CITY OF NORCROSS, GEORGIA

Annual Financial Report

For the year ended December 31, 2013

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

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RUSHTON & COMPANY

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Governmental Auditing Standards*

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
June 16, 2014

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

FINANCIAL HIGHLIGHTS

- The assets of the City of Norcross exceeded its liabilities at the close of the year by $75,365,609 (reported as "net position"). Of this amount $8,207,140 is unrestricted, of which $3,516,588 is Governmental Activities and $4,690,552 is Business-Type Activities. This unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position decreased by $6,332,095.

- The City's governmental funds reported combined ending fund balances of $12,193,516. Approximately 78 percent of this amount, $9,497,619 is available for spending at the City's discretion (unassigned fund balance in the General Fund).

- The City's proprietary funds reported net position of $16,839,678 at year end, a decrease of $8,030,670 as a result of the current year's operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements.

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

Statement of Net Position

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

Statement of Activities

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

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

- **Governmental activities** - Most of the City's basic services are reported under this category. These services include police, infrastructure maintenance, parks and recreation, and general administration. Taxes, fines/forfeitures and intergovernmental revenues (governmental activities) finance most of these activities.

- **Business-Type activities** - The City charges fees to customers to offset most of the cost of certain services it provides. The City's utility and solid waste services are reported under this category.

- **Discretely Presented Component Unit** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Norcross, and, therefore, has been included as an integral part of the primary government.

Fund Financial Statements.

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

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

Governmental funds

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

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

1. Special Revenue Funds
2. Capital Projects Funds

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

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

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

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

Proprietary funds

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

Fiduciary funds

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

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

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

Notes to the financial statements.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

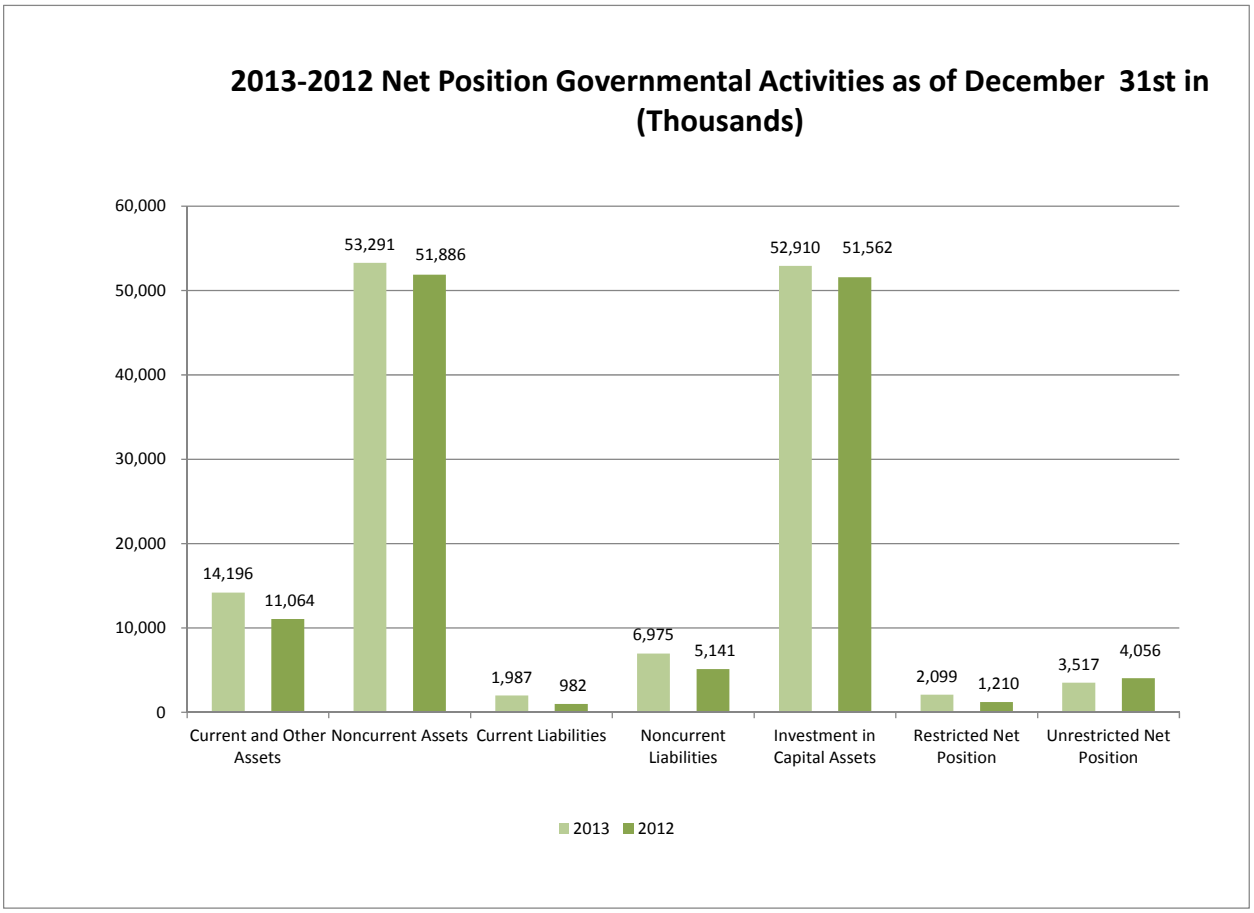
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by $75,365,609 as of December 31, 2013. The following table provides a summary of the City's governmental and business-type net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

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

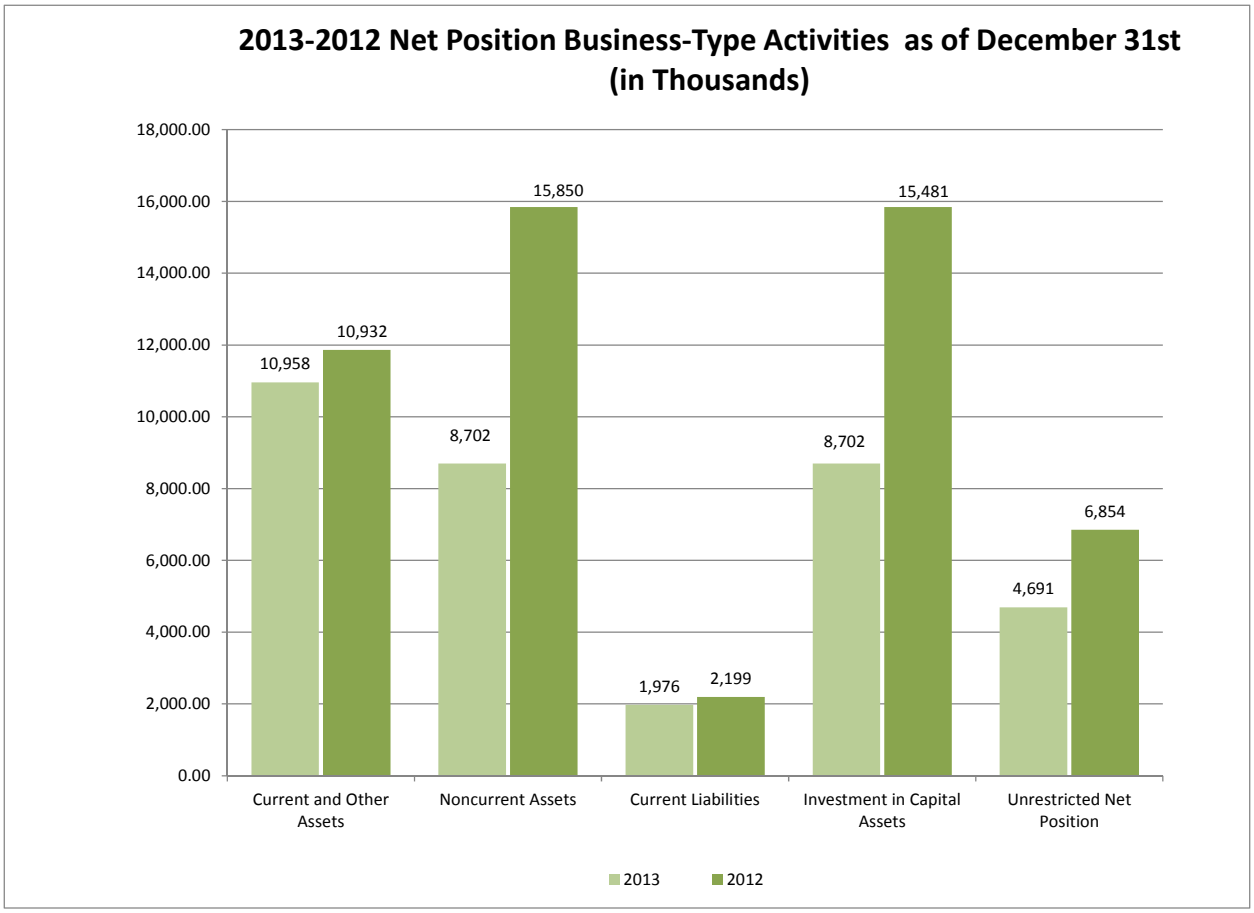
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	$14,196	$11,064	$10,958	$11,867	$25,154	$22,931
Capital Assets	53,099	51,693	8,702	15,850	61,801	67,543
Other Noncurrent Assets	193	193	0	0	193	193
Total Assets	67,488	62,950	19,660	27,717	87,148	90,667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

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

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



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



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

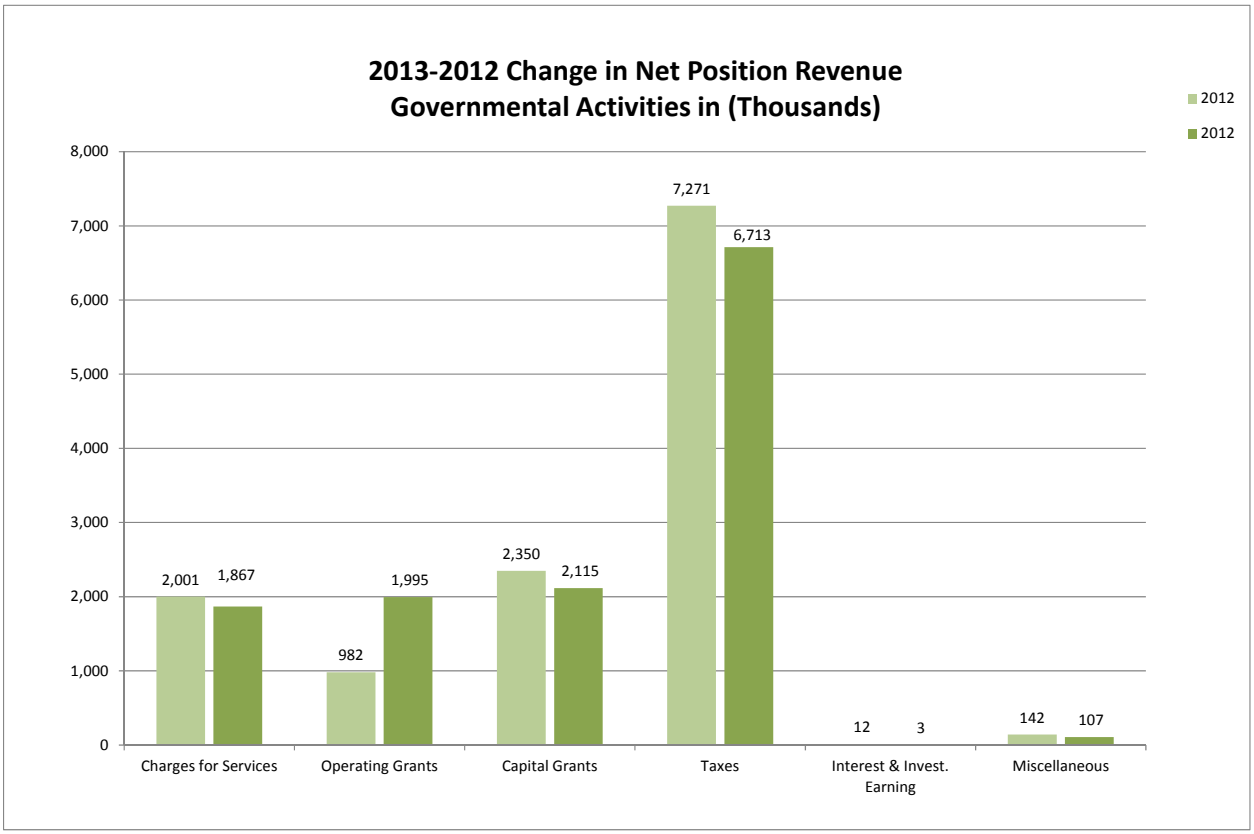
The City's net position decreased by $6,332,095 during the current year. Governmental activities resulted in a increase in net position of $1,698,575 while business-type activities resulted in a decrease of net position of $8,030,670. The following table was derived from the government-wide Statement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

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

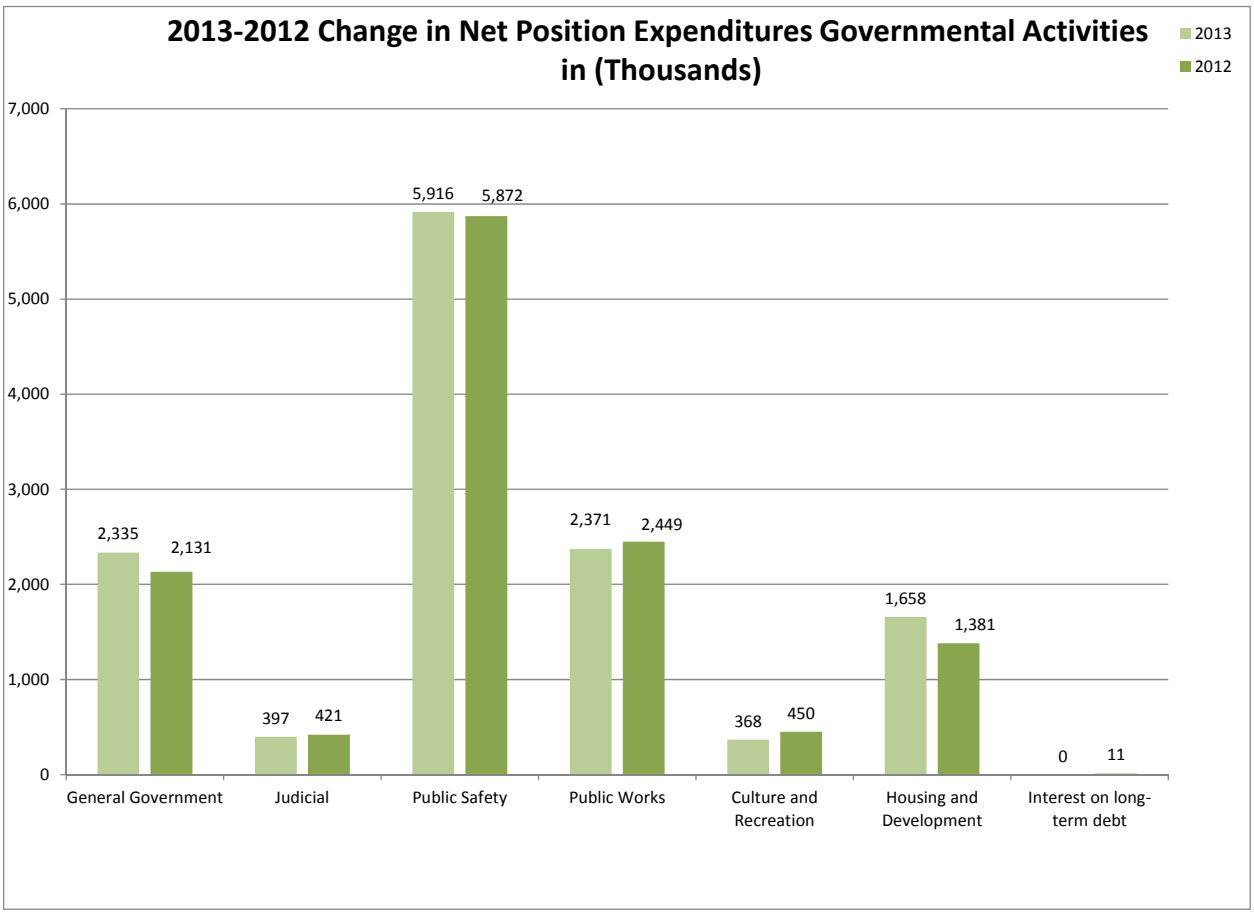
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	$2,001	$1,867	$13,632	$17,147	$15,633	$19,014
Operating Grants	982	1,995	0	0	982	1,995
Capital Grants	2,350	2,115	0	0	2,350	2,115
General Revenues:			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

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

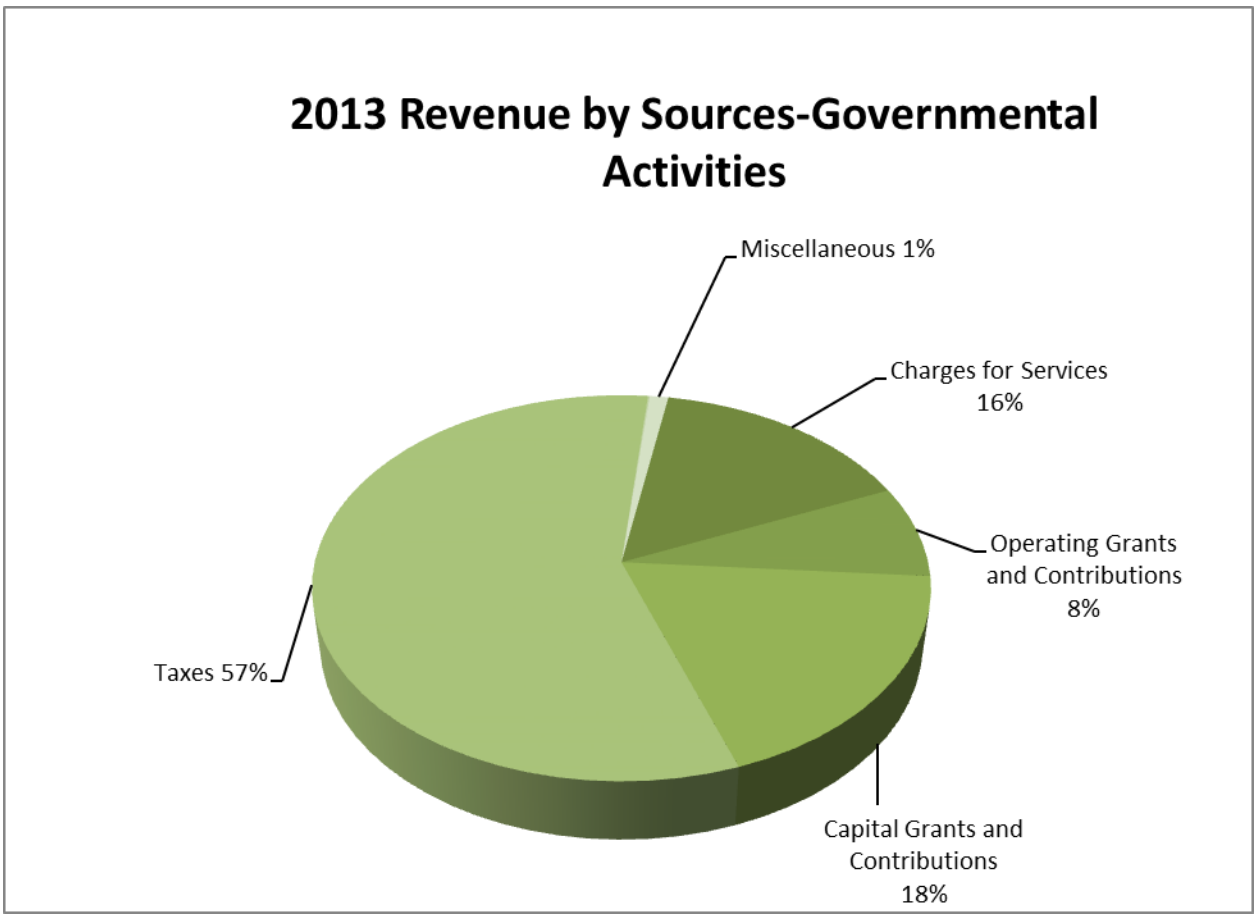
Operating Grants and Contributions decreased 51%, Capital Grants and Contributions increased 11%, Taxes increased 8%, Interest and Investment Earnings increased 325%.



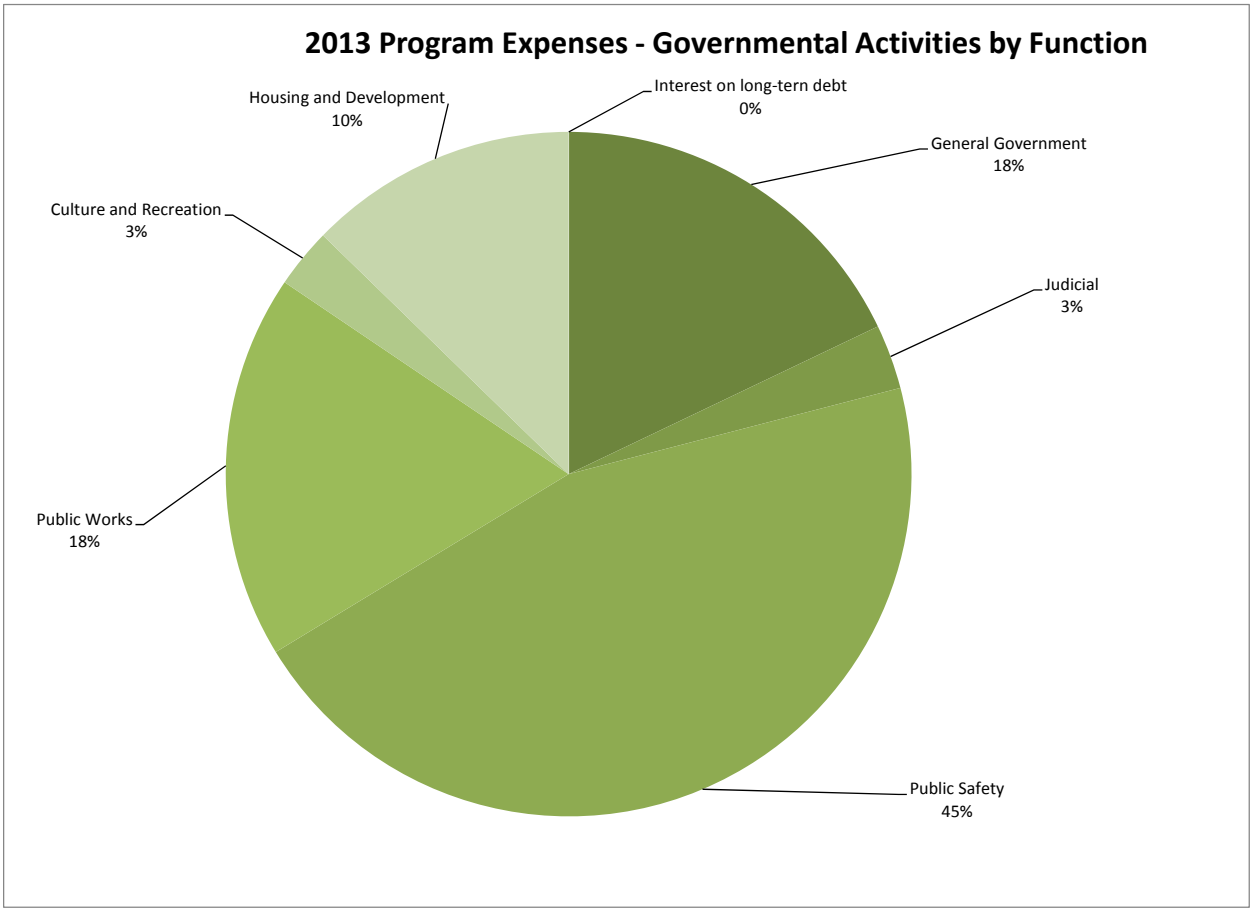
Governmental Activities: General Government expenses increased by 3%, Public Safety increased <1%, Judicial decreased 6%, Culture Art decreased 18%, Public Works decreased 3%, Housing and Development increased 20% and Interest on long term debt decreased 100%.



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

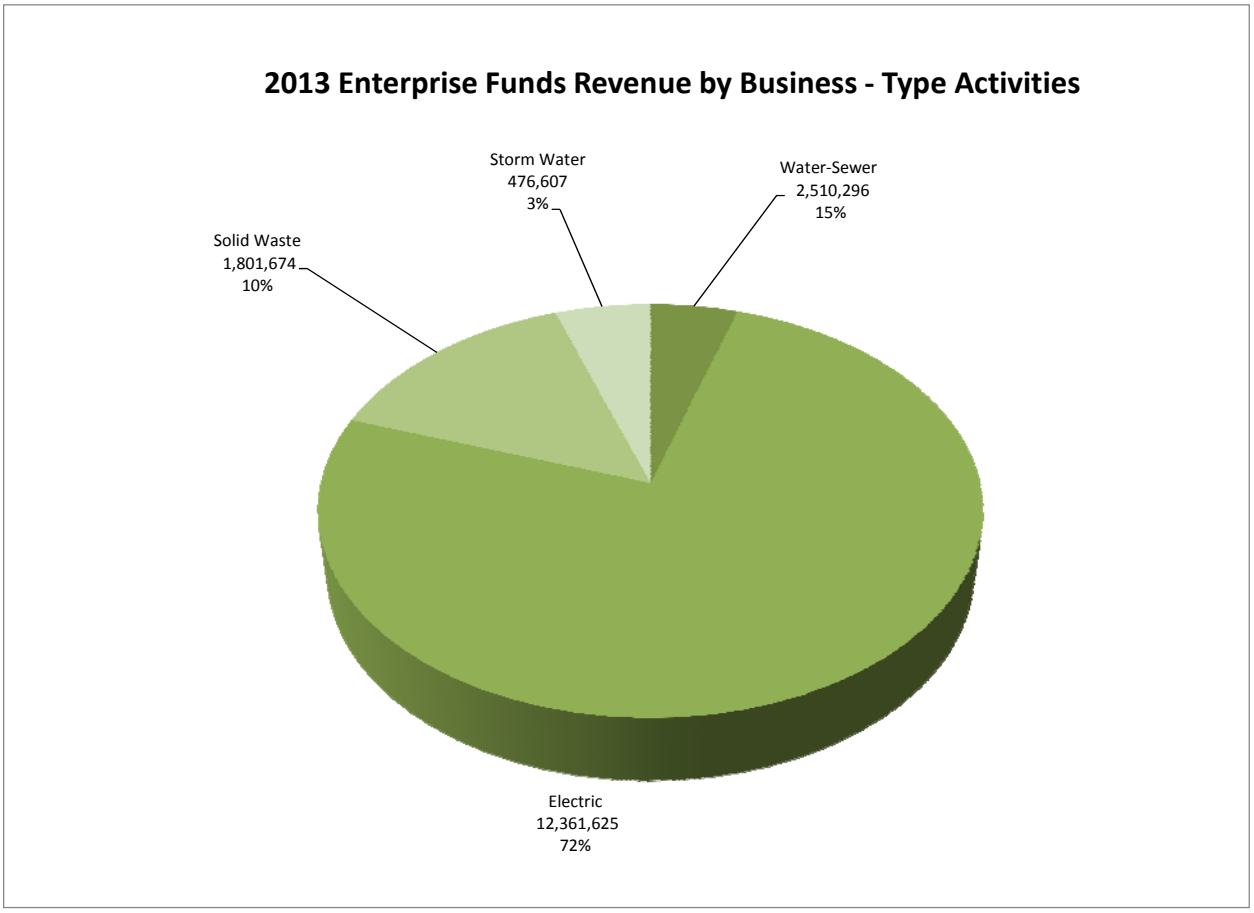


Expenses for the Governmental Activities were $13.0 million, of which Public Safety accounted for 45%, Public Works 18%, General Government 18%, Housing and Development 13%, Judicial 3%, and Culture and Recreation 3% .

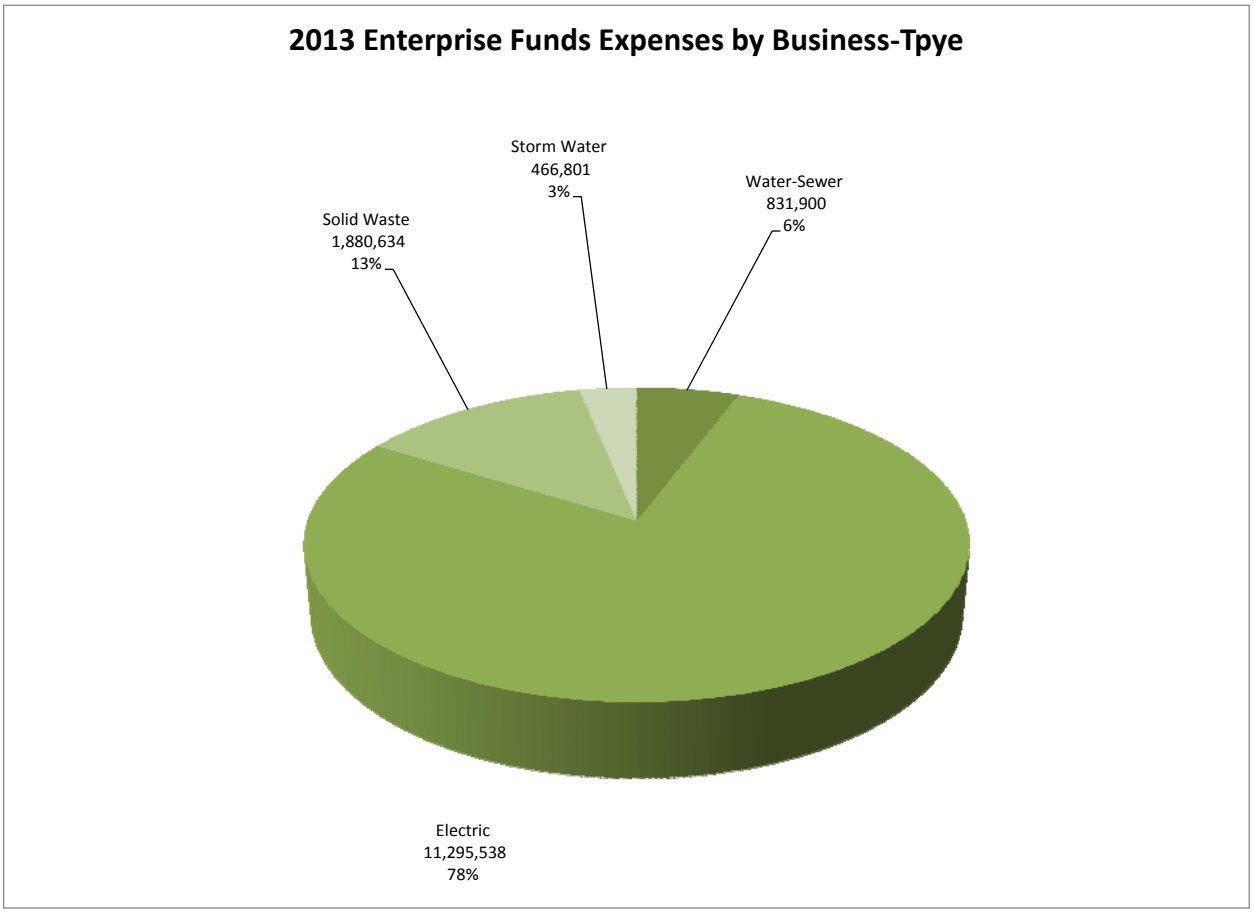


Business-Type Activities. Operations of business-type activities decreased the City's net position by $8,030,670. Key elements of this increase were as follows:

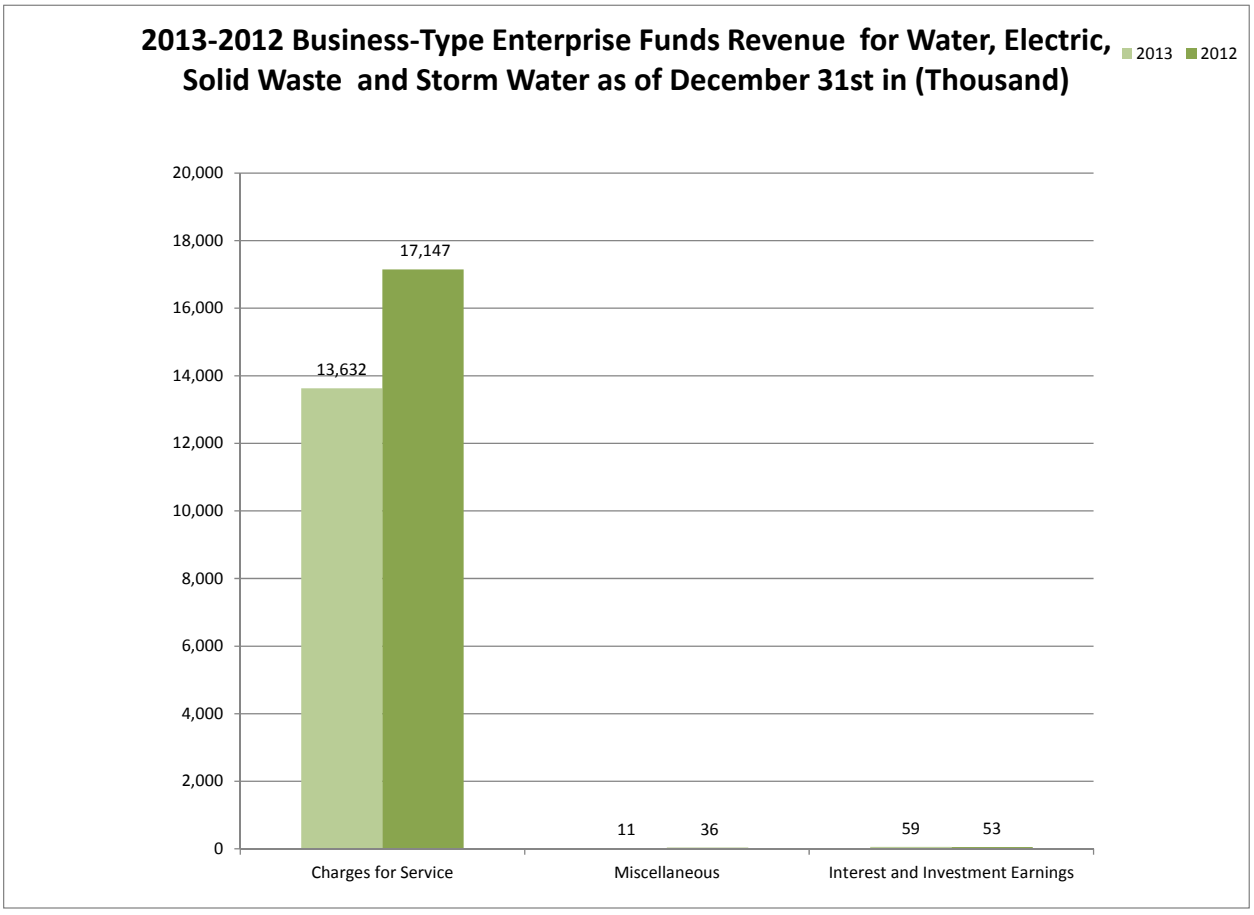
Sales for Business-Type activities were $13,632,095 an decrease of 20% over the prior year sales of $17,147,202.



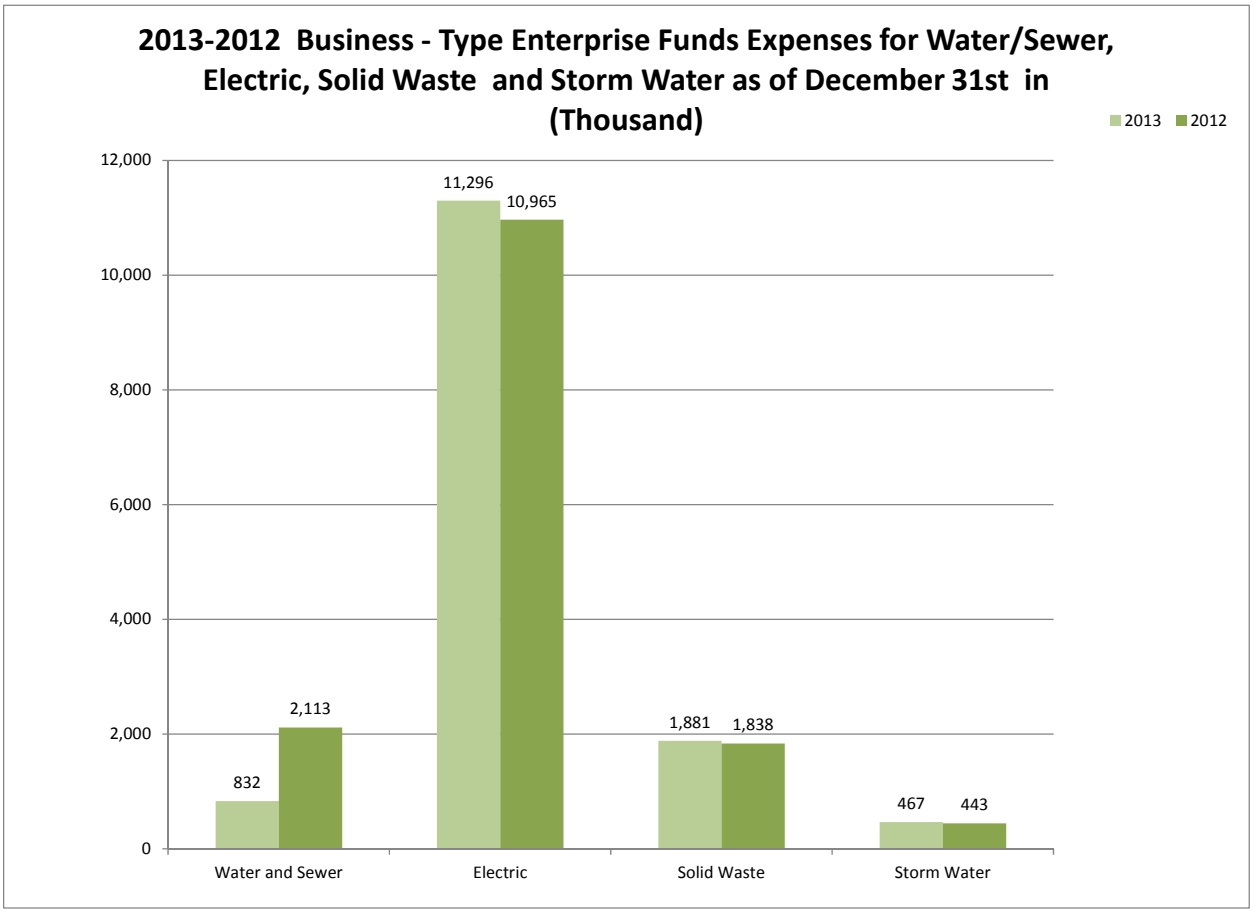
Expenses for the Business-type Activities were $14.4 million, of which Electric accounted for 78%, Water/Sewer 6%, Solid Waste 13% and Storm Water 3%.



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



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



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

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

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

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S INDIVIDUAL FUNDS

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

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

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

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

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

- This increase is due to the ongoing payment as a result of the settlement of the Service Delivery Strategy with the County

- For 2013, there were transfers in of $2,130,440. $2,000,000 was transferred in from the Water Sewer Enterprise Fund and $130,440 was transferred in from the Hotel/Motel Fund.

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

- 2013-2012 Revenues comparison: Revenues for 2013 are $9,106,681 and 2012 revenues were $10,074,184. Revenues decreased by $967,503 which is a decrease of 10% over 2012.

- 2013-2012 Expenditures comparison: Expenditures for 2013 are $10,214,312 and 2012 expenditures were $9,100,575. Expenditures increased by $1,113,737, a 12% increase over 2012.

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

- Tax revenue decreased by $4,194 (<1%) as a result of a slight decrease in various types of taxes.

- Investment earnings increased by $7,371 (360%) due to the market rate being up on investments.

- Licenses and permits decreased by $26,115 (6%) due to the closing of a few businesses.

- Fine, fees and forfeitures increased by $47,202 (4%) over 2012 due to the increase in collection efforts.

- Charges for services increased by $17,051 (13%) due to the increase in fees.

- Other increased by $30,748 (29%) due to the increase in miscellaneous revenue

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

SPECIAL REVENUE FUNDS

- Confiscated Assets Fund: The fund balance for 2012 was $4,807 and for 2013 is $4,810. This is a increase of $3 which is a <1% increase over 2012.

- Hotel/Motel Tax Fund: The fund balance for 2012 was $226,198 and for 2013 is $257,621. This is a increase of $31,423, which is a 14% increase over 2012.

- Federal Seized Drug Fund: The fund balance for 2012 was $9,249 and for 2013 is $80,754. This is an increase of $71,505, which is a 773% increase over 2012.

- Police Grant Fund: The fund balance for 2012 was $0 and for 2013 is $0. All projects are complete and this Grant Fund has been closed out.

- Technology Surcharges Fund: The fund balance for 2012 was $62,469 and for 2013 is $106,041. This is an increase of $43,572, which is a 70% increase over 2012.

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

CAPITAL PROJECTS FUNDS

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

- 2009 Special Purpose Local Option Sales Tax Fund: The fund balance for 2012 is $993,059 and for 2013 is $1,645,727. This is an increase of $652,668.

- Capital Grants: The fund balance for 2012 was $144,490 and for 2013 is $262,112. This is an increase of $117,622 which is a increase of 81% over 2012.

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

PRIOPRIETARY FUNDS

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

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

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

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

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

COMPONENT UNIT

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Governmental and Business-Type

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

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

Governmental Activities : $3,055,282

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

Business-type Activities : $508,131

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

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

Debt Administration

Primary Government:

At the end of 2013 the City had no debt.

Component Unit:

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 2,335,257	$ 160,061	$ 17,201	$ 0	$ (2,157,995)
Judicial	396,917	0	0	0	(396,917)
Public Safety	5,916,036	1,481,572	955,711	557,757	(2,920,996)
Public Works	2,371,194	0	9,150	437,937	(1,924,107)
Culture and Recreation	368,182	55,851	0	1,033,922	721,591
Housing and Development	1,657,871	303,919	0	320,351	(1,033,601)
Total governmental activities	13,045,457	2,001,403	982,062	2,349,967	(7,712,025)
Business-type activities					
Water and Sewer Utility	831,900	655,601	0	0	(176,299)
Electric Utility	11,295,538	10,281,539	0	0	(1,013,999)
Solid Waste	1,880,634	1,974,571	0	0	93,937
Storm Water Utility	466,801	720,384	0	0	253,583
Total business-type activities	14,474,873	13,632,095	0	0	(842,778)
Total primary government	27,520,330	15,633,498	982,062	2,349,967	(8,554,803)
Component Unit					
Downtown Development Authority					
Housing and Development	38,198	0	0	0	(38,198)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (7,712,025)	$ (842,778)	$ (8,554,803)	$ (38,198)
General revenues				
Taxes				
Property	4,328,183	0	4,328,183	0
Franchise	1,127,117	0	1,127,117	0
Insurance premium	470,240	0	470,240	0
Intangibles	72,910	0	72,910	0
Occupational	339,261	0	339,261	0
Alcoholic beverage	241,119	0	241,119	0
Hotel/Motel	692,354	0	692,354	0
Interest and investment earnings	11,831	58,948	70,779	10,704
Payments from City of Norcross	0	0	0	25,000
Miscellaneous	142,012	11,022	153,034	2,998
Exrtaordinary items	0	(5,272,289)	(5,272,289)	(14,391)
Transfers	1,985,573	(1,985,573)	0	0
Total general revenues, special items, and transfers	9,410,600	(7,187,892)	2,222,708	24,311
Change in net position	1,698,575	(8,030,670)	(6,332,095)	(13,887)
Net position - beginning	56,827,356	24,870,348	81,697,704	195,708
Net position - ending	$ 58,525,931	$ 16,839,678	$ 75,365,609	$ 181,821

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

Total fund balance - total governmental funds		$ 12,193,516
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds. These are:		
Capital assets, net of accumulated depreciation		53,098,981
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are:		
Property taxes		366,321
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences	(157,562)	
Net OPEB obligations	(6,975,325)	(7,132,887)
Net position of governmental activities		$ 58,525,931

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, 2013

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

See accompanying notes to the financial statements.

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

Net change in fund balances - total governmental funds		$ 1,779,182
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 3,105,214	
Depreciation	(1,700,062)	1,405,152
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred inflows.		345,306
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Compensated absences	3,091	
Net OPEB obligations	(1,834,156)	(1,831,065)
Change in net position of governmental activities		$ 1,698,575

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, 2013

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

Noncash investing, capital, and financing activities:

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

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

See accompanying notes to the financial statements.

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

	Municipal Court Agency Fund
ASSETS	
Cash and cash equivalents	$ 143,311
LIABILITIES	
Due to other agencies	$ 143,311

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. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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 2013.

C. Basis of Presentation – Government-wide Financial Statements

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

2. Summary of Significant Accounting Policies (continued)

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

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

Fiduciary Fund Types

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

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Component Units

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

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

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

E. Measurement Focus and Basis of Accounting

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

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

F. Revenues and Expenditures/Expenses

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

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

G. Budgets and Budgetary Accounting

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

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

H. Cash and Investments

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

I. Intergovernmental Receivables

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

J. Inventories

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

K. Prepaid Items

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

L. Capital Assets

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

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

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

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

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

	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
Intangibles	15	$ 2,000

2. Summary of Significant Accounting Policies (continued)

L. Capital Assets, continued

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

M. Deferred Outflows/Inflows of Resources

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

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

2. Summary of Significant Accounting Policies (continued)

N. Compensated Absences

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

O. Long-Term Obligations

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

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

P. Capital Contributions

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

2. Summary of Significant Accounting Policies (continued)

Q. Net Position Flow Assumption

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

R. Fund Balance Flow Assumption

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

S. Restricted Assets and Restricted Net Position

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

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

2. Summary of Significant Accounting Policies (continued)

T. Fund Balances – Governmental Funds

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

T. Fund Balances – Governmental Funds, continued

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

U. Comparative Data and Reclassifications

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

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

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

Interest Rate Risk

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

3. Deposit and Investment Risk (continued)

Credit Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

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

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

3. Deposit and Investment Risk (continued)

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAf 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 AAAf by Standard & Poor's. The weighted average maturity at December 31, 2013 was 59 days. At December 31, 2013, the City's balance in Georgia Fund 1 was $33,157.

4. Accounts Receivable

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

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

5. Intergovernmental Receivables

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

Major Funds		
General Fund		
City of Norcross Downtown Development Authority	$	45,422
2009 SPLOST Capital Projects		
Gwinnett County, Georgia		273,701
Nonmajor Funds		
Grants Capital Projects Fund		
Georgia Department of Transportation		557,953
Total primary government	$	877,076

6. Taxes Receivable

Property Taxes

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

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

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

6. Taxes Receivable (continued)

Other Taxes

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

7. Interfund Receivables and Payables

A summary of interfund receivables and payables is as follows:

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

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

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

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

8. Interfund Transfers

A summary of interfund transfers is as follows:

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

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, 2013 was as follows:

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

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, 2013 was as follows:

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

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 254,059
Judicial	922
Public Safety	324,684
Public Works	1,028,570
Culture and Recreation	59,034
Housing and Development	32,793
Total depreciation expense for governmental activities	$ 1,700,062
Business-type activities	
Water and Sewer Utility	$ 83,396
Electric Utility	258,989
Storm Water Utility	41,751
Total depreciation expense for business-type activities	$ 384,136

10. Property held for Resale

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

11. Notes Receivable

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

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

Annual service requirements for note receivable are as follows:

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

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

Downtown Development Authority Component Unit

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

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

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

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
2014	$ 3,717	$ 2,238	$ 5,955
2015	3,830	2,125	5,955
2016	3,946	2,009	5,955
2017	217,638	1,428	219,066
Totals	$ 229,131	$ 7,800	$ 236,931

Changes in Long-Term Debt

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

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

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

14. Intradepartmental Billings

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

15. Retirement Plans

Plan Description

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

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

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

15. Retirement Plans (continued)

Plan Description, continued

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

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

Current Membership is as follows:

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

Funding Policy

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

15. Retirement Plans (continued)

Funding Policy, continued

These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1986 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at July 1, 2013 varies for the bases. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Annual Pension Cost

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

15. Retirement Plans (continued)

Historical Trend Information

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

Schedule of Employer Contributions

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

Schedule of Funding Progress

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

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

16. Deferred Compensation Plans

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

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

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

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

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

17. Post-employment Health Care Benefits

Plan Description

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

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

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

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	18
Active participants	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 $7,420, through their required contributions of $60.00, $100.00, $7.75, and $1.14 per month for single health coverage without Medicare, family health coverage without Medicare, family health coverage with Medicare, and family dental coverage, respectively.

17. Post-employment Health Care Benefits (continued)

Funding Policy

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

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

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

17. Post-employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

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

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

Historical Trend Information

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

Schedule of Employer Contributions

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

17. Post-employment Health Care Benefits (continued)

Historical Trend Information, continued

Schedule of Funding Progress

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

18. Hotel/Motel Lodging Tax

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(b). The City is 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. A summary of the transactions for the year ending December 31, 2013, follows:

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

19. Joint Ventures

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

19. Joint Ventures (continued)

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

20. Related Organizations

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

21. Risk Management

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

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

21. Risk Management (continued)

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

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

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

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

22. Extraordinary Item

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

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

23. Commitments and Contingencies

Commitments

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

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

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

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

23. Commitments and Contingencies (continued)

Commitments, continued

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

Projects	Amount Expended Date	Remaining Commitment
Sidewalk Improvement project	$ 35,501	$ 146,299

Contingencies

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

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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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, 2013 and 2012

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

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

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

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

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

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

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

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

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

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

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

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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, 2013 and 2012

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 0	$ 0
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for capital projects	$ 0	$ 0

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

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

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

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

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

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

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

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

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

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

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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 POSITION
December 31, 2013 and 2012

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

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

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

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

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

Noncash investing, capital, and financing activities:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Noncash investing, capital, and financing activities:

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

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

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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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 143,311	$ 141,761
LIABILITIES		
Due to other agencies	$ 143,311	$ 141,761

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

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

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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, 2013 and 2012

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

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

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

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SINGLE AUDIT SECTION

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

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

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

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

City of Norcross, Georgia's Response to Findings

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
June 16, 2014

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
June 16, 2014

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

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

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, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. Summary of Significant Accounting Policies

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

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

1. Summary of the Auditor's Results

A. Financial Statements

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

B. Federal Awards

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

2. Financial Statement Findings

A. Current Year Audit Findings

Comment 13-1

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

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

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

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

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

B. Prior Year Audit Findings Follow-Ups

Comment 12-1

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

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

Comment 13-2

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

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

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.

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STATE REPORTING SECTION

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

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