |
| Public Safety Facilities and Equipment | 344,324 | 344,324 | 335,760 | 0 | 335,760 |
| Total | $ 6,385,074 | $ 6,820,744 | $ 7,308,112 | $ 950 | $ 7,309,062 |
| Current year expenditures | | | | | $ 950 |
| Expenditures financed through other revenues and transfers from other funds | | | | | 0 |
| Total expenditures of the 2004 SPLOST Capital Projects Fund | | | | | $ 950 |
| **2009 SPLOST Referendum** | | | | | |
| Roads Improvements | $ 1,500,000 | $ 1,500,000 | $ 83,570 | $ 418,631 | $ 502,201 |
| Recreational Facilities | 3,568,281 | 3,568,281 | 1,109,453 | 206,911 | 1,316,364 |
| Administrative Facilities | 2,000,000 | 2,000,000 | 1,476,625 | 458,738 | 1,935,363 |
| Parking Facilities | 2,000,000 | 2,000,000 | 7,485 | 36,566 | 44,051 |
| Total | $ 9,068,281 | $ 9,068,281 | $ 2,677,133 | $ 1,120,846 | $ 3,797,979 |
| Current year expenditures | | | | | $ 1,120,846 |
| Expenditures financed through other revenues and transfers from other funds | | | | | 345,443 |
| Total expenditures of the 2009 SPLOST Capital Projects Fund | | | | | $ 1,466,289 |