CITY OF NORCROSS, GEORGIA

Annual Financial Report

For the year ended December 31, 2014

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CITY OF NORCROSS, GEORGIA
FINANCIAL REPORT
For the year ended December 31, 2014

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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, 2014, 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, 2014, 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, 2013, which are not presented with the accompanying financial statements. In our report dated June 16, 2014, 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 2013 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 2013 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 2013 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 2013 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 26, 2015, 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 26, 2015

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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, 2014. 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 $80,281,170 (reported as "net position"). Of this amount $9,050,158 is unrestricted, of which $3,662,004 is Governmental Activities and $5,388,154 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 increased by $4,915,561.

- The City's governmental funds reported combined ending fund balances of $14,789,915. Approximately 69 percent of this amount, $10,231,228 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 $19,130,155 at year end, an increase of $2,290,477 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 79.

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), 2014 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 37-78 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

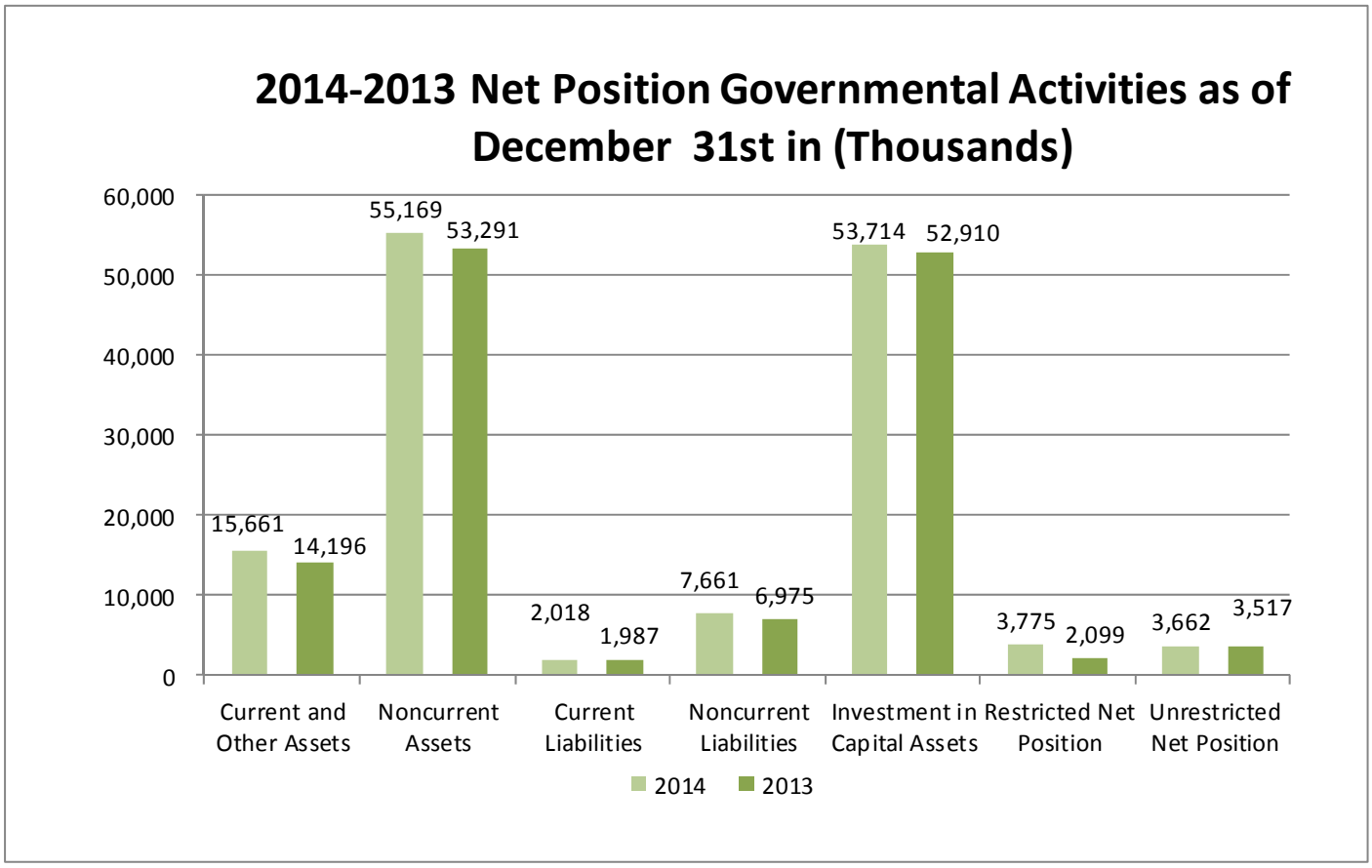
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by $80,281,170 as of December 31, 2014. The following table provides a summary of the City's governmental and business-type net position for the years ended December 31.

City of Norcross
Net Position as of December 31, 2014 and 2013
(in Thousands)

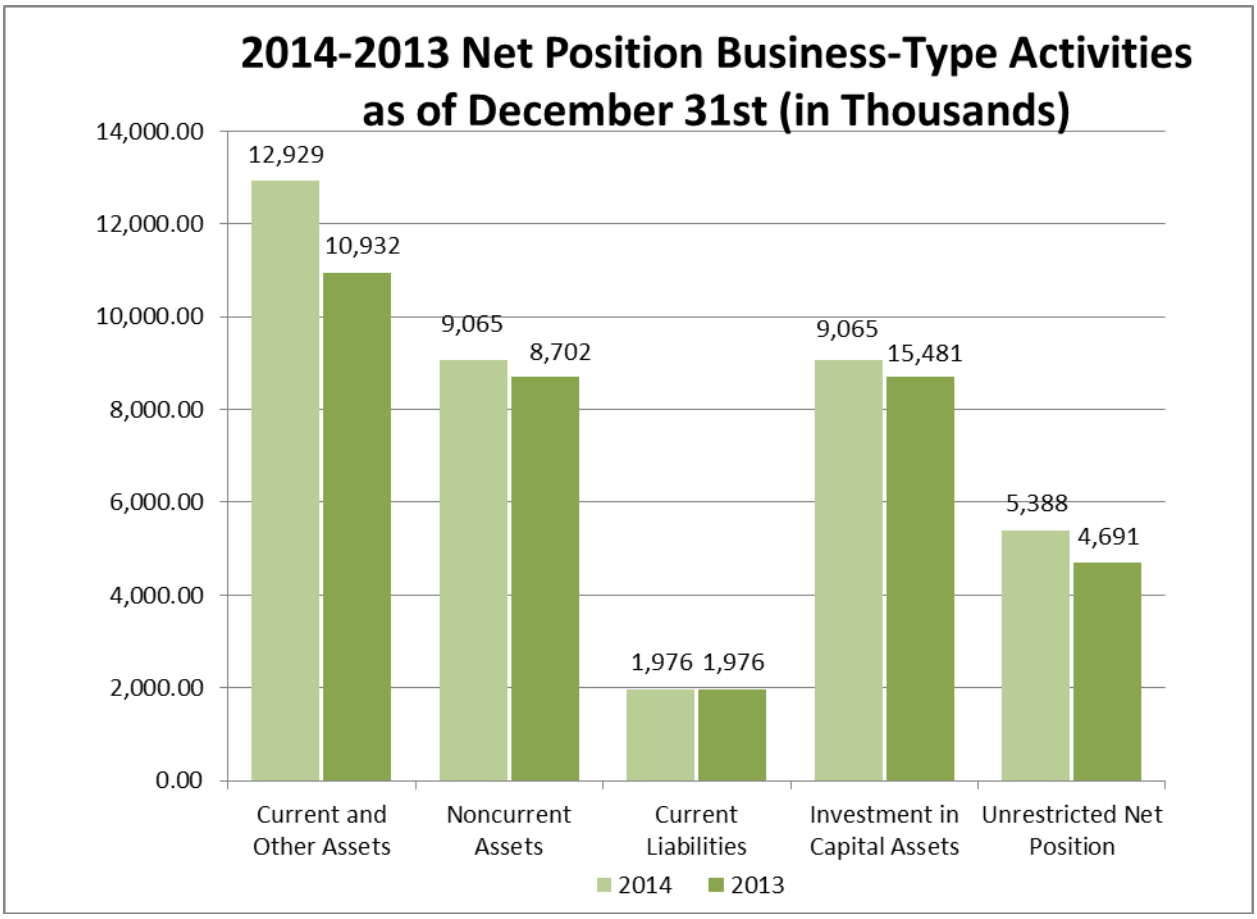
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	$15,661	$14,196	$12,929	$10,958	$28,590	$25,154
Capital Assets	54,191	53,099	9,065	8,702	63,256	61,801
Other Noncurrent Assets	978	193	0	0	978	193
Total Assets	70,830	67,488	21,994	19,660	92,824	87,148
Current Liabilities	2,018	1.987	1,976	1,976	3,994	3,963
Long-term Liabilities	7,661	6,975	887	844	8,548	7,819
Total Liabilities	9,679	8,961	2,863	2,820	12,542	11,782
Net Investment in Capital Assets	53,714	52,910	9,065	8,702	62,779	61,612
Restricted Net Position	3,775	2,099	4,678	3,447	8,453	5,546
Unrestricted Net Position	3,662	3,517	5,388	4,691	9,050	8,208
Total Net Position	$61,151	$58,526	$19,131	$16,840	$80,282	$75,366

The largest portion of the City's net position as of December 31, 2014 (88%) 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 2% over 2013. Unrestricted net position increased in 2014 by 4%.



Business-Type: Current assets increased by 18%, capital assets increased by 4%, and unrestricted net position increased by 15%.



Restricted net position of the primary government totaling $8,452,253 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 $9,050,158 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 $5,388,154 at the end of the year.

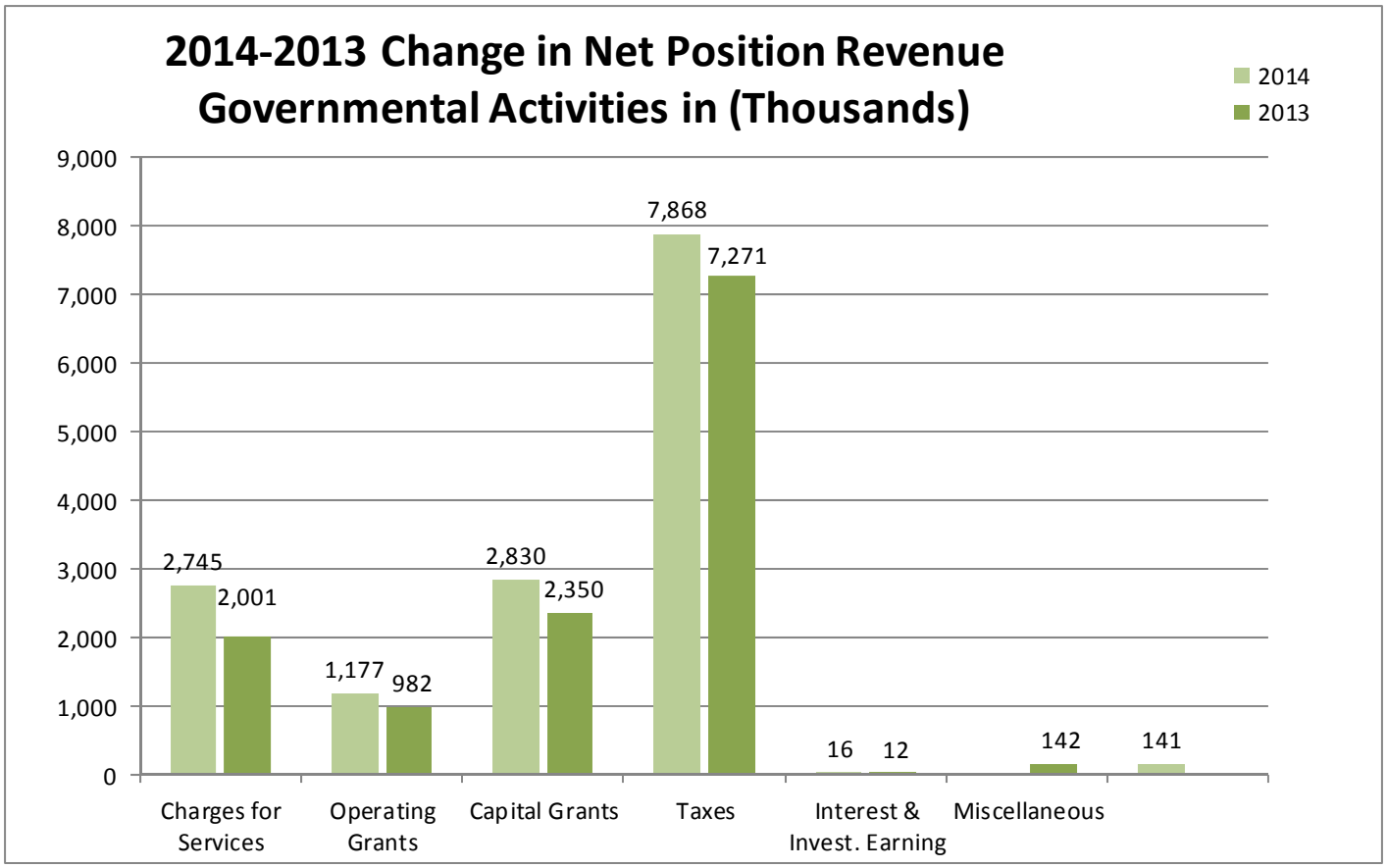
The City's net position increased by $4,915,561 during the current year. Governmental activities resulted in a increase in net position of $2,625,084 while business-type activities resulted in an increase of net position of $2,290,477. The following table was derived from the government-wide Statement 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, 2014 and 2013
(in Thousands)

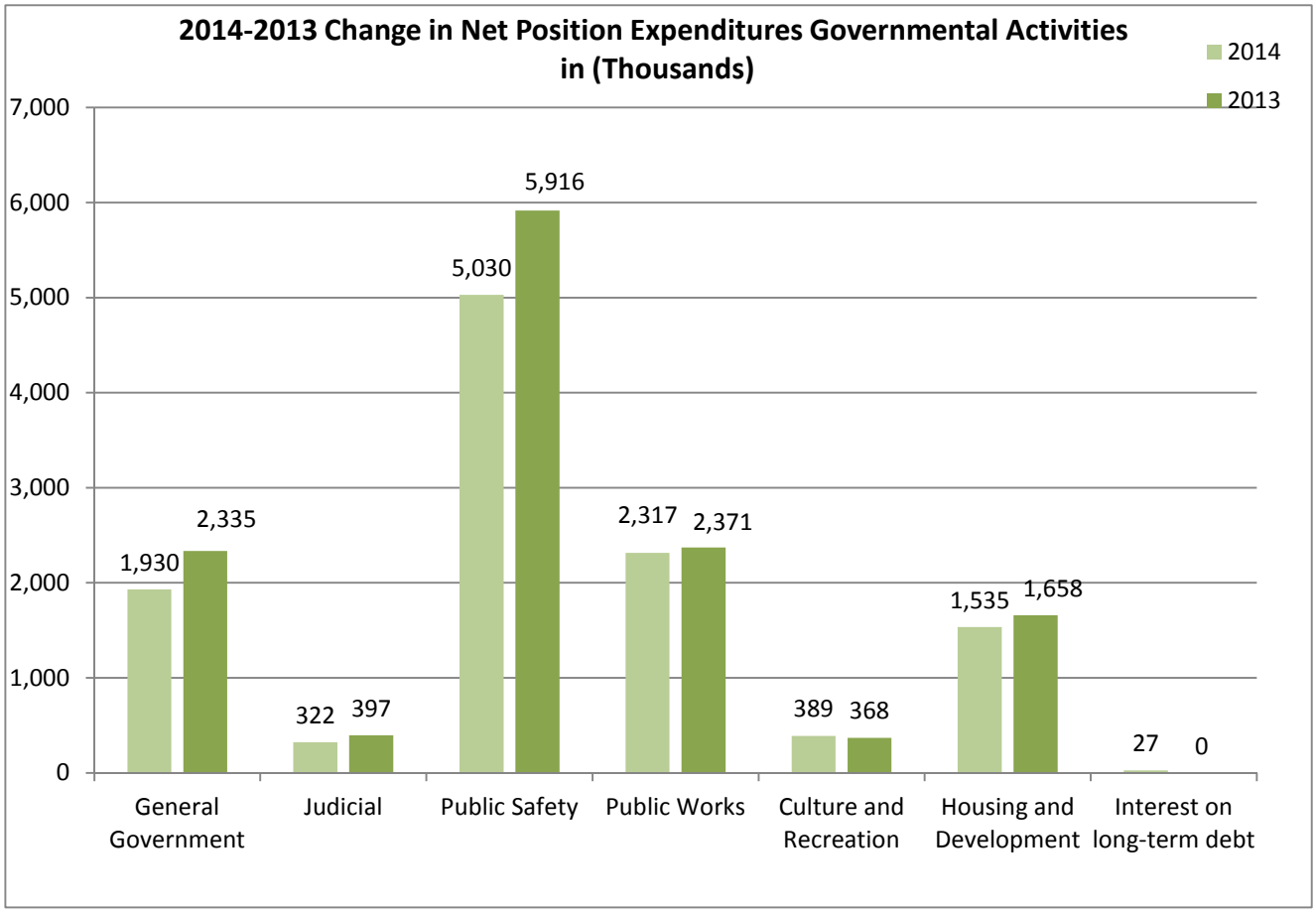
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	$2,745	$2,001	$16,145	$13,632	$18,890	$15,633
Operating Grants	1,177	982	0	0	1,177	982
Capital Grants	2,830	2,350	0	0	2,830	2,350
General Revenues:						
Taxes	7,868	7,271	0	0	7,868	7,271
Interest and Investment Earnings	16	12	130	59	146	71
Payment component	0	0	0	0	0	0
Miscellaneous	141	142	3	11	144	153
Total Revenues	**14,777**	**12,758**	**16,278**	**13,702**	**31,055**	**26,460**
Expenses:						
General Government	1,930	2,335	0	0	1,930	2,335
Judicial	322	397	0	0	322	397
Public Safety	5,030	5,916	0	0	5,030	5,916
Public Works	2,317	2,371	0	0	2,317	2,371
Culture and Recreation	389	368	0	0	389	368
Housing and Development	1,535	1,658	0	0	1,535	1,658
Interest on long-term debt	27	11	0	0	27	11
Water and Sewer	0	0	0	832	0	832
Electric	0	0	12,816	11,296	12,816	11,296
Solid Waste	0	0	2,380	1,881	2,380	1,881
Storm Water	0	0	511	466	511	466
Total Expenses	**11,550**	**13,045**	**15,707**	**14,475**	**27,257**	**27,520**
Increase in net position before extraordinary items and transfers	**3,227**	**(287)**	**1,688**	**(773)**	**4,915**	**(1,060)**
Extraordinary item	0	0		(5,272)		(5,272)
Transfers	(602)	1,986	602	(1,986)	0	0
Change in Net Position	**2,625**	**1,699**	**2,290**	**(8,031)**	**4,915**	**(6,332)**
Net Position - January 1	58,526	56,827	16,840	24,110	75,366	79,735
Prior period adjustments	0	0	0	0	0	0
Dec. 31 Net Position	**$61,151**	**$58,526**	**$19,130**	**$24,870**	**$80,281**	**$81,697**

Governmental Activities. Governmental Activities increased the City's net position by $2,625,084. Revenues for the City's governmental activities increased by 16% ($2,018,792) over 2013. This increase in revenue was the result of an increase in insurance premium tax. Expenses are down by 11% over 2013 ($1,495,250). This decrease in expenses was the result of an decrease in the General Government and Public Safety functions.

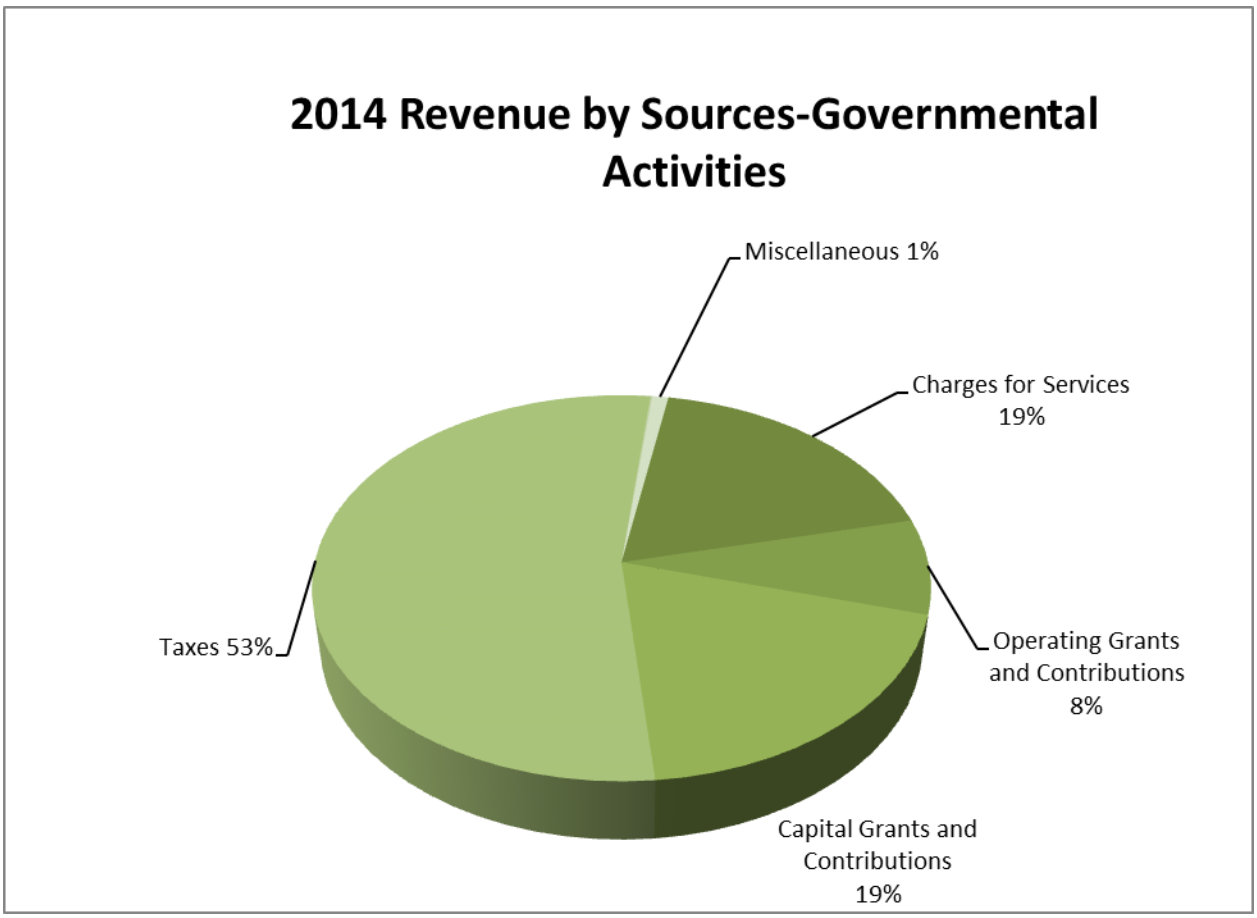
Operating Grants and Contributions increased 20%, Capital Grants and Contributions increased 20%, Taxes increased 8%, Interest and Investment Earnings increased 32%.



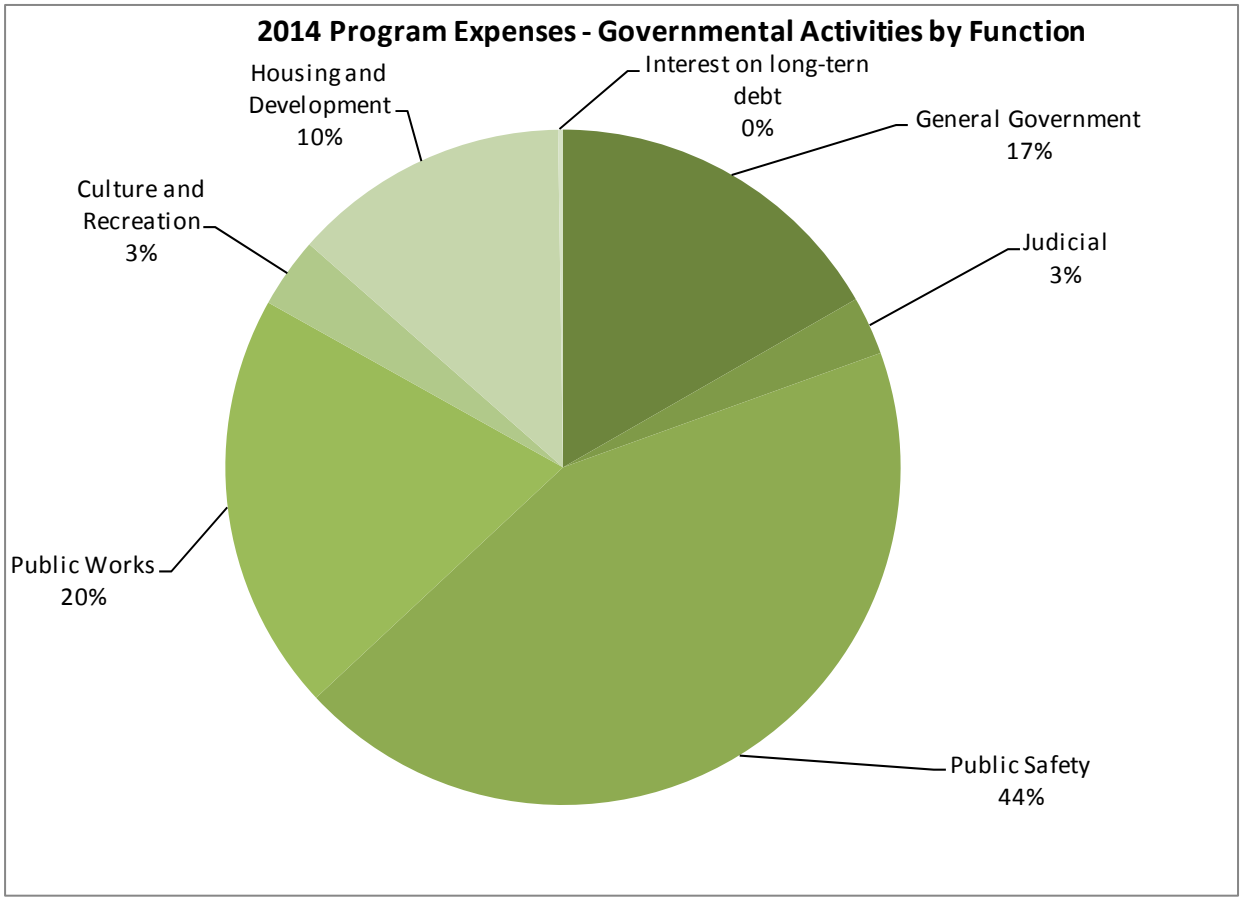
Governmental Activities: General Government expenses decreased by 17%, Public Safety decreased 15%, Judicial decreased 19%, Culture Art increased 6%, Public Works increased 2%, Housing and Development decreased 7% and Interest on long term debt increased 100%.



Revenue for governmental activities was $14.77 million. The major revenue sources were taxes (53%), capital grants and contributions (19%), charges for services (19%), operating grants and contributions (8%) and miscellaneous (1%).

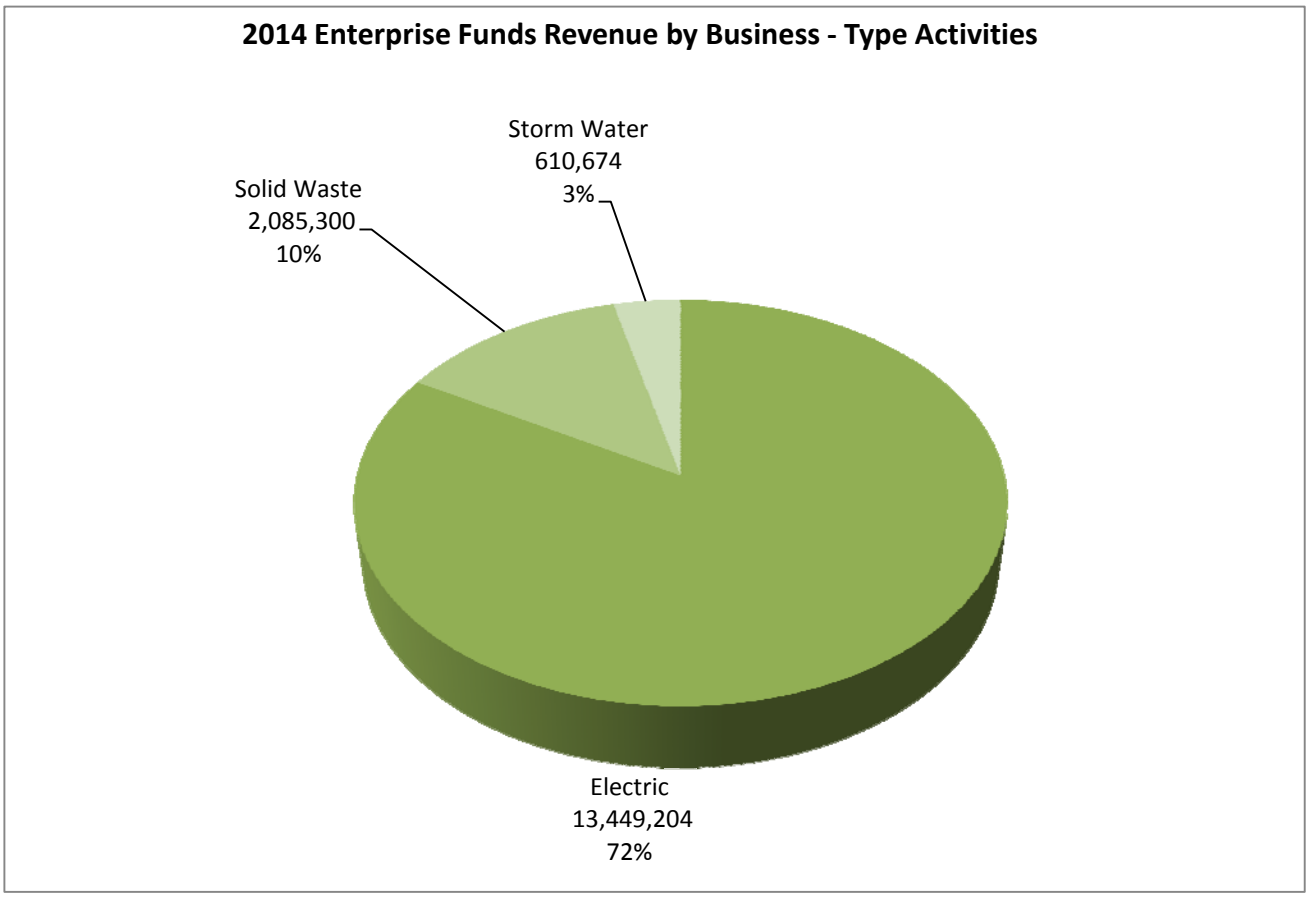


Expenses for the Governmental Activities were $11.5 million, of which Public Safety accounted for 44%, Public Works 20%, General Government 17%, Housing and Development 13%, Judicial 3%, and Culture and Recreation 3% .

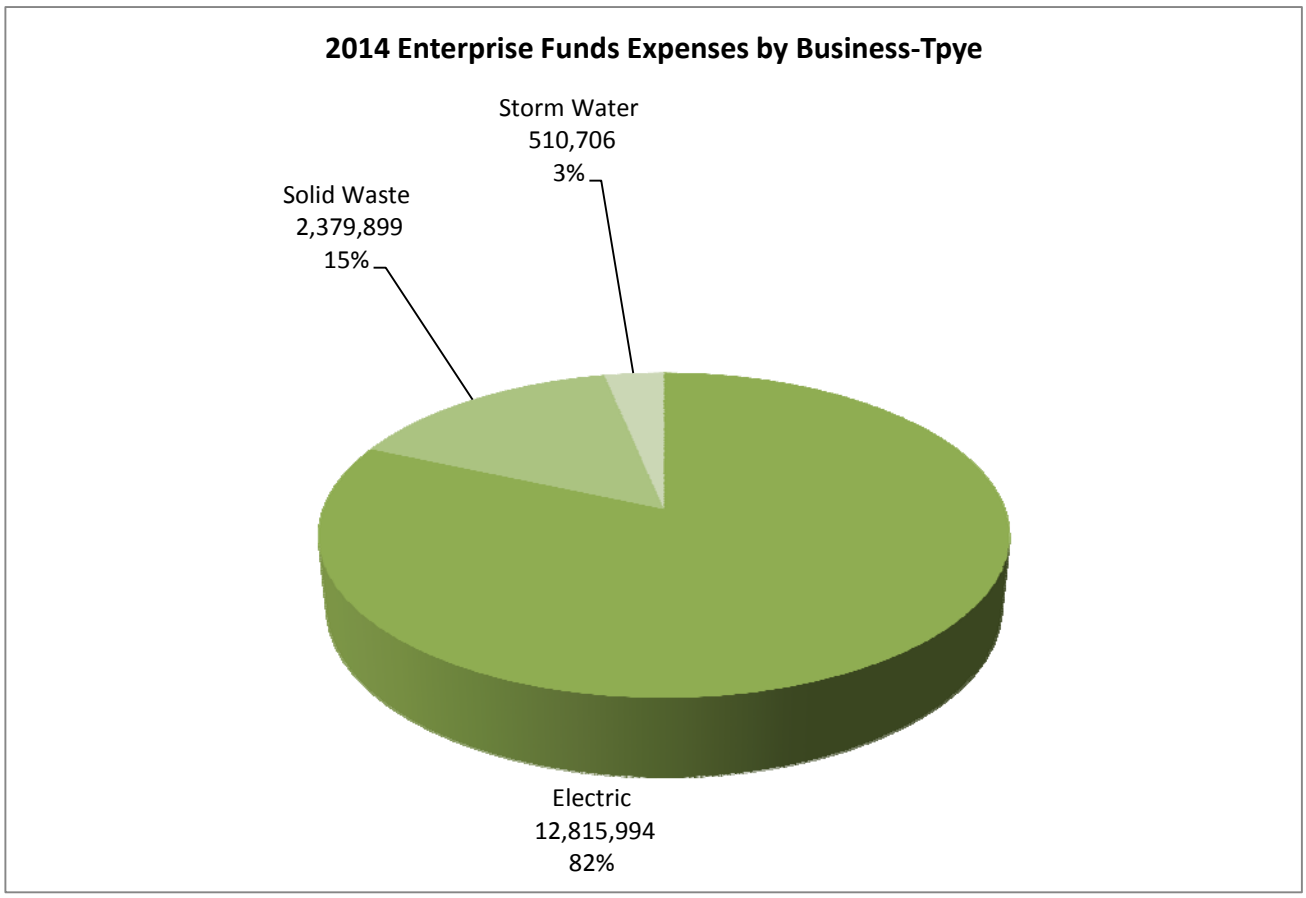


Business-Type Activities. Operations of business-type activities increased the City's net position by $2,290,477. Key elements of this increase were as follows:

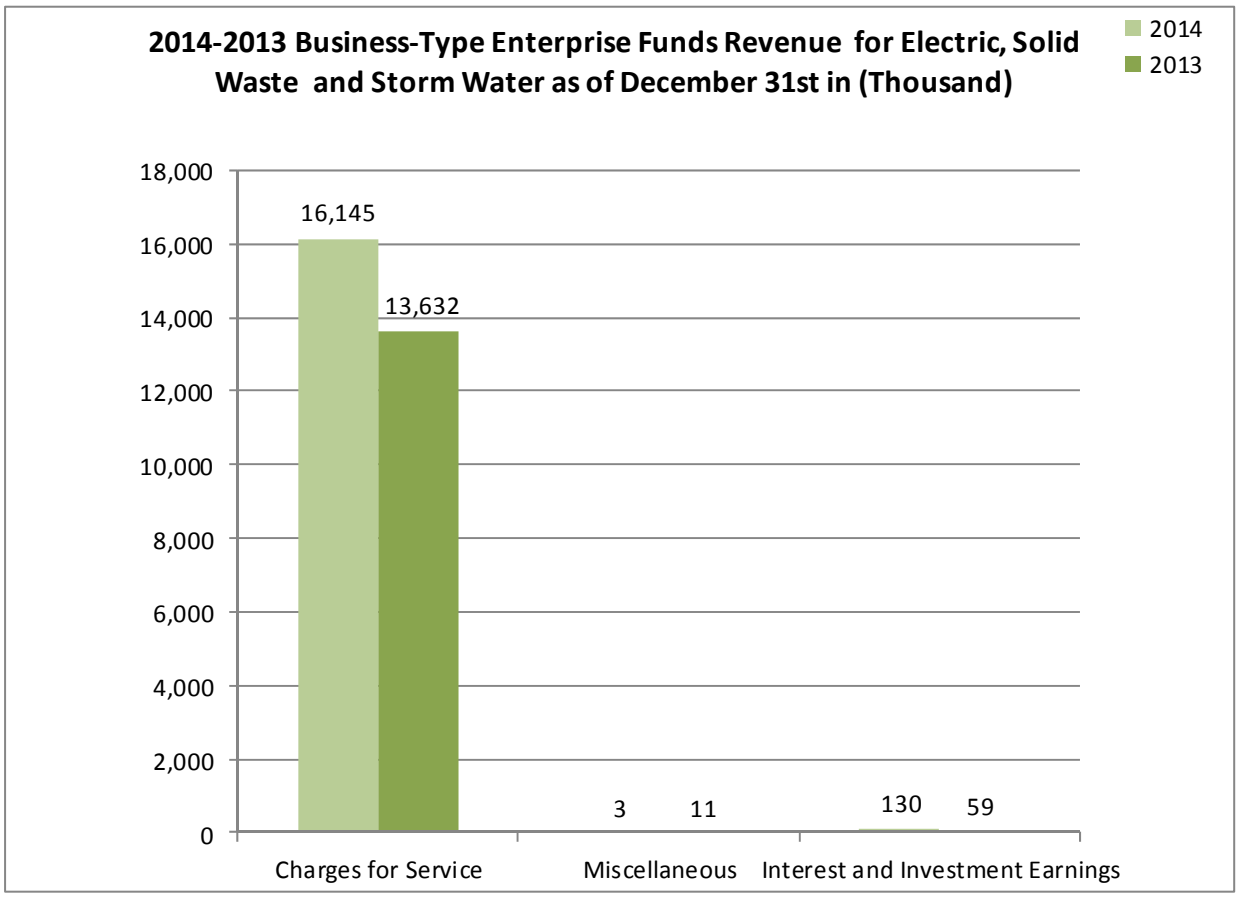
Sales for Business-Type activities were $16,145,178 an increase of 18% over the prior year sales of $13,632,095.



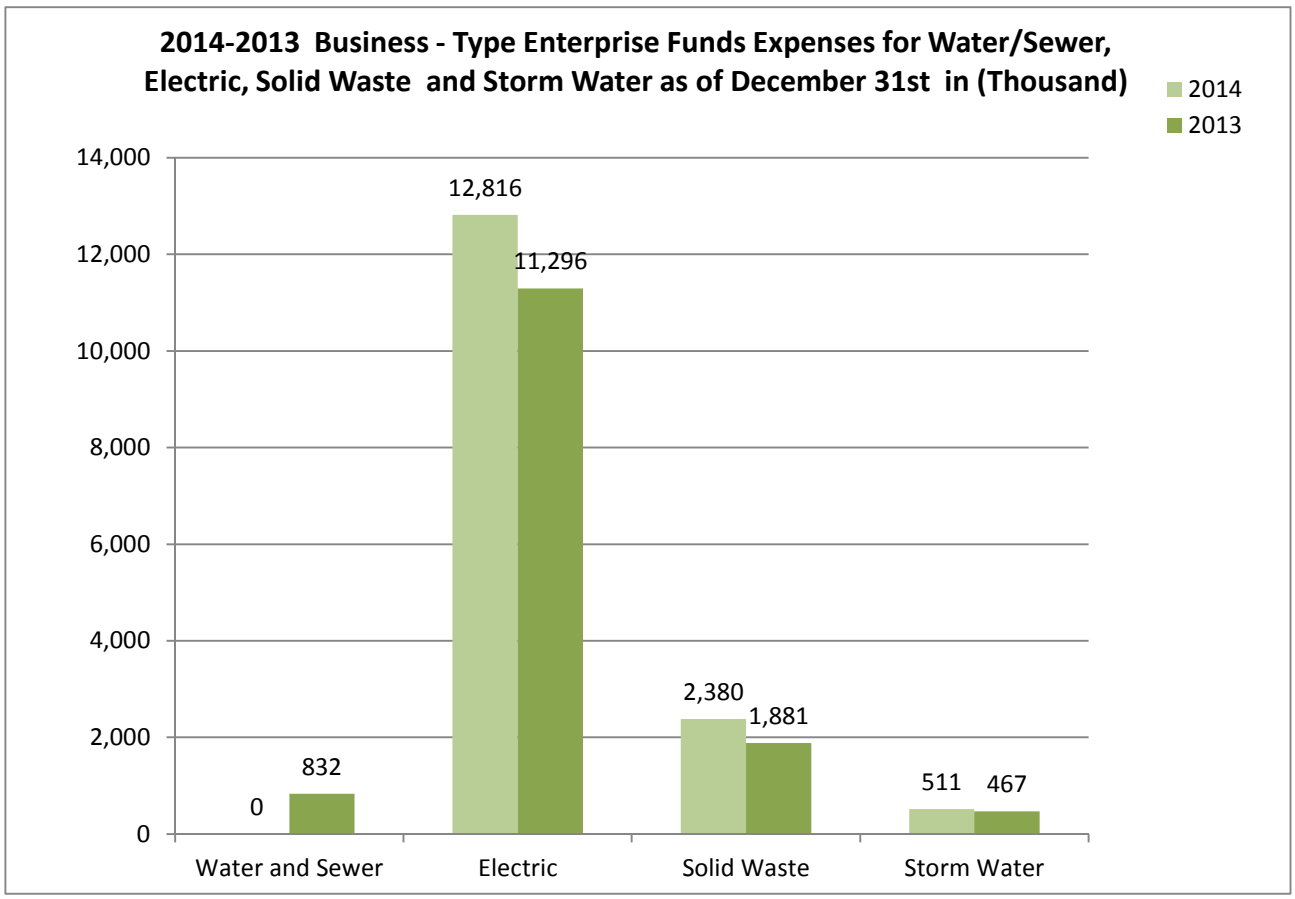
Expenses for the Business-type Activities were $15.7 million, of which Electric accounted for 82%, Solid Waste 15% and Storm Water 3%.



Business-Type; Electric, Storm Water, and Solid Waste charges for services increased 18%, Miscellaneous decreased 76% and Interest on Investment Earning increased by 121%



Business-Type: Water/Sewer expenses decreased 100%, Electric increased 14%, Solid Waste increased 27% and Storm Water increased 9%.



The Water and Sewer Utility Enterprise Fund net position decreased by $1,220,300. The decrease in net position was due to the transfer to the General Fund compared to $7,323,894 in 2013.

The Electric Utility Enterprise Fund net position increased by $3,697,594. This was a increase from 2013 of $928,172 due to raising the electrical rates due to the rise in the cost of purchased power.

The Solid Waste Utility Enterprise Fund net position decreased by $290,231. This is a decrease from 2013 of a gain of $99,504 due to the increase in cost of service.

The Storm Water Utility Fund net position decreased by $103,414. This is a decrease from 2013 of $121,892 due to an increase in personal services.

Review pages 103-114 (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 $10,653,234 an increase of $816,783 or (8%) in comparison with the prior year. Approximately 95.9% of this amount ($10,231,228) 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 96% of total general fund expenditures for the current year.

Key factors in the increase of the General Fund's fund balance of $816,783 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 2014, there were transfers in of $1,469,170. $1,220,300 was transferred in from the Water Sewer Enterprise Fund and $248,870 was transferred in from the Grants Capital Projects Fund.

Below is a breakdown of 2014-2013 Revenues and Expenses comparison:

- 2014-2013 Revenues comparison: Revenues for 2014 are $10,663,938 and 2013 revenues were $9,106,682. Revenues increased by $1,557,256 which is an increase of 17% over 2013.

- 2014-2013 Expenditures comparison: Expenditures for 2014 are $9,830,108 and 2013 expenditures were $10,214,312. Expenditures decreased by $384,204, a 4% decrease over 2013.

Below are several revenue line items that have an increase (decrease) in revenue over 2013.

- Tax revenue increased by $1,242,755 (20%) as a result of a increase in various types of taxes.

- Investment earnings increased by $3,409 (36%) due to the market rate being up on investments.

- Licenses and permits increased by $135,413 (31%) due to the opening of several businesses.

- Fine, fees and forfeitures increased by $66,412 (6%) over 2013 due to the increase in collection efforts.

- Charges for services decreased by $9,234 (6%) due to the decrease in services requested.

- Other decreased by $1,876 (1%) due to the decrease in miscellaneous revenue

Review pages 83-88 (Exhibits C-1 thru C-4) for additional information on the General Fund.

SPECIAL REVENUE FUNDS

- Confiscated Assets Fund: The fund balance for 2013 was $4,810 and for 2014 is $819. This is a decrease of $3,991 which is a 83% decrease over 2013.

- Hotel/Motel Tax Fund: The fund balance for 2013 was $257,621 and for 2014 is $361,619. This is a increase of $103,998, which is a 40% increase over 2013.

- Federal Seized Drug Fund: The fund balance for 2013 was $80,754 and for 2014 is $380,948. This is an increase of $300,194, which is a 372% increase over 2013.

- Technology Surcharges Fund: The fund balance for 2013 was $106,041 and for 2014 is $94,638. This is a decrease of $11,403, which is a 11% decrease over 2013.

Review pages 89-96 (Exhibits D-1 thru D-8) 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 2013 is $1,645,727 and for 2014 is $1,549,860. This is a decrease of $95,867.

- 2014 Special Purpose Local Option Sales Tax Fund: The fund balance for 2013 was $0 and for 2013 is $1,734,750. This is an increase of $1,734,750

- Capital Grants: The fund balance for 2013 was $262,112 and for 2014 is $14,047. This is a decrease of $248,065 which is a decrease of 95% over 2013.

Review pages 97-102 (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.

2014 Net position of the City's four proprietary funds are as follows:

Water and Sewer Utility	$ 0
Electric Utility	17,059,760
Solid Waste Utility	870,855
Storm Water Utility	1,199,540

The increase in net position for the funds was $2,290,477, which is a 14% increase over 2013. 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 103-114 (Exhibits F-1 thru F-12) for additional information on the Enterprise Funds.

COMPONENT UNIT

The Component Unit 2013 Balance Sheet shows fund balance of $397,106 and 2014 Balance Sheet shows fund balance of $367,300. This is a decrease of $29,806 which is a decrease of 8% over 2013.

Review pages 117-118 (Exhibits H-1 thru H-2) for additional information on the Downtown Development Component Unit.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund 2014 adopted budget was $9,161,993. Final year end budget total was $11,250,533. There were budget adjustments of $2,088,540 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, 2014, amounted to $62,778,759 (net of accumulated depreciation), which is a 2% increase from 2013. 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 $5,570,867 in new capital assets. Investment for business-type activities totaled $1,216,096, while $4,354,771 was for governmental activities. Major capital asset events during the current year included the following:

Governmental Activities : $4,354,771

- $366,425 Purchase of Land
- $732,440 Construction in Progress
- $131,315 Buildings
- $2,020,249 Infrastructure
- $691,550 Vehicles and equipment
- $412,792 Furniture and Fixtures

Business-type Activities : $1,216,096

- $542,763 Construction in Progress
- $538,589 Investment in the water/sewer, electrical, and storm water distribution systems
- $134,744 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 2014 the City had a capital lease agreement with Dell with a balance of $344,769.

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, 2014 the balance of the noted is $32,914. 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, 2012 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 62-64 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, 2015. Budget calculations were based on, but not limited to, the following factors:

- 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 $173,000. These funds are restricted for Roads and Streets, Recreation, Administration Facilities, and Parking Facilities. The challenge at this point is the need to re-adjust projects.

- Tee-Grant and LCI revenues and expenditures will continue to be recognized during 2015.

- 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 2014 due to the increase in the housing market.
- The biggest challenge for 2015 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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 8,478,263	$ 1,673,747	$ 10,152,010	$ 94,370
Certificates of deposit	3,685,692	0	3,685,692	0
Investments	0	2,900,725	2,900,725	0
Restricted assets				
Cash and cash equivalents	0	139,938	139,938	0
Investments	0	5,130,458	5,130,458	0
Receivables (net)				
Accounts	1,272	2,227,389	2,228,661	0
Taxes	1,427,660	0	1,427,660	0
Intergovernmental	784,384	0	784,384	0
Notes	0	0	0	2,855
Interest	1,660	0	1,660	0
Internal balances	56,355	(56,355)	0	0
Prepaid items	140,904	78,427	219,331	0
Property held for resale	1,085,766	0	1,085,766	902,900
Inventories	0	834,600	834,600	0
Total current assets	15,661,956	12,928,929	28,590,885	1,000,125
Noncurrent assets				
Notes receivable	977,500	0	977,500	171,373
Capital assets				
Non-depreciable	18,393,679	396,331	18,790,010	4,000
Depreciable (net)	35,797,427	8,668,479	44,465,906	88,515
Total noncurrent assets	55,168,606	9,064,810	64,233,416	263,888
Total assets	70,830,562	21,993,739	92,824,301	1,264,013
LIABILITIES				
Current liabilities				
Payables				
Accounts	558,917	301,335	860,252	11,597
Intergovernmental	208,741	779,679	988,420	5,823
Sales tax	0	58,649	58,649	0
Customer deposits	0	0	0	1,778
Compensated absences	191,126	9,358	200,484	0
Unearned revenue	3,330	234,266	237,596	0
Other liabilities	997,277	0	997,277	0
Notes payable	0	0	0	3,830
Capital lease payable	58,790	0	58,790	0
Liabilities payable from restricted assets				
Customer deposits payable	0	593,205	593,205	0
Total current liabilities	2,018,181	1,976,492	3,994,673	23,028
Noncurrent liabilities				
Notes payable	0	0	0	1,006,584
Capital lease payable	285,979	0	285,979	0
Net OPEB obligation	7,375,387	887,092	8,262,479	0
Total noncurrent liabilities	7,661,366	887,092	8,548,458	1,006,584
Total liabilities	9,679,547	2,863,584	12,543,131	1,029,612

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
NET POSITION				
Net investment in capital assets	$ 53,713,949	$ 9,064,810	$ 62,778,759	$ 92,515
Restricted for:				
General Government	94,638	0	94,638	0
Public Safety	381,767	0	381,767	0
Public Works	14,047	0	14,047	0
MEAG generation projects	0	4,677,191	4,677,191	0
Capital projects	3,284,610	0	3,284,610	0
Unrestricted	3,662,004	5,388,154	9,050,158	141,886
Total net position	$ 61,151,015	$ 19,130,155	$ 80,281,170	$ 234,401

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended December 31, 2014

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	$ 1,929,867	$ 175,929	$ 85,199	$ 360,000	$ (1,308,739)
Judicial	322,445	0	0	0	(322,445)
Public Safety	5,029,691	2,083,431	1,073,688	0	(1,872,572)
Public Works	2,317,269	0	18,486	2,099,622	(199,161)
Culture and Recreation	388,514	58,169	0	352,219	21,874
Housing and Development	1,535,268	427,241	0	18,556	(1,089,471)
Interest on long-term debt	27,153	0	0	0	(27,153)
Total governmental activities	11,550,207	2,744,770	1,177,373	2,830,397	(4,797,667)
Business-type activities					
Water and Sewer Utility	0	0	0	0	0
Electric Utility	12,815,994	13,449,204	1,117,224	0	1,750,434
Solid Waste	2,379,899	2,085,300	0	0	(294,599)
Storm Water Utility	510,706	610,674	0	0	99,968
Total business-type activities	15,706,599	16,145,178	1,117,224	0	1,555,803
Total primary government	27,256,806	18,889,948	2,294,597	2,830,397	(3,241,864)
Component Unit					
Downtown Development Authority					
Housing and Development	71,776	0	0	0	(71,776)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (4,797,667)	$ 1,555,803	$ (3,241,864)	$ (71,776)
General revenues				
Taxes				
Property	4,294,979	0	4,294,979	0
Franchise	1,414,970	0	1,414,970	0
Insurance premium	818,406	0	818,406	0
Intangibles	74,996	0	74,996	0
Occupational	342,998	0	342,998	0
Alcoholic beverage	244,886	0	244,886	0
Hotel/Motel	676,446	0	676,446	0
Interest and investment earnings	15,604	130,083	145,687	6,208
Payments from City of Norcross	0	0	0	69,131
Miscellaneous	141,426	2,631	144,057	49,017
Transfers	(601,960)	601,960	0	0
Total general revenues, special items, and transfers	7,422,751	734,674	8,157,425	124,356
Change in net position	2,625,084	2,290,477	4,915,561	52,580
Net position - beginning	58,525,931	16,839,678	75,365,609	181,821
Net position - ending	$ 61,151,015	$ 19,130,155	$ 80,281,170	$ 234,401

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General	2009 SPLOST	2014 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 3,918,772	$ 2,025,182	$ 1,303,690	$ 1,230,619	$ 8,478,263
Certificates of deposit	3,685,692	0	0	0	3,685,692
Receivables (net)					
Accounts	1,272	0	0	0	1,272
Taxes	1,316,705	0	0	110,955	1,427,660
Intergovernmental	48,299	0	431,060	305,025	784,384
Notes	977,500	0	0	0	977,500
Interest	1,660	0	0	0	1,660
Prepaid items	140,904	0	0	0	140,904
Due from other funds	730,355	95,548	0	12,298	838,201
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	$ 12,188,027	$ 2,120,730	$ 1,734,750	$ 1,658,897	$ 17,702,404
LIABILITIES					
Payables					
Accounts	$ 269,324	$ 7,470	$ 0	$ 282,123	$ 558,917
Intergovernmental	0	0	0	208,741	208,741
Unearned revenue	3,330	0	0	0	3,330
Due to other funds	0	12,298	0	271,097	283,395
Other liabilities	952,412	0	0	44,865	997,277
Advances from other funds	228,451	551,102	0	0	779,553
Total liabilities	1,453,517	570,870	0	806,826	2,831,213
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	81,276	0	0	0	81,276
FUND BALANCES					
Nonspendable:					
Prepaid items	140,904	0	0	0	140,904
Advances to other funds	281,102	0	0	0	281,102
Restricted for:					
General Government	0	0	0	94,638	94,638
Public Safety	0	0	0	381,767	381,767
Public Works	0	0	0	14,047	14,047
Capital outlay	0	1,549,860	1,734,750	0	3,284,610
Assigned for:					
Housing and Development	0	0	0	361,619	361,619
Unassigned	10,231,228	0	0	0	10,231,228
Total fund balances	10,653,234	1,549,860	1,734,750	852,071	14,789,915
Total liabilities, deferred inflows, and fund balances	$ 12,188,027	$ 2,120,730	$ 1,734,750	$ 1,658,897	$ 17,702,404

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, 2014

Total fund balance - total governmental funds		$ 14,789,915
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		54,191,106
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are:		
Property taxes		81,276
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Capital leases	$ (344,769)	
Compensated absences	(191,126)	
Net OPEB obligations	(7,375,387)	(7,911,282)
Net position of governmental activities		$ 61,151,015

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, 2014

	General	2009 SPLOST	2014 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 7,476,279	$ 0	$ 0	$ 676,446	$ 8,152,725
Licenses and permits	573,684	0	0	0	573,684
Fines, fees and forfeitures	1,249,041	0	0	782,163	2,031,204
Charges for services	139,882	0	0	0	139,882
Intergovernmental	1,073,688	351,130	1,734,533	484,930	3,644,281
Interest	12,825	1,090	217	2,562	16,694
Contributions	2,400	0	0	0	2,400
Other	136,139	0	0	3,486	139,625
Total revenues	10,663,938	352,220	1,734,750	1,949,587	14,700,495
EXPENDITURES					
Current					
General Government	1,944,913	0	0	81,125	2,026,038
Judicial	303,328	0	0	0	303,328
Public Safety	4,679,001	0	0	416,861	5,095,862
Public Works	1,527,524	0	0	514,122	2,041,646
Culture and Recreation	319,992	0	0	0	319,992
Housing and Development	990,169	0	0	577,873	1,568,042
Capital outlay	0	466,643	0	0	466,643
Debt service	65,181	0	0	0	65,181
Total expenditures	9,830,108	466,643	0	1,589,981	11,886,732
Excess (deficiency) of revenues over (under) expenditures	833,830	(114,423)	1,734,750	359,606	2,813,763
Other financing soures (uses)					
Transfers in	1,469,170	18,556	0	48,553	1,536,279
Transfers out	(1,870,813)	0	0	(267,426)	(2,138,239)
Issuance of capital leases	382,797	0	0	0	382,797
Sale of capital assets	1,799	0	0	0	1,799
Total other financing sources (uses)	(17,047)	18,556	0	(218,873)	(217,364)
Net change in fund balance	816,783	(95,867)	1,734,750	140,733	2,596,399
Fund balances, January 1	9,836,451	1,645,727	0	711,338	12,193,516
Fund balances, December 31	$ 10,653,234	$ 1,549,860	$ 1,734,750	$ 852,071	$ 14,789,915

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, 2014

Net change in fund balances - total governmental funds		$ 2,596,399
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	$ 2,789,721	
Depreciation	(1,697,596)	1,092,125
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.		(285,045)
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.		
Capital lease payments	$ 38,028	
Proceeds from capital leases	(382,797)	(344,769)
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	(33,564)	
Net OPEB obligations	(400,062)	(433,626)
Change in net position of governmental activities		$ 2,625,084

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, 2014

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 6,573,500	$ 6,573,500	$ 7,476,279	$ 902,779
Licenses and permits	425,200	425,200	573,684	148,484
Fines, fees and forfeitures	1,100,000	1,100,000	1,249,041	149,041
Charges for services	101,400	101,400	139,882	38,482
Intergovernmental	941,893	1,044,194	1,073,688	29,494
Interest	8,200	8,200	12,825	4,625
Contributions	0	0	2,400	2,400
Other	101,800	104,899	136,139	31,240
Total revenues	9,251,993	9,357,393	10,663,938	1,306,545
EXPENDITURES				
Current				
General Government				
Governing Body	226,212	261,606	258,714	2,892
Administration	443,093	421,511	402,148	19,363
City Clerk	338,229	246,607	199,048	47,559
Chief Executive	86,106	99,434	73,421	26,013
Information Technology	792,018	1,153,814	1,011,582	142,232
Judicial				
Municipal Court	345,060	313,301	303,328	9,973
Public Safety				
Police	3,754,525	4,273,933	4,164,116	109,817
E911 Communications	601,893	560,081	514,885	45,196
Public Works				
Public Works Administration	1,335,603	1,656,057	1,527,524	128,533
Culture and Recreation				
Parks and Recreation	365,470	365,470	319,992	45,478
Housing and Development				
Community Development	628,317	723,941	689,495	34,446
Economic Development	245,467	255,465	231,543	23,922
Downtown Development Authority	0	854,131	69,131	785,000
Debt Service				
General Government	0	65,182	65,181	1
Total expenditures	9,161,993	11,250,533	9,830,108	1,420,425
Excess (deficiency) of revenues over (under) expenditures	90,000	(1,893,140)	833,830	2,726,970
Other financing sources (uses)				
Transfers in	0	165,806	1,469,170	1,303,364
Transfers out	0	(48,553)	(1,870,813)	(1,822,260)
Issuance of capital leases	0	0	382,797	382,797
Sale of capital asses	0	0	1,799	1,799
Contingency	(90,000)	0	0	0
Total other financing sources (uses)	(90,000)	117,253	(17,047)	(134,300)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,775,887)	816,783	2,592,670
Fund balances, January 1	0	1,775,887	9,836,451	8,060,564
Fund balances, December 31	$ 0	$ 0	$ 10,653,234	$ 10,653,234

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business Type				
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ 0	$ 0	$ 873,864	$ 799,883	$ 1,673,747
Investments	0	2,900,725	0	0	2,900,725
Restricted assets					
Cash and cash equivalents	0	0	139,938	0	139,938
Investments	0	5,130,458	0		5,130,458
Accounts receivable (net)	0	1,775,528	324,550	127,311	2,227,389
Prepaid items	0	76,726	0	1,701	78,427
Inventories	0	834,600	0	0	834,600
Total current assets	0	10,718,037	1,338,352	928,895	12,985,284
Noncurrent assets					
Capital assets					
Non-depreciable	0	396,331	0	0	396,331
Depreciable (net)	0	8,078,849	0	589,630	8,668,479
Other assets					
Advances to other funds	0	498,451	0	0	498,451
Total noncurrent assets	0	8,973,631	0	589,630	9,563,261
Total assets	0	19,691,668	1,338,352	1,518,525	22,548,545
LIABILITIES					
Current liabilities					
Payables					
Accounts	0	119,574	181,040	721	301,335
Intergovernmental	0	779,679	0	0	779,679
Sales tax	0	58,649	0	0	58,649
Compensated absences	0	6,907	0	2,451	9,358
Unearned revenue	0	87,747	146,519	0	234,266
Due to other funds	0	554,806	0	0	554,806
Liabilities payable from restricted assets					
Customer deposits payable	0	453,267	139,938	0	593,205
Total current liabilities	0	2,060,629	467,497	3,172	2,531,298
Noncurrent liabilities					
Net OPEB obligation	0	571,279	0	315,813	887,092
Total liabilities	0	2,631,908	467,497	318,985	3,418,390
NET POSITON					
Investment in capital assets	0	8,475,180	0	589,630	9,064,810
Restricted for:					
MEAG generation projects	0	4,677,191	0	0	4,677,191
Unrestricted	0	3,907,389	870,855	609,910	5,388,154
Total net position	$ 0	$ 17,059,760	$ 870,855	$ 1,199,540	$ 19,130,155

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, 2014

	Business Type				
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	Totals
OPERATING REVENUES					
Charges for sales and services	$ 0	$ 13,449,204	$ 2,085,300	$ 610,674	$ 16,145,178
Other	0	2,631	0	0	2,631
Total operating revenues	0	13,451,835	2,085,300	610,674	16,147,809
OPERATING EXPENSES					
Costs of sales and services	0	11,608,959	2,234,520	149,486	13,992,965
Personal services	0	931,850	145,379	321,801	1,399,030
Depreciation	0	275,185	0	39,419	314,604
Total operating expenses	0	12,815,994	2,379,899	510,706	15,706,599
Operating income (loss)	0	635,841	(294,599)	99,968	441,210
Non-operating revenues (expenses)					
Investment revenue	0	122,269	4,368	3,446	130,083
Intergovernmental	0	1,117,224	0	0	1,117,224
Total non-operating revenues (expenses)	0	1,239,493	4,368	3,446	1,247,307
Income (loss) before transfers	0	1,875,334	(290,231)	103,414	1,688,517
Transfers in (out)					
Transfers in	0	1,822,260	0	0	1,822,260
Transfers out	(1,220,300)	0	0	0	(1,220,300)
Total transfers	(1,220,300)	1,822,260	0	0	601,960
Change in net position	(1,220,300)	3,697,594	(290,231)	103,414	2,290,477
Net position, January 1	1,220,300	13,362,166	1,161,086	1,096,126	16,839,678
Net position, December 31	$ 0	$ 17,059,760	$ 870,855	$ 1,199,540	$ 19,130,155

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2014

	Business Type				
	Water and Sewer Utility	Electric Utility	Solid Waste	Storm Water Utility	Totals
Cash flows from operating activities:					
Receipts from customers	$ 0	$ 13,458,123	$ 2,121,820	$ 629,412	$ 16,209,355
Payments to suppliers	(4,808)	(11,611,160)	(2,216,413)	(203,721)	(14,036,102)
Payments to employees	0	(915,427)	(145,379)	(309,218)	(1,370,024)
Other receipts	0	2,631	0	0	2,631
Net cash provided (used) by operating activities	(4,808)	934,167	(239,972)	116,473	805,860
Cash flows from non-capital financing activities:					
Receipts from other funds	0	1,822,260	0	0	1,822,260
Payments to other funds	0	(1,362,846)	0	0	(1,362,846)
Receipts from other governments	(1,220,300)	1,117,224	0	0	(103,076)
Net cash provided (used) by non-capital financing activities	(1,220,300)	1,576,638	0	0	356,338
Cash flows from capital and related financing activities:					
Acquisition of capital assets	0	(677,507)	0	0	(677,507)
Cash flows from investing activities:					
Interest received	0	122,269	4,368	3,446	130,083
Purchase of investments	0	(1,966,787)	0	0	(1,966,787)
Net cash provided (used) by investing activities	0	(1,844,518)	4,368	3,446	(1,836,704)
Net increase (decrease) in cash and cash equivalents	(1,225,108)	(11,220)	(235,604)	119,919	(1,352,013)
Cash and cash equivalents, January 1	1,225,108	11,220	1,249,406	679,964	3,165,698
Cash and cash equivalents, December 31	$ 0	$ 0	$ 1,013,802	$ 799,883	$ 1,813,685

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2014

	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)	$ 0	$ 635,841	$ (294,599)	$ 99,968	$ 441,210
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	0	275,185	0	39,419	314,604
(Increase) decrease in accounts receivable	0	(21,184)	3,748	18,738	1,302
(Increase) decrease in prepaid items	0	51,269	0	(320)	50,949
(Increase) decrease in inventories	0	(45,391)	0	0	(45,391)
Increase (decrease) in accounts payable	(4,808)	(1,000)	18,107	(53,915)	(41,616)
Increase (decrease) in intergovernmental payable	0	(7,079)	0	0	(7,079)
Increase (decrease) in sales tax payable	0	15,319	0	0	15,319
Increase (decrease) in unearned revenue	0	448	15,599	0	16,047
Increase (decrease) in deposits payable	0	14,336	17,173	0	31,509
Increase (decrease) in net OPEB obligation	0	30,112	0	12,905	43,017
Increase (decrease) in accrued payroll liabilities	0	(13,689)	0	(322)	(14,011)
Total adjustments	(4,808)	298,326	54,627	16,505	364,650
Net cash provided (used) by operating activities	$ (4,808)	$ 934,167	$ (239,972)	$ 116,473	$ 805,860
Cash and cash equivalents reconciliation:					
Cash and cash equivalents	$ 0	$ 0	$ 873,864	$ 799,883	$ 1,673,747
Restricted assets Cash and cash equivalents	0	0	139,938	0	139,938
Total cash and cash equivalents	$ 0	$ 0	$ 1,013,802	$ 799,883	$ 1,813,685

See accompanying notes to the financial statements.

CITY OF NORCROSS, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2014

	Municipal Court Agency Fund
ASSETS	
Cash and cash equivalents	$ 162,170
LIABILITIES	
Due to other agencies	$ 162,170

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 2014.

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.

2014 Special Purpose Local Option Sales Tax Capital Projects Fund - This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

2. Summary of Significant Accounting Policies (continued)

D. 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, 2014.

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, 2014 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, 2014, 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 2013 amounts have been reclassified to conform with the 2014 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, 2014, 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, 2014, the average weighted maturity of the Intermediate and Short-term Portfolios were 24.5 and 3.1 months, respectively. At December 31, 2014, the City's balances in the Voluntary Flexible Operating Accounts were $3,353,992 and in the Generation Trust Accounts were $3,454,965.

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, 2014 was 51 days. At December 31, 2014, the City's balance in Georgia Fund 1 was $47,087.

4. Accounts Receivable

Net accounts receivable at December 31, 2014 consist of the following:

Major Funds		
General Fund		$ 1,272
Enterprise Funds		
Electric Utility	$ 1,794,416	
Less: Allowances for Uncollectibles	(18,888)	
Solid Waste	326,181	
Less: Allowances for Uncollectibles	(1,631)	
Storm Water Utility	237,369	
Less: Allowances for Uncollectibles	(110,058)	2,227,389
Total Primary Government		$ 2,228,661

5. Intergovernmental Receivables

Intergovernmental receivables at December 31, 2014 consist of the following:

Major Funds		
General Fund		
City of Norcross Downtown Development Authority	$	48,299
2014 SPLOST Capital Projects		
Gwinnett County, Georgia		431,060
Nonmajor Funds		
Grants Capital Projects Fund		
Georgia Department of Transportation		305,025
Total primary government	$	784,384

6. Taxes Receivable

Property Taxes

Property taxes receivable as of December 31, 2014 consist of property taxes for seven years as follows:

Year of Levy	Amount
2014	$ 249,414
2013	59,091
2012	86,925
2011	20,309
2010	21,241
2009	15,157
2008	19,253
	471,390
Less allowance for uncollectible	(198,016)
Total	$ 273,374

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 2014, based upon the assessments of January 1, 2014, were billed on September 15, 2014, and due on November 17, 2014. Tax liens are issued 90 days after the due date. The tax rate of 6.003 mills for 2014 was levied on August 18, 2014.

Other Taxes

$1,028,578 of franchise taxes, $110,955 of hotel/motel taxes, and $14,753 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	$ 554,806
	2009 SPLOST	281,102
	Nonmajor Governmental	175,549
2009 SPLOST	Nonmajor Governmental	95,548
Electric Utility	General	228,451
	2009 SPLOST	270,000
Nonmajor Governmental	2009 SPLOST	12,298
Subtotal		$ 1,617,754

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported between the General Fund and non-major governmental funds resulted from transactions to alleviate equity in pooled cash deficits at year-end. The $281,102 reported in the General Fund as an advance to other fund and as an advance from other fund in the 2009 SPLOST Fund; this balance is not expected to be repaid within one year. The $228,451 and $270,000 reported in the Electric Utility Fund as an advance to other fund and as an advance from other fund in the General Fund and 2009 SPLOST Fund, respectively; these balance are not expected to be repaid within one year.

Any residual balances outstanding between the governmental activities and 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	Nonmajor Governmental	$ 48,553
Nonmajor Governmental	General	248,870
	2009 SPLOST	18,556
General	Electric Utility	1,822,260
Water and Sewer Utility	General	1,220,300
Subtotal		$ 3,358,539

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, 2014 was as follows:

	Balance 12/31/2013	Increases	Decreases	Balance 12/31/2014
Governmental activities				
Non-depreciable assets				
Land	$ 16,508,347	$ 366,425	$ 0	$ 16,874,772
Construction in progress	2,351,517	732,440	(1,565,050)	1,518,907
Total nondepreciable assets	18,859,864	1,098,865	(1,565,050)	18,393,679
Depreciable assets				
Buildings	12,717,604	131,315	0	12,848,919
Infrastructure	48,954,016	2,020,249	0	50,974,265
Vehicles and equipment	2,938,490	691,550	0	3,630,040
Furniture and fixtures	2,118,727	412,792	0	2,531,519
Intangible assets	227,406	0	0	227,406
Total depreciable assets	66,956,243	3,255,906	0	70,212,149
Accumulated depreciation				
Buildings	(2,673,103)	(259,877)	0	(2,932,980)
Infrastructure	(26,238,300)	(989,003)	0	(27,227,303)
Vehicles and equipment	(2,287,421)	(233,621)	0	(2,521,042)
Furniture and fixtures	(1,476,172)	(206,808)	0	(1,682,980)
Intangible assets	(42,130)	(8,287)	0	(50,417)
Total accumulated depreciation	(32,717,126)	(1,697,596)	0	(34,414,722)
Total depreciable assets, net	34,239,117	1,558,310	0	35,797,427
Governmental activities capital assets, net	$ 53,098,981	$ 2,657,175	$ (1,565,050)	$ 54,191,106
Business-type activities				
Non-depreciable assets				
Land	$ 1,000	$ 0	$ 0	$ 1,000
Construction in progress	391,157	542,763	(538,589)	395,331
Total non-depreciable assets	392,157	542,763	(538,589)	396,331
Depreciable assets				
Distribution system	10,218,182	538,589	0	10,756,771
Vehicles and equipment	1,236,602	134,744	0	1,371,346
Total depreciable assets	11,454,784	673,333	0	12,128,117
Accumulated depreciation				
Distribution system	(2,142,286)	(248,385)	0	(2,390,671)
Vehicles and equipment	(1,002,748)	(66,219)	0	(1,068,967)
Total accumulated depreciation	(3,145,034)	(314,604)	0	(3,459,638)
Total depreciable assets, net	8,309,750	358,729	0	8,668,479
Business-type activities capital assets, net	$ 8,701,907	$ 901,492	$ (538,589)	$ 9,064,810

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, 2014 was as follows:

	Balance 12/31/2013	Increases	Decreases	Balance 12/31/2014
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	$ 4,000	$ 0	$ 0	$ 4,000
Construction in progress	9,846	0	(9,846)	0
Total non-depreciable assets	13,846	0	(9,846)	4,000
Depreciable assets				
Buildings	0	78,866	0	78,866
Infastructure	0	9,846	0	9,846
Total depreciable assets	0	88,712	0	88,712
Accumulated depreciation				
Buildings	0	0	0	0
Infastructure	0	(197)	0	(197)
Total accumulated depreciation	0	(197)	0	(197)
Total depreciable assets, net	0	88,515	0	88,515
Downtown Development Authority capital assets, net	$ 13,846	$ 88,515	$ (9,846)	$ 92,515

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 237,339
Judicial	875
Public Safety	314,862
Public Works	1,028,953
Culture and Recreation	53,285
Housing and Development	62,282
Total depreciation expense for governmental activities	$ 1,697,596
Business-type activities	
Water and Sewer Utility	$ 0
Electric Utility	275,185
Storm Water Utility	39,419
Total depreciation expense for business-type activities	$ 314,604

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 $902,900 for the primary government and the DDA, respectively.

11. Notes Receivable

On December 20, 2006, the City of Norcross entered into an owner-financed lending agreement with the Downtown Development Authority 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, 2014, 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 13 for note payable on the sale of the property.

On July 22, 2010, the City of Norcross entered into a lending agreement with the Downtown Development Authority in the original amount of $100,000. The proceeds of this agreement were subsequently loaned to a local business for renovation improvements. See Note 13 for note payable on the loan. At December 31, 2014, 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, 2014, this interest rate was 1.20%.

On October 9, 2014, the City of Norcross entered into a lending agreement with the Downtown Development Authority for the purchase of real property. At December 31, 2014, the balance of the note receivable was $785,000. The DDA executed a promissory note in favor of the City to pay 2% simple annual interest, with payments suspended for the first 5 years, with interest on the first five years due and payable on the fifth anniversary of the loan and payable annually thereafter on the anniversary of the loan. No principal payments are due and payable until the subject property is sold or the City makes demand on the note, at which time all interest and principal become due. See Note 13 for Note Payable.

11. Notes Receivable (continued)

Downtown Development Authority Component Unit

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, 2014, the balance of the note receivable was $174,228. 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.

Annual service requirements for note receivable are as follows:

Year ending December 31,	Principal	Interest	Total
2015	$ 2,855	$ 10,376	$ 13,231
2016	3,031	10,200	13,231
2017	168,342	11,662	180,004
Totals	$ 174,228	$ 32,238	$ 206,466

12. Capital and Operating Lease Agreements

The City has entered into agreements for the lease of certain facilities and equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at December 31, 2014 total $344,769 for governmental activities. Total assets leased under capital leases are $397,995 for governmental activities, consisting of:

Computers	$ 397,995

Amortization of leased equipment under capital assets is included with depreciation expense.

12. Capital and Operating Lease Agreements (continued)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 2013:

Year Ending December 31,	Governmental activities
2015	$ 101,310
2016	101,310
2017	102,889
2018	147,728
Total minimum lease payments	453,237
Less amounts representing interest	(108,468)
Present value of minimum lease payments	$ 344,769

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

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

13. Long-Term Debt

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, 2014, the balance of this note is $32,914. 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, 2014, 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, 2014, 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, 2014, 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
2015	$ 3,830	$ 2,125	$ 5,955
2016	3,946	2,009	5,955
2017	217,638	1,428	219,066
Totals	$ 225,414	$ 5,562	$ 230,976

On October 9, 2014, the Downtown Development Authority entered into a lending agreement with the City of Norcross for the purchase of real property. At December 31, 2014, the balance of the note receivable was $785,000. The DDA executed a promissory note in favor of the City to pay 2% simple annual interest, with payments suspended for the first 5 years, with interest on the first five years due and payable on the fifth anniversary of the loan and payable annually thereafter on the anniversary of the loan. No principal payments are due and payable until the subject property is sold or the City makes demand on the note, at which time all interest and principal become due. See Note 11 for Note Receivable.

13. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for year ended December 31, 2014:

	Balance 12/31/2013	Additions	Deductions	Balance 12/31/2014	Due Within One Year
Governmental activities					
Capital leases	$ 0	$ 382,797	$ (38,028)	$ 344,769	$ 58,790
Compensated absences	157,562	191,126	(157,562)	191,126	191,126
Total Governmental Activities	$ 157,562	$ 573,923	$ (195,590)	$ 535,895	$ 249,916
Business-type activities					
Compensated absences	$ 10,631	$ 9,358	$ (10,631)	$ 9,358	$ 9,358
Downtown Development Authority Component Unit					
Notes payable	$ 229,131	$ 785,000	$ (3,717)	$ 1,010,414	$ 3,830

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. The total interest incurred and charged to expense for the year ended December 31, 2014 was $27,153 for governmental activities.

14. Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for the fiscal year ended December 31, 2014:

	2009 SPLOST	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:				
General Government				
Technology equipment	$ 0	$ 0	$ 94,638	$ 94,638
Public Safety				
Police department vehicles and equipment	0	0	381,767	381,767
Public Works				
Capital projects	0	0	14,047	14,047
Capital projects	1,549,860	1,734,750	0	3,284,610
	$ 1,549,860	$ 1,734,750	$ 490,452	$ 3,775,062
Assigned for:				
Housing and Development				
Trade and toursim	$ 0	$ 0	$ 361,619	$ 361,619

15. Intradepartmental Billings

Total operating revenues and total operating expenses in the Electric Utility and Solid Waste Enterprise Funds include $221,755 and $22,846, respectively, of intra departmental billings for electricity and sanitation usage.

16. 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.

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.

16. Retirement Plans (continued)

Plan Description, continued

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	33
Active participants	91
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 12.78% of annual covered payroll. The Plan is a noncontributory participant plan. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of GASB Statement No. 27.

These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1986 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at July 1, 2014 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.

16. Retirement Plans (continued)

Annual Pension Cost

For 2014, the City's annual pension cost of $557,197 was equal to the City's recommended and actual contributions. The minimum contribution was $439,950. The recommended contribution (projected to January 1, 2015) was computed as part of an actuarial valuation as of July 1, 2014. 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.

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
3/1/2009	$ 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
7/1/2014	557,197	100%	0

16. Retirement Plans (continued)

Historical Trend Information, continued

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)
3/1/2009	$ 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%
7/1/2014	8,126,408	9,478,352	1,351,944	85.74%	4,285,277	31.55%

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.

17. 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 2014, the City contributed $73,634 to the plans based on covered salaries of $3,462,623. Plan members made voluntary contributions of $176,295 to the plans. Total payroll was $5,541,629.

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.

18. 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	19
Active participants	100
Total number of participants	119

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 $9,052, 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.

18. 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, 2014 is 25 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.

18. Post-employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

For 2014, the City's annual OPEB cost of $609,547 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	$ 789,896
Interest on net OPEB obligation	312,776
Adjustment to ARC	(493,125)
Annual OPEB cost	609,547
Contributions made	(166,468)
Increase (decrease) in net OPEB obligation	443,079
Net OPEB obligation - beginning of year	7,819,400
Net OPEB obligation - end of year	$ 8,262,479

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
12/31/2010	$ 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
12/31/2014	609,547	27%	8,262,479

18. 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%
7/1/2014	0	7,497,566	7,497,566	0.00%	3,462,623	216.53%

19. 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, 2014, follows:

Lodging Tax Receipts	$ 676,446	
Disbursements to promote trade and tourism	$ 577,873	85% of tax receipts

20. 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 2014, the City of Norcross contributed the use of one police officer to the DEA for undercover work; the City paid $87,512 in personnel costs for the officer.

20. 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, 2014, 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.

21. 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 2014. Separate financial statements may be obtained from Housing Authority of the City of Norcross, 19 Garner Street, Norcross, GA 30071.

22. 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.

22. 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, 2014, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

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 $9,948,954 from MEAG during the year ended December 31, 2014. 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.

23. Commitments and Contingencies (continued)

Commitments, continued

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, 2014 was $4,431,594. 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, 2014 was $404,174. 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, 2014 were $2,220 and $2,563,827, 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, 2014. At year-end, the City's commitments with contractors are as follows:

Projects	Amount Expended Date	Remaining Commitment
Sidewalk Improvement project	$ 133,136	$ 48,664
Streetscape Phase II	12,376	2,184
Pedestrian Connectivity	3,662	1,221

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, 2014

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Federal Seized Drug**
ASSETS			
Cash and cash equivalents	$ 45,684	$ 450,091	$ 510,906
Receivables			
Taxes	0	110,955	0
Intergovernmental	0	0	0
Due from other funds	0	12,298	0
Total assets	$ 45,684	$ 573,344	$ 510,906
LIABILITIES AND FUND BALANCES			
Liabilities			
Payables			
Accounts	$ 0	$ 2,984	$ 127,048
Intergovernmental	0	208,741	0
Due to other funds	0	0	2,910
Other liabilities	44,865	0	0
Total liabilities	44,865	211,725	129,958
Fund balances			
Restricted for:			
General Government	0	0	0
Public Safety	819	0	380,948
Public Works	0	0	0
Assigned for:			
Housing and Development	0	361,619	0
Total fund balances	819	361,619	380,948
Total liabilities and fund balances	$ 45,684	$ 573,344	$ 510,906

Special Revenue	Capital Projects	Total Nonmajor
Technology Surcharges	Grants	Governmental Funds
$ 114,343	$ 109,595	$ 1,230,619
0	0	110,955
0	305,025	305,025
0	0	12,298
$ 114,343	$ 414,620	$ 1,658,897
$ 19,705	$ 132,386	$ 282,123
0	0	208,741
0	268,187	271,097
0	0	44,865
19,705	400,573	806,826
94,638	0	94,638
0	0	381,767
0	14,047	14,047
0	0	361,619
94,638	14,047	852,071
$ 114,343	$ 414,620	$ 1,658,897

CITY OF NORCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2014

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Federal Seized Drug**
REVENUES			
Taxes	$ 0	$ 676,446	$ 0
Fees, fines, and forfeitures	0	0	712,913
Intergovernmental	0	0	0
Interest	1	1,939	150
Other	0	3,486	0
Total revenues	1	681,871	713,063
EXPENDITURES			
Current			
General Government	0	0	0
Public Safety	3,992	0	412,869
Public Works	0	0	0
Housing and Development	0	577,873	0
Total expenditures	3,992	577,873	412,869
Excess (deficiency) of revenues over (under) expenditures	(3,991)	103,998	300,194
Other financing sources (uses)			
Transfers in	0	0	0
Transfers out	0	0	0
Total other financing sources (uses)	0	0	0
Excess (deficiency) of revenues and other financing source over (under) expenditures and other financing uses	(3,991)	103,998	300,194
Fund balances, January 1	4,810	257,621	80,754
Fund balances, December 31	$ 819	$ 361,619	$ 380,948

Special Revenue	Capital Projects	Total Nonmajor
Technology Surcharges	Grants	Governmental Funds
$ 0	$ 0	$ 676,446
69,250	0	782,163
0	484,930	484,930
472	0	2,562
0	0	3,486
69,722	484,930	1,949,587
81,125	0	81,125
0	0	416,861
0	514,122	514,122
0	0	577,873
81,125	514,122	1,589,981
(11,403)	(29,192)	359,606
0	48,553	48,553
0	(267,426)	(267,426)
0	(218,873)	(218,873)
(11,403)	(248,065)	140,733
106,041	262,112	711,338
$ 94,638	$ 14,047	$ 852,071

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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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 3,918,772	$ 3,177,587
Certificates of deposit	3,685,692	3,662,639
Receivables (net)		
Accounts	1,272	24,995
Taxes	1,316,705	1,222,416
Intergovernmental	48,299	45,422
Notes	977,500	192,500
Interest	1,660	6,223
Prepaid items	140,904	57,730
Due from other funds	730,355	2,034,213
Property held for resale	1,085,766	1,085,766
Advances to other funds	281,102	281,102
Total assets	$ 12,188,027	$ 11,790,593
LIABILITIES		
Payables		
Accounts	$ 269,324	$ 253,573
Accrued salaries and payroll liabilities	0	191,237
Unearned revenue	3,330	3,518
Other liabilities	952,412	911,022
Due to other funds	0	20
Advances from other fund	228,451	228,451
Total liabilities	1,453,517	1,587,821
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	81,276	366,321
FUND BALANCES		
Nonspendable:		
Prepaid items	140,904	57,730
Advances to other funds	281,102	281,102
Unassigned	10,231,228	9,497,619
Total fund balances	10,653,234	9,836,451
Total liabilities, deferred inflows, and fund balances	$ 12,188,027	$ 11,790,593

CITY OF NORCROSS, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the years ended December 31, 2014 and 2013

	2014	2013
REVENUES		
Taxes	$ 7,476,279	$ 6,233,524
Licenses and permits	573,684	438,271
Fines, fees and forfeitures	1,249,041	1,182,629
Charges for services	139,882	149,116
Intergovernmental	1,073,688	939,303
Interest	12,825	9,416
Contributions	2,400	16,408
Other	136,139	138,015
Total revenues	10,663,938	9,106,682
EXPENDITURES		
Current		
General Government	1,944,913	1,867,243
Judicial	303,328	316,105
Public Safety	4,679,001	4,612,848
Public Works	1,527,524	1,417,518
Culture and Recreation	319,992	230,056
Housing and Development	990,169	1,770,542
Total Current	9,764,927	10,214,312
Debt Service		
General Government	65,181	0
Total expenditures	9,830,108	10,214,312
Excess (deficiency) of revenues over (under) expenditures	833,830	(1,107,630)
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	0	130,440
Grants Capital Projects Fund	(48,553)	(160,421)
Water and Sewer Utility Fund	1,220,300	2,000,000
Electric Utility Fund	(1,822,260)	0
Grants Capital Projects Fund	248,870	0
Issuance of capital leases	382,797	0
Sales of capital assets	1,799	0
Total other financing sources (uses)	(17,047)	1,970,019
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	816,783	862,389
Fund balances, January 1	9,836,451	8,974,062
Fund balances, December 31	$ 10,653,234	$ 9,836,451

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 4,000,000	$ 4,041,056	$ 41,056	$ 3,428,299
Motor vehicle tax	200,000	473,110	273,110	514,684
Cost, penalties, and interest	49,000	65,858	16,858	39,894
Total general property taxes	4,249,000	4,580,024	331,024	3,982,877
Intangible tax	40,000	45,707	5,707	50,622
Real estate transfer tax	15,000	29,288	14,288	22,288
Franchise tax	1,300,000	1,414,970	114,970	1,127,117
Insurance premium tax	445,000	818,406	373,406	470,240
Occupational tax	304,500	342,998	38,498	339,261
Alcoholic beverage excise tax	220,000	244,886	24,886	241,119
Total taxes	6,573,500	7,476,279	902,779	6,233,524
Licenses and Permits				
Alcohol licenses	86,000	133,500	47,500	122,300
Building permits	326,000	427,241	101,241	303,419
Other permits	13,200	12,943	(257)	12,552
Total licenses and permits	425,200	573,684	148,484	438,271
Fines, fees and forfeitures	1,100,000	1,249,041	149,041	1,182,629
Charges for Services	101,400	139,882	38,482	149,116
Intergovernmental	1,044,194	1,073,688	29,494	939,303
Interest	8,200	12,825	4,625	9,416
Contributions	0	2,400	2,400	16,408
Other	104,899	136,139	31,240	138,015
Total revenues	$ 9,357,393	$ 10,663,938	$ 1,306,545	$ 9,106,682

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Governing Body				
Personal services	$ 67,630	$ 67,629	$ 1	$ 60,584
Contract services	189,917	188,074	1,843	172,276
Supplies and materials	4,059	3,011	1,048	524
Total Governing Body	261,606	258,714	2,892	233,384
Administration				
Personal services	277,079	259,775	17,304	347,612
Contract services	133,132	132,824	308	105,835
Supplies and materials	11,300	9,549	1,751	8,012
Capital outlay	0	0	0	1,254
Total Administration	421,511	402,148	19,363	462,713
City Clerk				
Personal services	177,765	135,320	42,445	157,765
Contract services	56,817	56,223	594	34,923
Supplies and materials	12,025	7,505	4,520	5,633
Total City Clerk	246,607	199,048	47,559	198,321
Chief Executive				
Personal services	76,932	65,473	11,459	134,821
Contract services	17,252	6,553	10,699	11,329
Supplies and materials	5,250	1,395	3,855	1,099
Total Chief Executive	99,434	73,421	26,013	147,249
Information Technology				
Personal services	105,669	102,662	3,007	119,031
Contract services	573,485	434,542	138,943	597,232
Supplies and materials	76,664	76,383	281	92,718
Capital outlay	397,996	397,995	1	16,595
Total Information Technology	1,153,814	1,011,582	142,232	825,576
Total General Government	2,182,972	1,944,913	238,059	1,867,243
Judicial				
Municipal Court				
Personal services	301,161	291,730	9,431	303,449
Contract services	9,940	9,917	23	9,617
Supplies and materials	2,200	1,681	519	3,039
Total Judicial	313,301	303,328	9,973	316,105

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
Public Safety				
Police				
Personal services	$ 3,458,851	$ 3,360,066	$ 98,785	$ 3,354,729
Contract services	208,013	208,063	(50)	207,397
Supplies and materials	286,689	286,636	53	278,373
Capital outlay	320,380	309,351	11,029	186,125
Total Police	4,273,933	4,164,116	109,817	4,026,624
E-911 Communications				
Personal services	509,047	463,971	45,076	508,574
Contract services	46,534	46,534	0	63,575
Supplies and materials	4,500	4,380	120	2,157
Capital outlay	0	0	0	11,918
Total E-911 Communications	560,081	514,885	45,196	586,224
Total Public Safety	4,834,014	4,679,001	155,013	4,612,848
Public Works				
Public Works Administration				
Personal services	460,255	442,662	17,593	484,764
Contract services	652,727	626,950	25,777	556,356
Supplies and materials	196,960	179,549	17,411	142,518
Capital outlay	346,115	278,363	67,752	233,880
Total Public Works Administration	1,656,057	1,527,524	128,533	1,417,518
Culture and Recreation				
Parks and Recreation				
Personal services	232,491	224,949	7,542	127,979
Contract services	65,479	55,500	9,979	54,492
Supplies and materials	67,500	39,543	27,957	47,585
Total Culture and Recreation	365,470	319,992	45,478	230,056
Housing and Development				
Community Development				
Personal services	565,717	541,855	23,862	562,844
Contract services	86,741	71,421	15,320	197,343
Supplies and materials	8,156	6,468	1,688	4,047
Capital outlay	63,327	69,751	(6,424)	816,344
Total Community Development	723,941	689,495	34,446	1,580,578

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the year ended December 31, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
Housing and Development (continued)				
Economic Development				
Personal services	$ 159,965	$ 140,377	$ 19,588	$ 72,562
Contract services	94,800	90,672	4,128	92,133
Supplies and materials	700	494	206	269
Total Economic Development	255,465	231,543	23,922	164,964
Downtown Development Authority				
Agency allocation	854,131	69,131	785,000	25,000
Total Housing and Development	1,833,537	990,169	843,368	1,770,542
Total Current	11,185,351	9,764,927	1,420,424	10,214,312
Debt Service				
General Government				
Information Technology	65,182	65,181	1	0
Total Debt Service	65,182	65,181	1	0
Total expenditures	$ 11,250,533	$ 9,830,108	$ 1,420,425	$ 10,214,312

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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.

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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 45,684	$ 41,856
LIABILITIES		
Other liabilities	$ 44,865	$ 37,046
FUND BALANCES		
Restricted for Public Safety	819	4,810
Total liabilities and fund balances	$ 45,684	$ 41,856

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, 2014
(with comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Forfeitures	$ 0	$ 0	$ 0	$ 0
Interest	1	1	0	3
Total revenues	1	1	0	3
EXPENDITURES				
Current				
Public Safety				
Contract services	3,992	3,992	0	0
Total expenditures	3,992	3,992	0	0
Excess (deficiency) of revenues over (under) expenditures	(3,991)	(3,991)	0	3
Fund balances, January 1	3,991	4,810	819	4,807
Fund balances, December 31	$ 0	$ 819	$ 819	$ 4,810

CITY OF NORCROSS, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 450,091	$ 305,603
Taxes receivable	110,955	133,380
Prepaid items	0	14,250
Due from other funds	12,298	12,298
Total assets	$ 573,344	$ 465,531
LIABILITIES		
Payables		
Accounts	$ 2,984	$ 9,500
Intergovernmental	208,741	197,805
Accrued salaries and payroll liabilities	0	605
Total liabilities	211,725	207,910
FUND BALANCES		
Nonspendable prepaids	0	14,250
Assigned for Housing and Development	361,619	243,371
Total fund balances	361,619	257,621
Total liabilities and fund balances	$ 573,344	$ 465,531

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, 2014
(with comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	$ 618,000	$ 676,446	$ 58,446	$ 692,354
Interest	350	1,939	1,589	1,941
Other	100	3,486	3,386	4,000
Total revenues	618,450	681,871	63,421	698,295
EXPENDITURES				
Current				
Housing and Development				
Personal services	94,450	93,844	606	101,393
Contract services	524,000	484,029	39,971	420,612
Total expenditures	618,450	577,873	40,577	522,005
Excess (deficiency) of revenues over (under) expenditures	0	103,998	103,998	176,290
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	(130,440)
Storm Water Fund	0	0	0	(1,233)
Water and Sewer Fund	0	0	0	(1,974)
Electric Fund	0	0	0	(11,220)
Total other financing sources (uses)	0	0	0	(144,867)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	103,998	103,998	31,423
Fund balances, January 1	0	257,621	257,621	226,198
Fund balances, December 31	$ 0	$ 361,619	$ 361,619	$ 257,621

CITY OF NORCROSS, GEORGIA
FEDERAL SEIZED DRUG SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 510,906	$ 114,430
LIABILITIES		
Payables		
Accounts	$ 127,048	$ 935
Intergovernmental	0	32,741
Due to other funds	2,910	0
Total liabilities	129,958	33,676
FUND BALANCES		
Restricted for Public Safety	380,948	80,754
Total liabilities and fund balances	$ 510,906	$ 114,430

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, 2014
(with comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines and forfeitures	$ 559,916	$ 712,913	$ 152,997	$ 127,180
Interest	0	150	150	26
Total revenues	559,916	713,063	153,147	127,206
EXPENDITURES				
Current				
Public Safety				
Contract services	317	316	1	0
Supplies and materials	50,000	22,654	27,346	26,434
Capital outlay	509,599	389,899	119,700	29,267
Total expenditures	559,916	412,869	147,047	55,701
Excess (deficiency) of revenues over (under) expenditures	0	300,194	300,194	71,505
Fund balances, January 1	0	80,754	80,754	9,249
Fund balances, December 31	$ 0	$ 380,948	$ 380,948	$ 80,754

CITY OF NORCROSS, GEORGIA
TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 114,343	$ 107,936
LIABILITIES		
Accounts payable	$ 19,705	$ 1,895
FUND BALANCES		
Restricted for General Government	94,638	106,041
Total liabilities and fund balances	$ 114,343	$ 107,936

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, 2014
(with comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Fees, fines and forfeitures	$ 67,000	$ 69,250	$ 2,250	$ 69,472
Interest	0	472	472	445
Total revenues	67,000	69,722	2,722	69,917
EXPENDITURES				
Current				
General Government				
Contract services	41,505	41,505	0	0
Supplies and materials	43,867	36,024	7,843	17,695
Capital outlay	0	3,596	(3,596)	8,650
Total expenditures	85,372	81,125	4,247	26,345
Excess (deficiency) of revenues over (under) expenditures	(18,372)	(11,403)	6,969	43,572
Fund balances, January 1	18,372	106,041	87,669	62,469
Fund balances, December 31	$ 0	$ 94,638	$ 94,638	$ 106,041

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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.

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.

2014 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 2014 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
2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 2,025,182	$ 1,858,413
Intergovernmental receivable	0	273,701
Due from other funds	95,548	77,012
Total assets	$ 2,120,730	$ 2,209,126
LIABILITIES		
Accounts payable	$ 7,470	$ 0
Due to other funds	12,298	12,298
Advances from other funds	551,102	551,101
Total liabilities	570,870	563,399
FUND BALANCES		
Restricted for capital outlay	1,549,860	1,645,727
Total liabilities and fund balances	$ 2,120,730	$ 2,209,126

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, 2014 and 2013

	2014	2013
REVENUES		
Intergovernmental	$ 351,130	$ 1,475,582
Interest	1,090	1,450
Total revenues	352,220	1,477,032
EXPENDITURES		
Public Works		
Capital outlay	270,522	274,826
Culture and Recreation		
Capital outlay	196,121	580,952
Total expenditures	466,643	855,778
Excess (deficiency) of revenues over (under) expenditures	(114,423)	621,254
Other financing sources (uses)		
Transfers in (out)		
Grants Capital Projects Fund	18,556	31,414
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(95,867)	652,668
Fund balances, January 1	1,645,727	993,059
Fund balances, December 31	$ 1,549,860	$ 1,645,727

CITY OF NORCROSS, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
December 31, 2014

ASSETS	
Cash and cash equivalents	$ 1,303,690
Intergovernmental receivable	431,060
Total assets	$ 1,734,750
LIABILITIES	
FUND BALANCES	
Restricted for capital outlay	$ 1,734,750
Total liabilities and fund balances	$ 1,734,750

CITY OF NORCROSS, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the year ended December 31, 2014

REVENUES	
Intergovernmental	$ 1,734,533
Interest	217
Total revenues	1,734,750
EXPENDITURES	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,734,750
Fund balances, January 1	0
Fund balances, December 31	$ 1,734,750

CITY OF NORCROSS, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 109,595	$ 86,794
Intergovernmental receivable	305,025	557,953
Total assets	$ 414,620	$ 644,747
LIABILITIES		
Payables		
Accounts	$ 132,386	$ 189,082
Due to other funds	268,187	193,553
Total liabilities	400,573	382,635
FUND BALANCES		
Restricted for Public Works	14,047	262,112
Total liabilities and fund balances	$ 414,620	$ 644,747

CITY OF NORCROSS, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the years ended December 31, 2014 and 2013

	2014	2013
REVENUES		
Intergovernmental	$ 484,930	$ 899,286
Total revenues	484,930	899,286
EXPENDITURES		
Public Works		
Capital outlay	514,122	910,671
Total expenditures	514,122	910,671
Excess (deficiency) of revenues over (under) expenditures	(29,192)	(11,385)
Other financing sources (uses)		
Transfers in (out)		
General Fund	48,553	160,421
General Fund	(248,870)	0
2009 SPLOST Fund	(18,556)	(31,414)
Total other financing sources (uses)	(218,873)	129,007
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(248,065)	117,622
Fund balances, January 1	262,112	144,490
Fund balances, December 31	$ 14,047	$ 262,112

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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, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 0	$ 1,225,108
LIABILITIES		
Current liabilities		
Accounts payable	0	4,808
NET POSITION		
Unrestricted	$ 0	$ 1,220,300

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, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 0	$ 231,989
Sewer charges	0	423,612
Other	0	10,144
Total operating revenues	0	665,745
OPERATING EXPENSES		
Costs of sales and services	0	640,703
Personal services	0	107,801
Depreciation	0	83,396
Total operating expenses	0	831,900
Operating income (loss)	0	(166,155)
Non-operating revenues (expenses)		
Investment revenue	0	5,160
Distribution of capital assets to Stormwater Utility Fund	0	(8,000)
Total non-operating revenues (expenses)	0	(2,840)
Income (loss) before extraordinary item and transfers	0	(168,995)
Extraordinary item		
Loss on sale of capital assets	0	(5,272,289)
Income (loss) before transfers	0	(5,441,284)
Transfers in (out)		
General Fund	(1,220,300)	(2,000,000)
Hotel/Motel Tax Fund	0	1,974
Electric Utility Fund	0	(28,437)
Stormwater Utility Fund	0	143,853
Total transfers	(1,220,300)	(1,882,610)
Change in net position	(1,220,300)	(7,323,894)
Net position, January 1	1,220,300	8,544,194
Net position, December 31	$ 0	$ 1,220,300

CITY OF NORCROSS, GEORGIA
WATER AND SEWER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from customers	$ 0	$ 1,028,202
Payments to suppliers	(4,808)	(728,323)
Payments to employees	0	(259,310)
Other receipts	0	10,144
Net cash provided (used) by operating activities	(4,808)	50,713
Cash flows from non-capital financing activities		
Receipts from other funds	0	145,827
Payments to other funds	(1,220,300)	(2,028,437)
Net cash provided (used) by non-capital financing activities	(1,220,300)	(1,882,610)
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	0	2,000,000
Cash flows from investing activities:		
Interest received	0	5,160
Net increase (decrease) in cash and cash equivalents	(1,225,108)	173,263
Cash and cash equivalents, January 1	1,225,108	1,051,845
Cash and cash equivalents, December 31	$ 0	$ 1,225,108
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 0	$ (166,155)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	0	83,396
(Increase) decrease in accounts receivable	0	453,027
(Increase) decrease in prepaid items	0	1,724
(Increase) decrease in inventories	0	28,946
Increase (decrease) in accounts payable	(4,808)	(12,712)
Increase (decrease) in intergovernmental payables	0	(105,578)
Increase (decrease) in deposits payable	0	(80,426)
Increase (decrease) in net OPEB obligation	0	(143,853)
Increase (decrease) in accrued payroll liabilities	0	(7,656)
Total adjustments	(4,808)	216,868
Net cash provided (used) by operating activities	$ (4,808)	$ 50,713
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 0	$ 1,225,108

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, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 0	$ 11,220
Investments	2,900,725	2,178,246
Accounts receivable (net)	1,775,528	1,754,344
Prepaid items	76,726	127,995
Inventories	834,600	789,209
Total current assets	5,587,579	4,861,014
Restricted assets		
MEAG Generation Trust		
Investments	4,677,191	3,447,219
Customer Deposits		
Investments	453,267	438,931
Total restricted assets	5,130,458	3,886,150
Capital assets		
Land	1,000	1,000
Electric system	10,159,839	9,621,250
Vehicles and equipment	1,018,650	883,906
Construction in progress	395,331	391,157
Accumulated depreciation	(3,099,640)	(2,824,455)
Total capital assets (net of accumulated depreciation)	8,475,180	8,072,858
Other assets		
Advances to other funds	498,451	498,451
Total assets	19,691,668	17,318,473
LIABILITIES		
Current liabilities		
Payables		
Accounts	119,574	120,574
Intergovernmental	779,679	786,758
Sales tax	58,649	43,330
Unearned revenue	87,747	87,299
Accrued salaries and payroll liabilities	0	11,715
Compensated absences	6,907	8,881
Due to other funds	554,806	1,917,652
Total current liabilities	1,607,362	2,976,209
Current liabilities payable from restricted assets		
Customer deposits	453,267	438,931
Noncurrent liabilities		
Net OPEB obligation	571,279	541,167
Total liabilities	2,631,908	3,956,307
NET POSITION		
Investment in capital assets	8,475,180	8,072,858
Restricted for MEAG generation projects	4,677,191	3,447,219
Unrestricted	3,907,389	1,842,089
Total net position	$ 17,059,760	$ 13,362,166

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Electric sales	$ 13,449,204	$ 10,281,539
Other	2,631	878
Total operating revenues	13,451,835	10,282,417
OPERATING EXPENSES		
Costs of sales and services	11,608,959	10,083,931
Personal services	931,850	952,618
Depreciation	275,185	258,989
Total operating expenses	12,815,994	11,295,538
Operating income (loss)	635,841	(1,013,121)
Non-operating revenues (expenses)		
Investment revenue	122,269	45,292
Intergovernmental	1,117,224	0
Total non-operating revenues (expenses)	1,239,493	45,292
Net income (loss) before transfers	1,875,334	(967,829)
Transfers in (out)		
General Fund	1,822,260	0
Hotel/Motel Tax Fund	0	11,220
Water and Sewer Utility Fund	0	28,437
Total transfers	1,822,260	39,657
Change in net position	3,697,594	(928,172)
Net position, January 1	13,362,166	14,290,338
Net position, December 31	$ 17,059,760	$ 13,362,166

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from customers	$ 13,458,123	$ 10,387,027
Payments to suppliers	(11,611,160)	(9,879,619)
Payments to employees	(915,427)	(812,482)
Other receipts	2,631	878
Net cash provided (used) by operating activities	934,167	(304,196)
Cash flows from non-capital financing activities		
Receipts from other funds	1,822,260	1,000,309
Payments to other funds	(1,362,846)	0
Receipts from other governments	1,117,224	0
Net cash provided (used) by non-capital financing activities	1,576,638	1,000,309
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(677,507)	(454,331)
Cash flows from investing activities:		
Interest received	122,269	45,292
Purchase of investments	(1,966,787)	(467,059)
Net cash provided (used) by investing activities	(1,844,518)	(421,767)
Net increase (decrease) in cash and cash equivalents	(11,220)	(179,985)
Cash and cash equivalents, January 1	11,220	191,205
Cash and cash equivalents, December 31	$ 0	$ 11,220
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 635,841	$ (1,013,121)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	275,185	258,989
(Increase) decrease in accounts receivable	(21,184)	62,769
(Increase) decrease in prepaid items	51,269	49,755
(Increase) decrease in inventories	(45,391)	18,880
Increase (decrease) in accounts payable	(1,000)	60,093
Increase (decrease) in intergovernmental payables	(7,079)	75,584
Increase (decrease) in unearned revenue	448	765
Increase (decrease) in deposits payable	14,336	48,022
Increase (decrease) in sales tax payable	15,319	(6,068)
Increase (decrease) in accrued payroll liabilities	(13,689)	2,081
Increase (decrease) in net OPEB obligation	30,112	138,055
Total adjustments	298,326	708,925
Net cash provided (used) by operating activities	$ 934,167	$ (304,196)

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 873,864	$ 1,126,641
Accounts receivable (net)	324,550	328,298
Total current assets	1,198,414	1,454,939
Restricted assets		
Customer deposits		
Cash and cash equivalents	139,938	122,765
Total assets	1,338,352	1,577,704
LIABILITIES		
Current liabilities		
Accounts payable	181,040	162,933
Unearned revenue	146,519	130,920
Total current liabilities	327,559	293,853
Current liabilities payable from restricted assets		
Customer deposits	139,938	122,765
Total liabilities	467,497	416,618
NET POSITION		
Unrestricted	$ 870,855	$ 1,161,086

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	$ 2,085,300	$ 1,974,571
OPERATING EXPENSES		
Costs of sales and services	2,234,520	1,772,535
Personal services	145,379	108,099
Total operating expenses	2,379,899	1,880,634
Operating income (loss)	(294,599)	93,937
Non-operating revenues (expenses)		
Investment revenue	4,368	5,567
Change in net position	(290,231)	99,504
Net position, January 1	1,161,086	1,061,582
Net position, December 31	$ 870,855	$ 1,161,086

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from customers	$ 2,121,820	$ 1,919,213
Payments to suppliers	(2,216,413)	(1,938,076)
Payments to employees	(145,379)	(79,044)
Net cash provided (used) by operating activities	(239,972)	(97,907)
Cash flows from non-capital financing activities		
Receipts from other funds	0	164,586
Cash flows from investing activities		
Interest received	4,368	5,567
Net increase (decrease) in cash and cash equivalents	(235,604)	72,246
Cash and cash equivalents, January 1	1,249,406	1,177,160
Cash and cash equivalents, December 31	$ 1,013,802	$ 1,249,406
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (294,599)	$ 93,937
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	3,748	55,173
Increase (decrease) in accounts payable	18,107	(136,486)
Increase (decrease) in unearned revenue	15,599	(122,090)
Increase (decrease) in deposits payable	17,173	11,559
Total adjustments	54,627	(191,844)
Net cash provided by operating activities	$ (239,972)	$ (97,907)
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 873,864	$ 1,126,641
Customer Deposits		
Cash and cash equivalents	139,938	122,765
Total cash and cash equivalents	$ 1,013,802	$ 1,249,406

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 799,883	$ 679,964
Receivables		
Accounts (net)	127,311	146,049
Prepaid items	1,701	1,381
Total current assets	928,895	827,394
Capital assets		
Storm water system	596,932	596,932
Vehicles and equipment	352,697	352,697
Accumulated depreciation	(359,999)	(320,580)
Total capital assets (net of accumulated depreciation)	589,630	629,049
Total assets	1,518,525	1,456,443
LIABILITIES		
Current liabilities		
Payables		
Accounts	721	54,636
Accrued salaries and payroll liabilities	0	1,023
Compensated absences	2,451	1,750
Total current liabilities	3,172	57,409
Noncurrent liabilities		
Net OPEB obligation	315,813	302,908
Total liabilities	318,985	360,317
NET POSITION		
Investment in capital assets	589,630	629,049
Unrestricted	609,910	467,077
Total net position	$ 1,199,540	$ 1,096,126

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, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Storm water fees	$ 610,674	$ 720,384
OPERATING EXPENSES		
Costs of sales and services	149,486	106,655
Personal services	321,801	318,395
Depreciation	39,419	41,751
Total operating expenses	510,706	466,801
Operating income (loss)	99,968	253,583
Non-operating revenues (expenses)		
Investment revenue	3,446	2,929
Income (loss) before capital contributions and transfers	103,414	256,512
Capital Contributions		
Contributions of capital assets from Water and Sewer Utility Fund	0	8,000
Income (loss) before transfers	103,414	264,512
Transfers in (out)		
Hotel/Motel Tax Fund	0	1,233
Water and Sewer Utility Fund	0	(143,853)
Total transfers	0	(142,620)
Change in net position	103,414	121,892
Net position, January 1	1,096,126	974,234
Net position, December 31	$ 1,199,540	$ 1,096,126

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from customers	$ 629,412	$ 689,627
Payments to suppliers	(203,721)	(107,447)
Payments to employees	(309,218)	(115,480)
Net cash provided (used) by operating activities	116,473	466,700
Cash flows from non-capital financing activities		
Receipts from other funds	0	1,233
Payments to other funds	0	(143,853)
Net cash provided (used) by non-capital financing activities	0	(142,620)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	0	(2,383)
Cash flows from investing activities		
Interest received	3,446	2,929
Net increase (decrease) in cash and cash equivalents	119,919	324,626
Cash and cash equivalents, January 1	679,964	355,338
Cash and cash equivalents, December 31	$ 799,883	$ 679,964
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 99,968	$ 253,583
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	39,419	41,751
(Increase) decrease in accounts receivable	18,738	(30,757)
(Increase) decrease in prepaid items	(320)	760
Increase (decrease) in accounts payable	(53,915)	(1,552)
Increase (decrease) in payroll liabilities	(322)	(104)
Increase (decrease) in net OPEB obligation	12,905	203,019
Total adjustments	16,505	213,117
Net cash provided by operating activities	$ 116,473	$ 466,700

Noncash investing, capital, and financing activities:

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

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

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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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 162,170	$ 143,311
LIABILITIES		
Due to other agencies	$ 162,170	$ 143,311

CITY OF NORCROSS, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended December 31, 2014

	Balance January 1	Additions	Deletions	Balance December 31
ASSETS				
Cash and cash equivalents	$ 143,311	$ 1,852,581	$ (1,833,722)	$ 162,170
LIABILITIES				
Due to others agencies	$ 143,311	$ 1,852,581	$ (1,833,722)	$ 162,170

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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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 94,370	$ 117,211
Property held for resale	902,900	112,994
Notes receivable	174,228	175,816
Total assets	$ 1,171,498	$ 406,021
LIABILITIES		
Payables		
Accounts	$ 11,597	$ 5,717
Intergovernmental	5,823	3,198
Customer deposits	1,778	0
Notes	785,000	0
Total liabilities	804,198	8,915
FUND BALANCES		
Nonspendable:		
Property held for resale	902,900	112,994
Notes receivable	174,228	175,816
Assigned for:		
Housing and Development	0	2,669
Budget	46,987	105,627
Unassigned	(756,815)	0
Total fund balances	367,300	397,106
Total liabilities and fund balances	$ 1,171,498	$ 406,021

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 43,500	$ 69,131	$ 25,631	$ 25,000
Interest	539	6,208	5,669	10,702
Rent	53,000	46,892	(6,108)	3,000
Other	0	2,125	2,125	0
Total revenues	97,039	124,356	27,317	38,702
EXPENDITURES				
Current				
Housing and Development				
Contract services	79,743	52,903	26,840	27,962
Supplies and materials	19,911	15,003	4,908	3,354
Payments to others	0	0	0	3,825
Capital outlay	71,386	78,866	(7,480)	9,846
Debt service	(3,416)	7,390	(10,806)	6,368
Total expenditures	167,624	154,162	13,462	51,355
Excess (deficiency) of revenues over (under) expenditures	(70,585)	(29,806)	40,779	(12,653)
Other financing sources (uses)				
Contingency	(88,332)	0	88,332	0
Extraordinary Item				
Forgiveness of debt	0	0	0	(14,391)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(158,917)	(29,806)	129,111	(27,044)
Fund balances, January 1	158,917	397,106	238,189	424,150
Fund balances, December 31	$ 0	$ 367,300	$ 367,300	$ 397,106

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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, 2014, 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 26, 2015.

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 deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies described in the accompanying schedule of findings and questioned costs as item 14-1 and 14-2 to be material weaknesses.

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 Responses to Findings

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

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 26, 2015

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, 2014. 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, 2014.

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 26, 2015

CITY OF NORCROSS, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2014

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Justice			
Equitable Sharing for State and Local Law Enforcement Agencies	16.000	N/A	$ 438,041
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation:			
Highway Planning and Construction	20.205	CSTEE-0009-00 (079)	365,089
		STP-0010-00(330)	18,556
		12640	82,799
			466,444
Passed through the Atlanta Regional Commission			
Highway Planning and Construction	20.205	1318	32,868
Total U.S. Department of Transportation			499,312
Total Federal Awards			$ 937,353

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, 2104. 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, 2014

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:

16.000	Equitable Sharing of State and Local Law Enforcement Agencies
20.205	Highway Planning and Construction

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

2. Financial Statement Findings

A. Current Year Audit Findings

Comment 14-1

Condition: The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. There were 48 journal entries posted to the general ledger after the final trial balance was received from management. Of the 48 journal entries, 32 were made by management and 16 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.

Comment 14-2

Condition: Material adjusts were needed and made to the financial statements during the audit process. These include unreported certificate of deposit, unreconciled pooled cash between funds and underreported cash in the general fund from close out of water fund cash.

Criteria: Internal controls should be in place to ensure the City can prevent, detect, and correct material misstatements on a timely basis.

Effect: Cash and certificate of deposit balances were underreported on the City's financial statements.

Recommendation: We recommend that the City's Finance Department continue to implement and/or strengthen internal controls over reconciling the general ledger and financial statements that will ensure that the City can prevent, detect, and correct material misstatements on a timely basis and provide accurate financial reporting.

Management Response: Management concurs with this finding. The City Manager and Administrative Services Director will ensure that proper internal controls over reconciling the general ledger and financial statements are designed and implemented. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

B. Prior Year Audit Findings Follow-Ups

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.

Not corrected.

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, 2014

Project	Estimated Cost * Original	Estimated Cost * Current	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
2009 SPLOST Referendum					
Roads Improvements	$ 1,500,000	$ 1,500,000	$ 745,613	$ 251,966	$ 997,579
Recreational Facilities	3,568,281	3,568,281	1,919,242	196,121	2,115,363
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	$ 5,102,249	$ 448,087	$ 5,550,336
Current year expenditures				$ 448,087	
Expenditures financed through other revenues and transfers from other funds				18,556	
Total expenditures of the 2009 SPLOST Capital Projects Fund				$ 466,643	
2014 SPLOST Referendum					
Transportation (roads, streets, bridges, drainage, sidewalks, and related facilities and equipment)	$ 4,723,144	$ 4,723,144	$ 0	$ 0	$ 0
Recreational Facilities and Equipment	590,393	590,393	0	0	0
Administrative Facilities	1,377,583	1,377,583	0	0	0
Parking Facilities	1,180,786	1,180,786	0	0	0
Total	$ 7,871,906	$ 7,871,906	$ 0	$ 0	$ 0