CITY OF NORCROSS, GEORGIA

Annual Financial Report

For the eight month period ending August 31, 2015

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CITY OF NORCROSS, GEORGIA
ANNUAL FINANCIAL REPORT
For the eight month period ending August 31, 2015

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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 eight month period ended August 31, 2015, 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 August 31, 2015, and the respective changes in the financial position and. where applicable, cash flows thereof, and the budgetary comparison of the General Fund for the eight month period 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 and the required supplementary information on pages 3 through 22 and 80 through 83 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 schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax 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 and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2016, 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
February 23, 2016

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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 August 31, 2015. 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 $77,741,686 (reported as "net position"). Of this amount $3,615,984 is unrestricted, of which $-3,458,978 is Governmental Activities and $7,074,962 is Business-Type Activities. This unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position decreased by $270,817.

- The City's governmental funds reported combined ending fund balances of $9,050,466. Approximately 60 percent of this amount, $5,394,534 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 $21,522,599 at year end, an increase of $2,623,657 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 23-24), 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 25), 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 84.

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 26-30 of this report.

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

Proprietary funds

When the City charges customers for the full or partial cost of the services it provides (whether to outside customers or to other units of the City), these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net 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 31-35 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 37-79 of this report.

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

This report includes two schedules on pages 27 and 29 that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

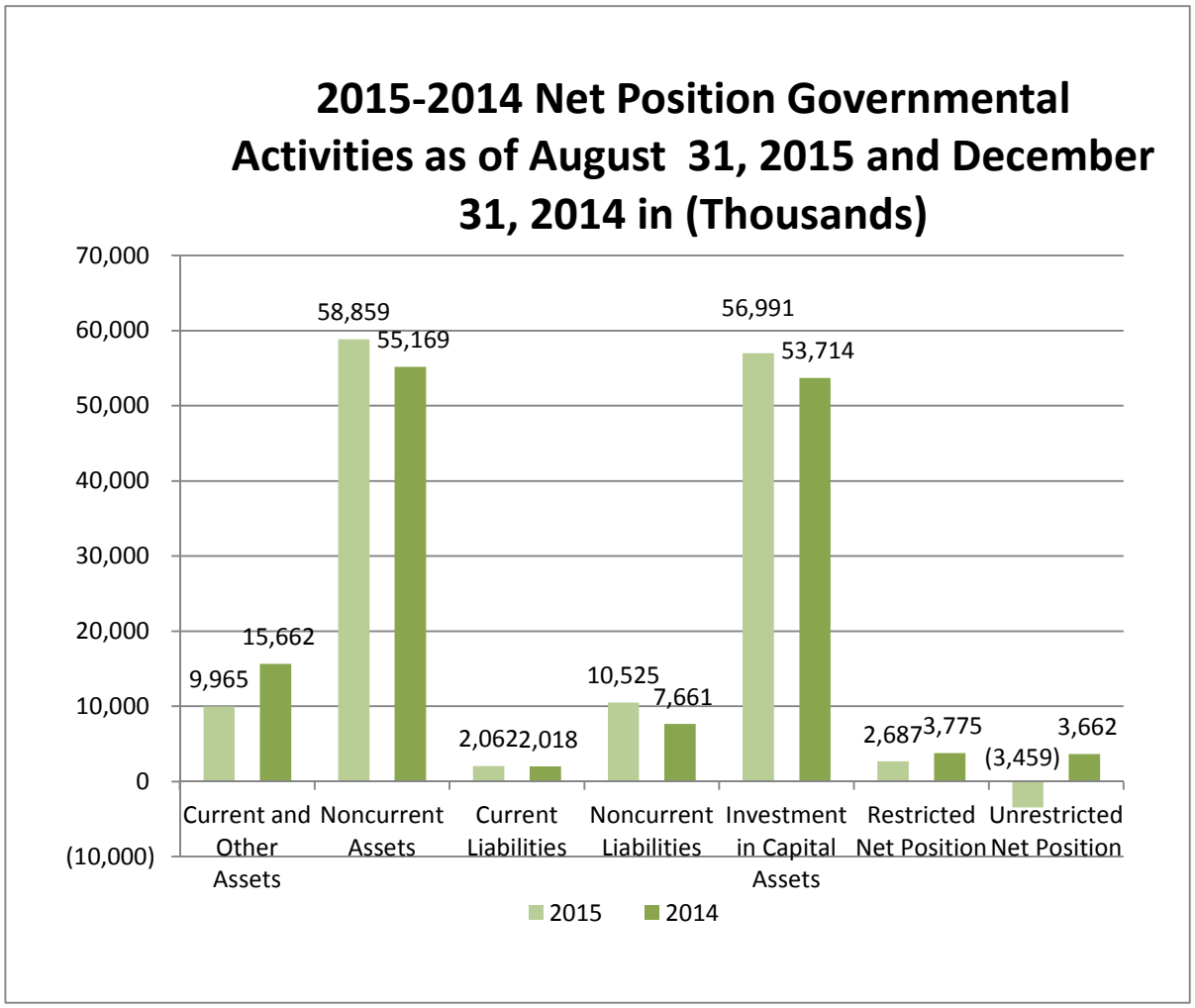
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by $77,779,591 as of August 31, 2015. The following table provides a summary of the City's governmental and business-type net position for the eight month period ending August 31, 2015 and the year ending December 31, 2014.

City of Norcross
Net Position as of August 31, 2015 and December 31, 2014
(in Thousands)

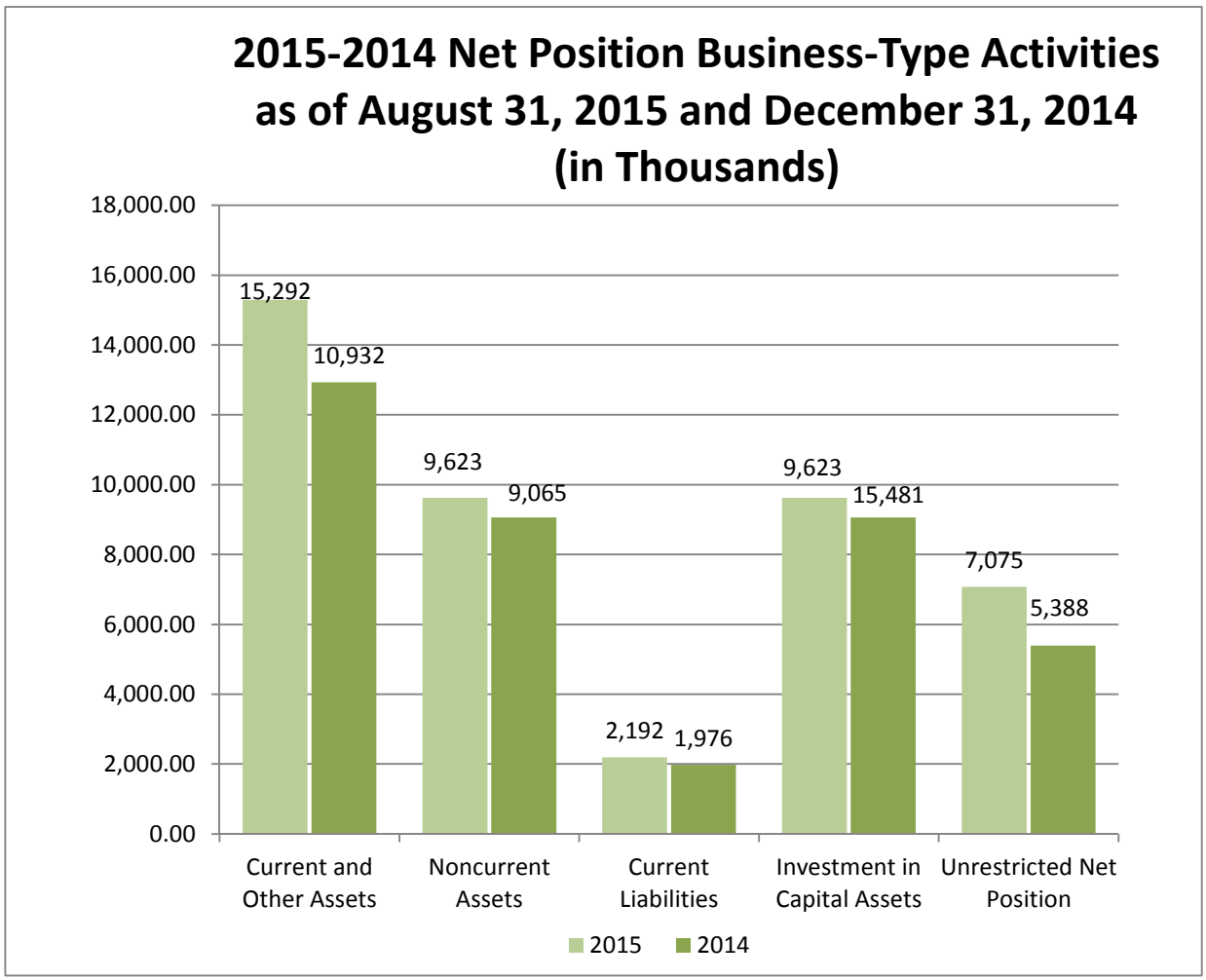
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	$9,965	$15,661	$15,292	$12,929	$25,257	$28,590
Capital Assets	57,882	54,191	9,623	9,065	67,505	63,256
Other Noncurrent Assets	978	978	0	0	978	978
Total Assets	68,825	70,830	24,915	21,994	93,740	92,824
Deferred Outflows of Resources	258	0	29	0	287	0
Current Liabilities	2,062	2,018	2,192	1,976	4,254	3,994
Long-term Liabilities	10,525	7,661	1,198	887	11,723	8,548
Total Liabilities	12,587	9,679	3,390	2,863	15,977	12,542
Deferred Inflows of Resources	276	0	31	0	307	0
Net Investment in Capital Assets	56,991	53,714	9,623	9,065	66,614	62,779
Restricted Net Position	2,687	3,775	4,825	4,678	7,512	8,453
Unrestricted Net Position	(3,459)	3,662	7,075	5,388	3,616	9,050
Total Net Position	$56,219	$61,151	$21,523	$19,131	$77,742	$80,282

The largest portion of the City's net position as of August 31, 2015 (86%) 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 6% over 2014. Unrestricted net position decreased in 2015 by 6%.



Business-Type: Current assets increased by 16%, capital assets increased by 6%, and unrestricted net position increased by 31%.



Restricted net position of the primary government totaling $7,511,908 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 $3,615,984 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 $7,074,962 at the end of the year.

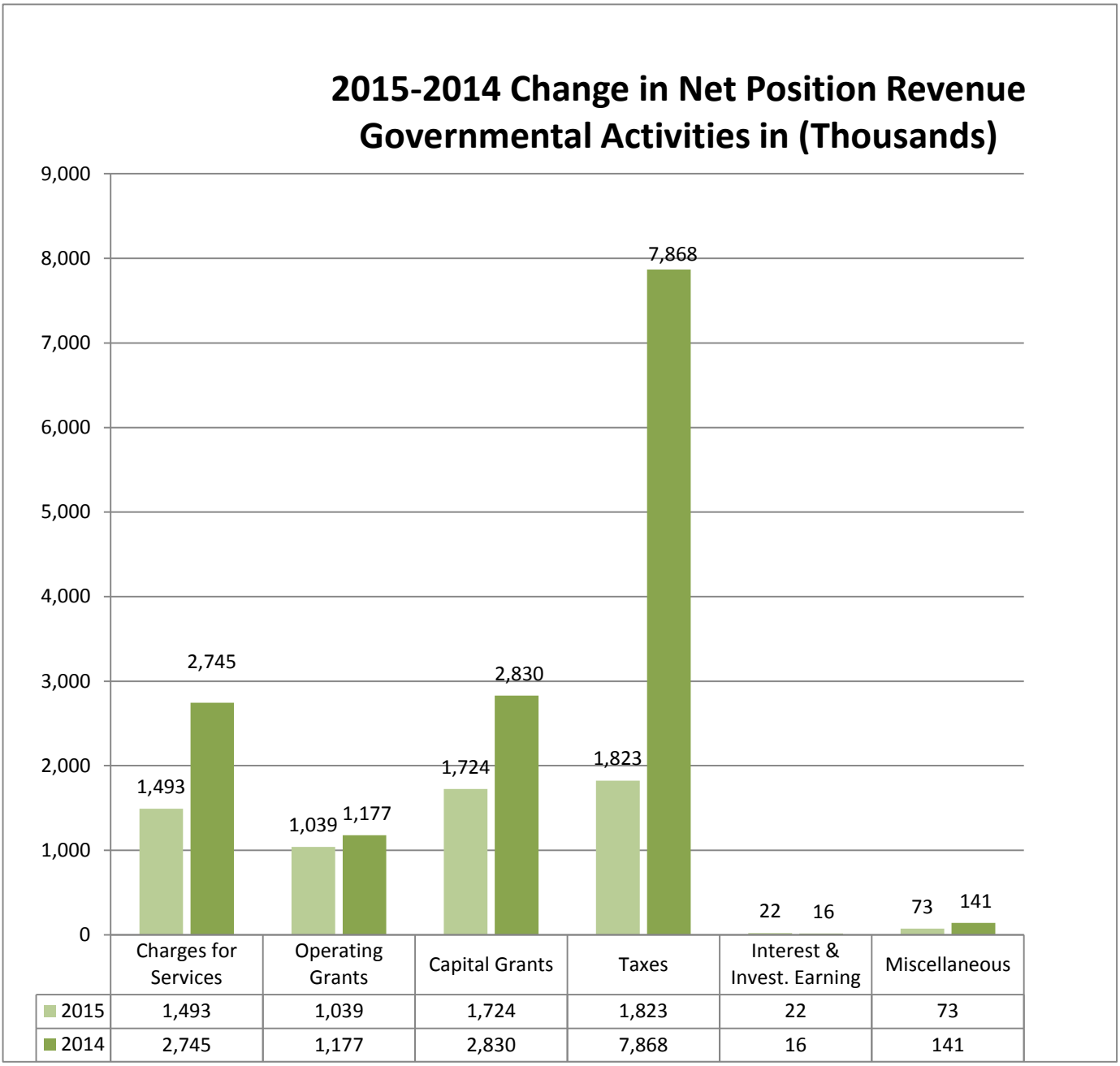
The City's net position decreased by $270,817 during the current year. Governmental activities resulted in a decrease in net position of $2,894,474 while business-type activities resulted in an increase of net position of $2,623,657. The following table was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the year.

City of Norcross
Changes in Net Position for the eight month period ending August 31, 2015 and the year ending December 31, 2014
(in Thousands)

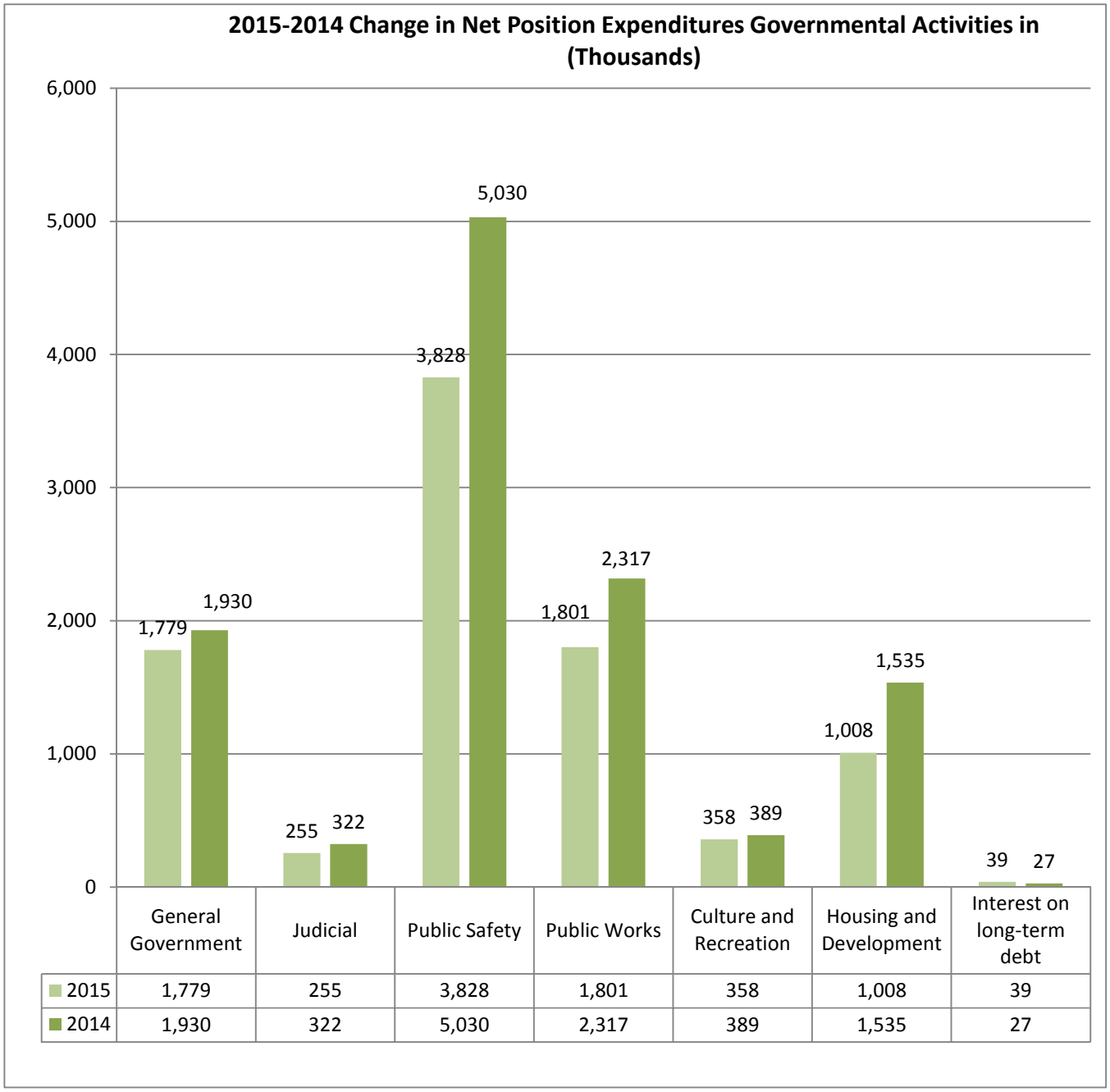
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	$1,493	$2,745	$11,448	$16,145	$12,941	$18,890
Operating Grants	1,039	1,177	571	1,117	1,610	2,294
Capital Grants	1,724	2,830	0	0	1,724	2,830
General Revenues:						
Taxes	1,823	7,868	0	0	1,822	7,868
Interest and Investment Earnings	22	16	74	130	96	146
Payment component	0	0	0	0	0	0
Miscellaneous	73	141	13	3	86	144
Total Revenues	**6,174**	**14,777**	**12,106**	**17,395**	**18,279**	**32,172**
Expenses:						
General Government	1,779	1,930	0	0	1,779	1,930
Judicial	255	322	0	0	255	322
Public Safety	3,828	5,030	0	0	3,828	5,030
Public Works	1,801	2,317	0	0	1,801	2,317
Culture and Recreation	358	389	0	0	358	389
Housing and Development	1,008	1,535	0	0	1,008	1,535
Interest on long-term debt	39	27	0	0	39	27
Water and Sewer	0	0	0	0	0	0
Electric	0	0	7,866	12,816	7,866	12,816
Solid Waste	0	0	1,339	2,380	1,339	2,380
Storm Water	0	0	278	511	278	511
Total Expenses	**9,068**	**11,550**	**9,483**	**15,707**	**18,551**	**27,257**
Increase in net position before extraordinary items and transfers	**(2,894)**	**3,227**	**2,623**	**1,688**	**(272)**	**4,915**
Extraordinary item	0	0	0	0	0	0
Transfers	0	(602)	0	602	0	0
Change in Net Position	**(2,894)**	**2,625**	**2,623**	**2,290**	**(272)**	**4,915**
Net Position - January 1	61,151	58,526	19,130	16,840	80,281	75,366
Prior period adjustments	(2,038)	0	(231)	0	(2,269)	0
Aug. 31 Net Position	**$56,219**	**$61,151**	**$21,522**	**$19,130**	**$77,740**	**$80,281**

Governmental Activities. Governmental Activities decreased the City's net position by $2,894,474. Revenues for the City's governmental activities decreased by 50% ($7,400,521) over 2014. This decrease in revenue was the result of an decrease in property tax and franchise tax. Expenses are down by 22% over 2014 ($2,482,924). This decrease in expenses was the result of an decrease in the General Government and Public Safety functions.

Operating Grants and Contributions decreased 12%, Capital Grants and Contributions decreased 39%, Taxes decreased 77%, Interest and Investment Earnings increased 39%.

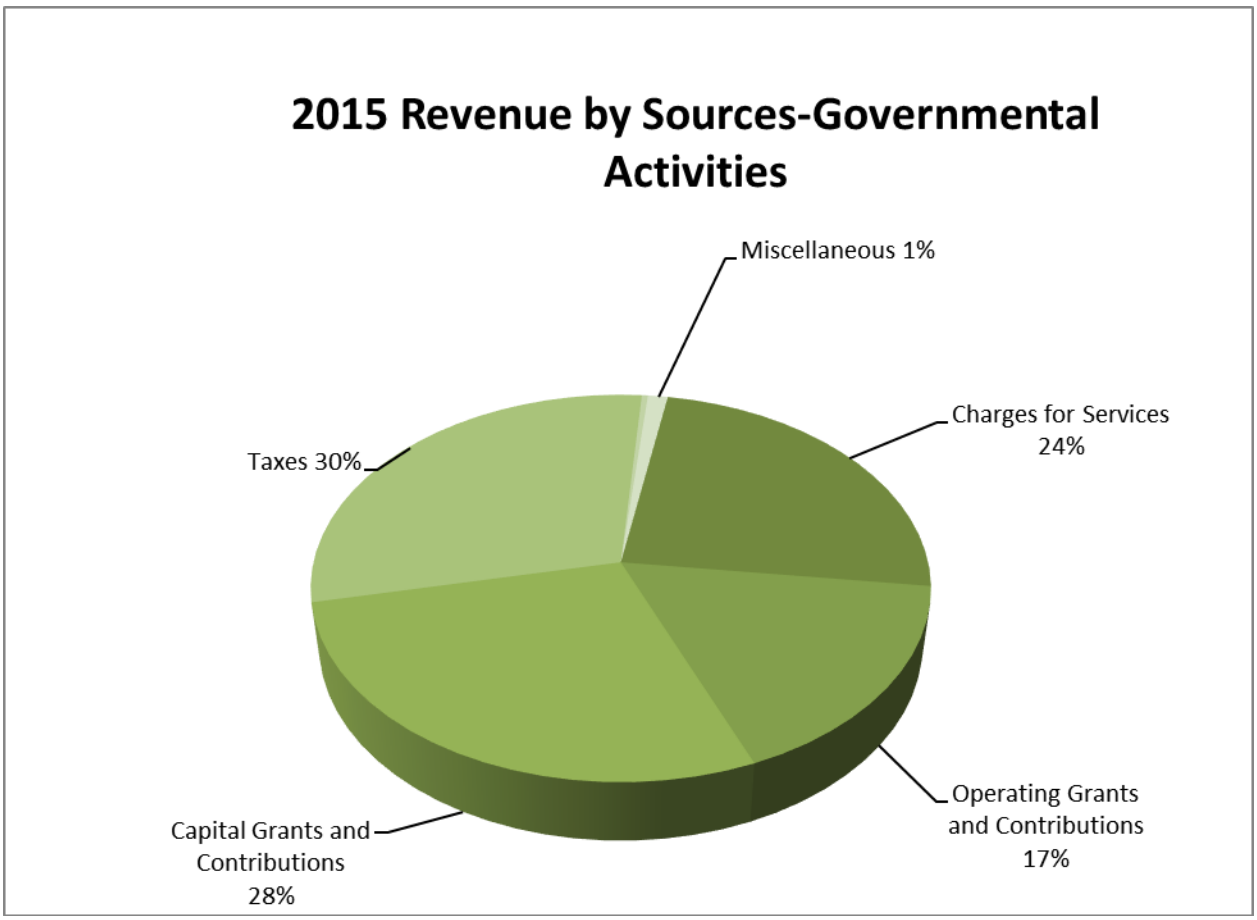


Governmental Activities: General Government expenses decreased by 8%, Public Safety decreased 24%, Judicial decreased 21%, Culture Art decreased 8%, Public Works decreased 23%, Housing and Development decreased 34% and Interest on long term debt increased 43%.

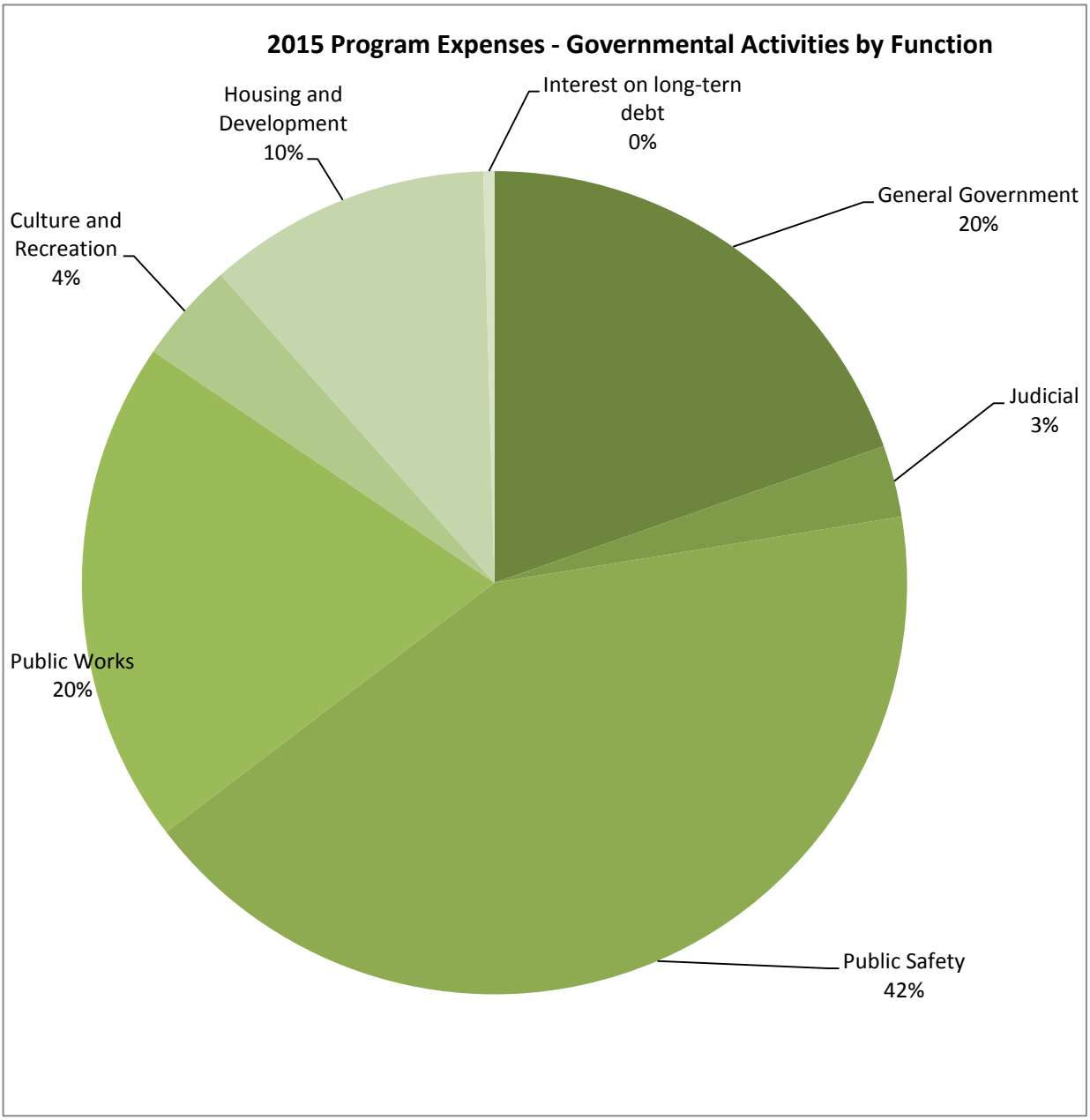


	General Government	Judicial	Public Safety	Public Works	Culture and Recreation	Housing and Development	Interest on long-term debt
2015	1,779	255	3,828	1,801	358	1,008	39
2014	1,930	322	5,030	2,317	389	1,535	27

Revenue for governmental activities was $6.2 million. The major revenue sources were taxes (30%), capital grants and contributions (28%), charges for services (24%), operating grants and contributions (17%) and miscellaneous (1%).

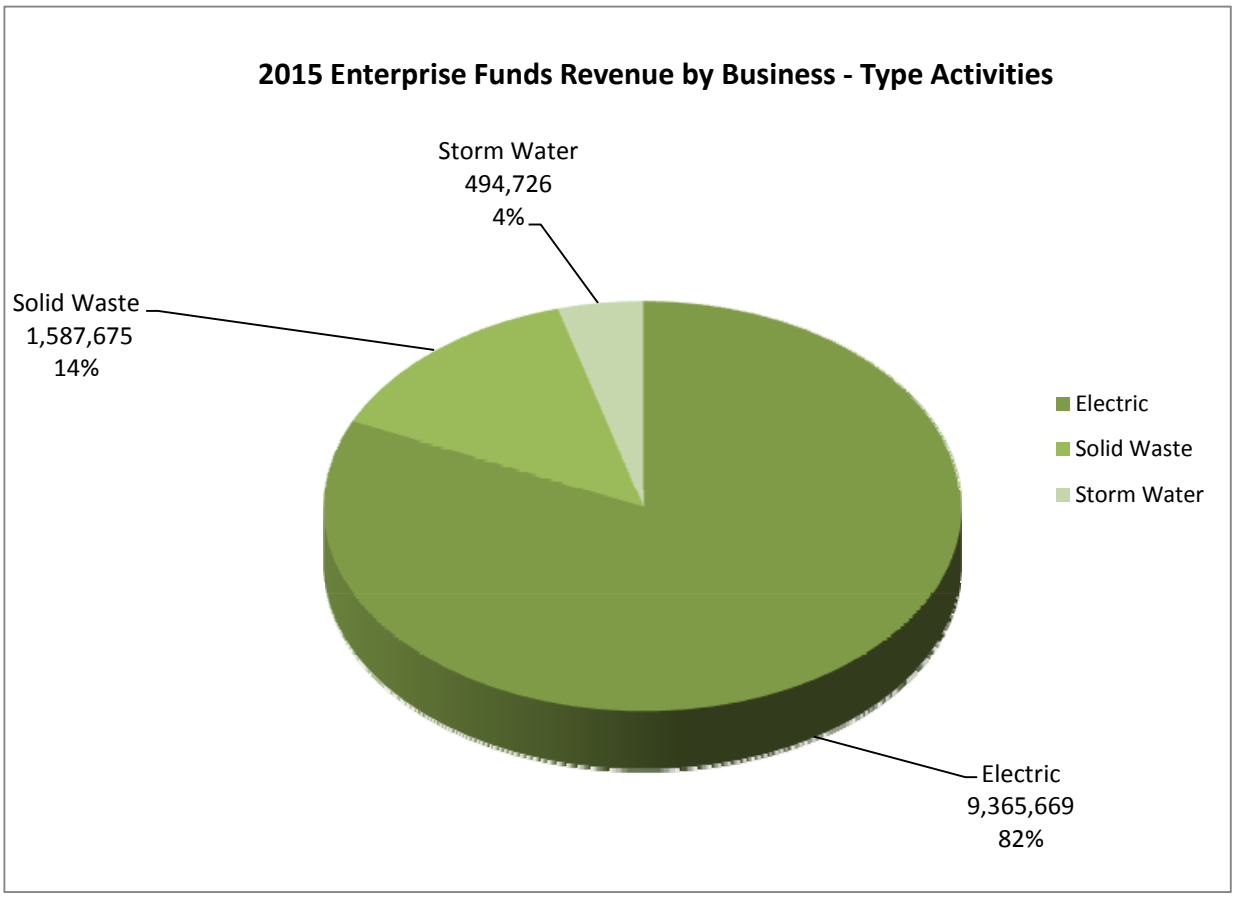


Expenses for the Governmental Activities were $9.0 million, of which Public Safety accounted for 42%, Public Works 20%, General Government 19%, Housing and Development 11%, Judicial 3%, and Culture and Recreation 4% .

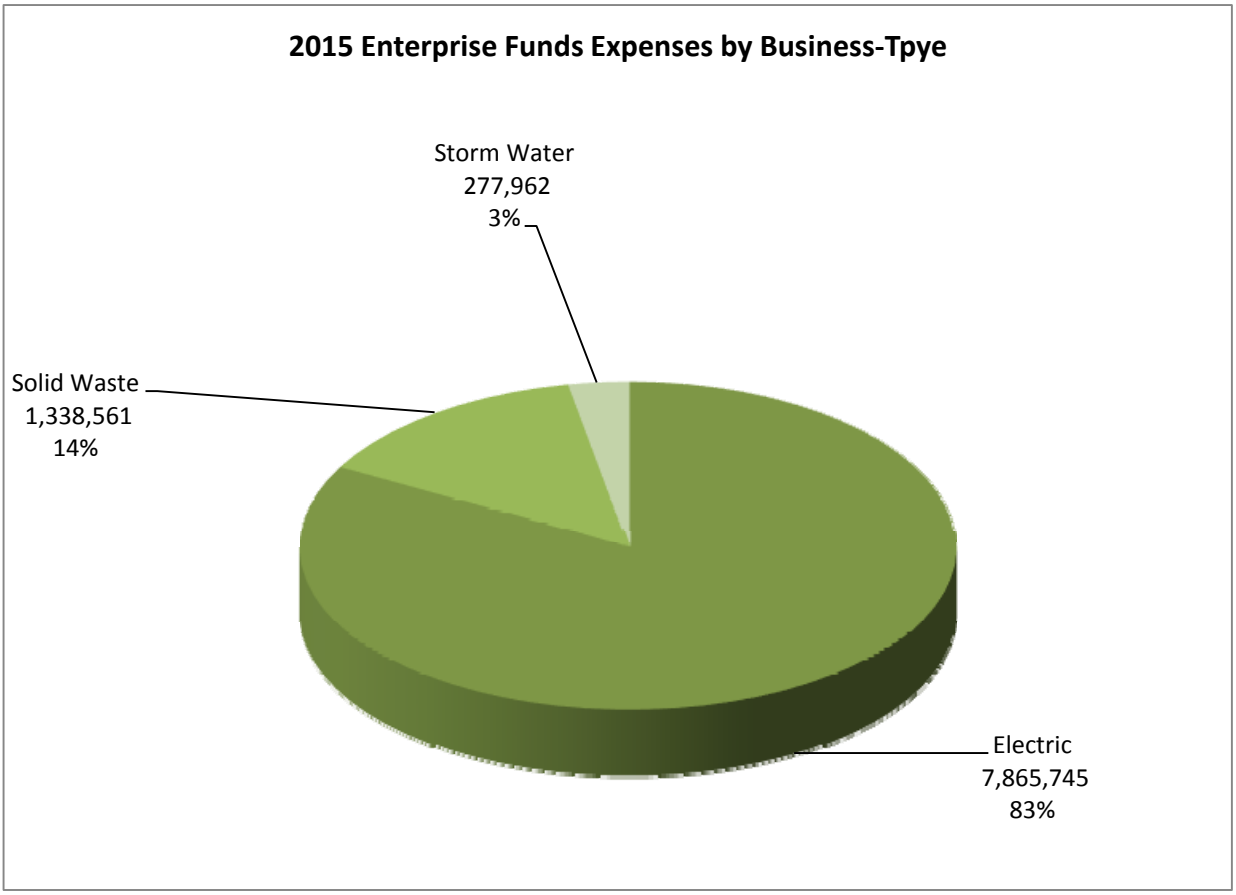


Business-Type Activities. Operations of business-type activities increased the City's net position by $2,623,657. Key elements of this increase were as follows:

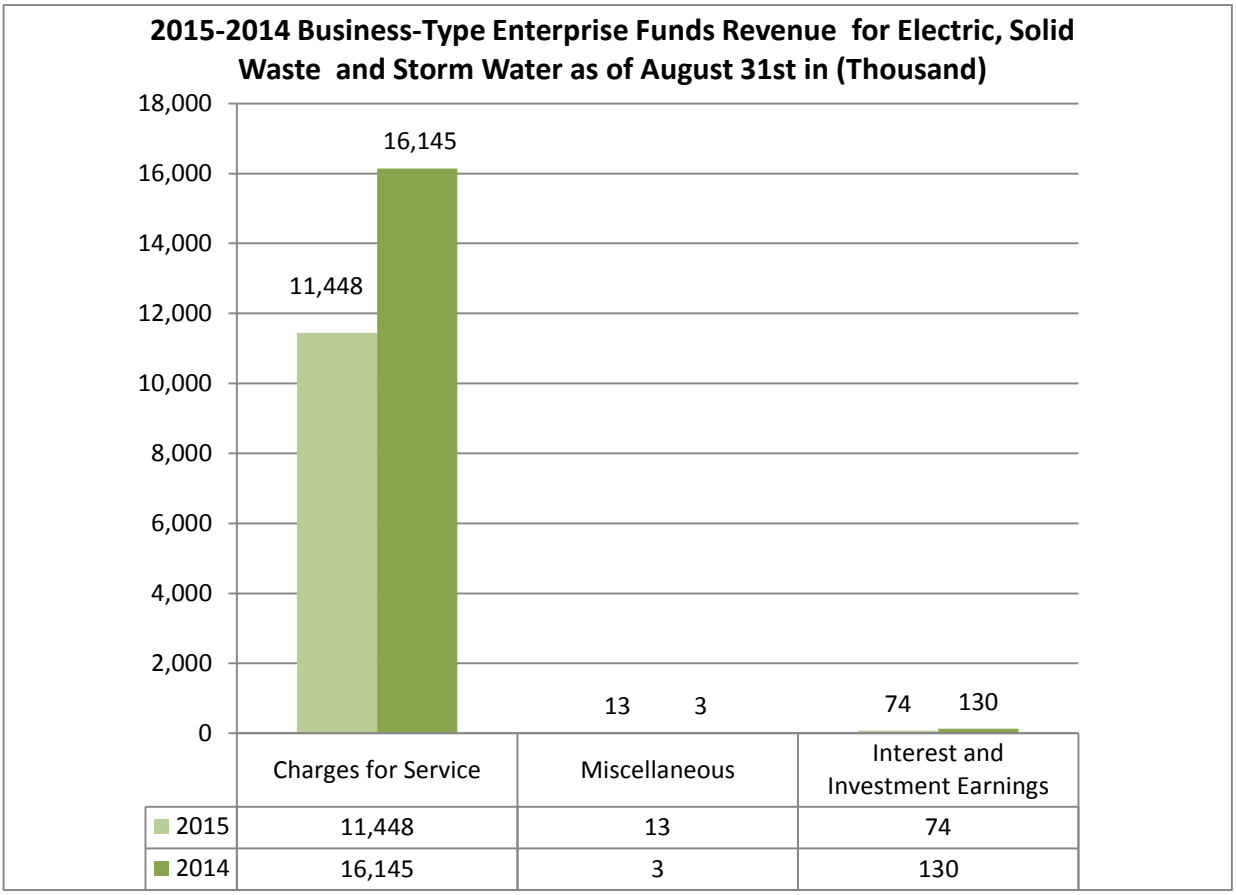
Sales for Business-Type activities were $11,448,070 an decrease of 29% over the prior year sales of $16,145,178.



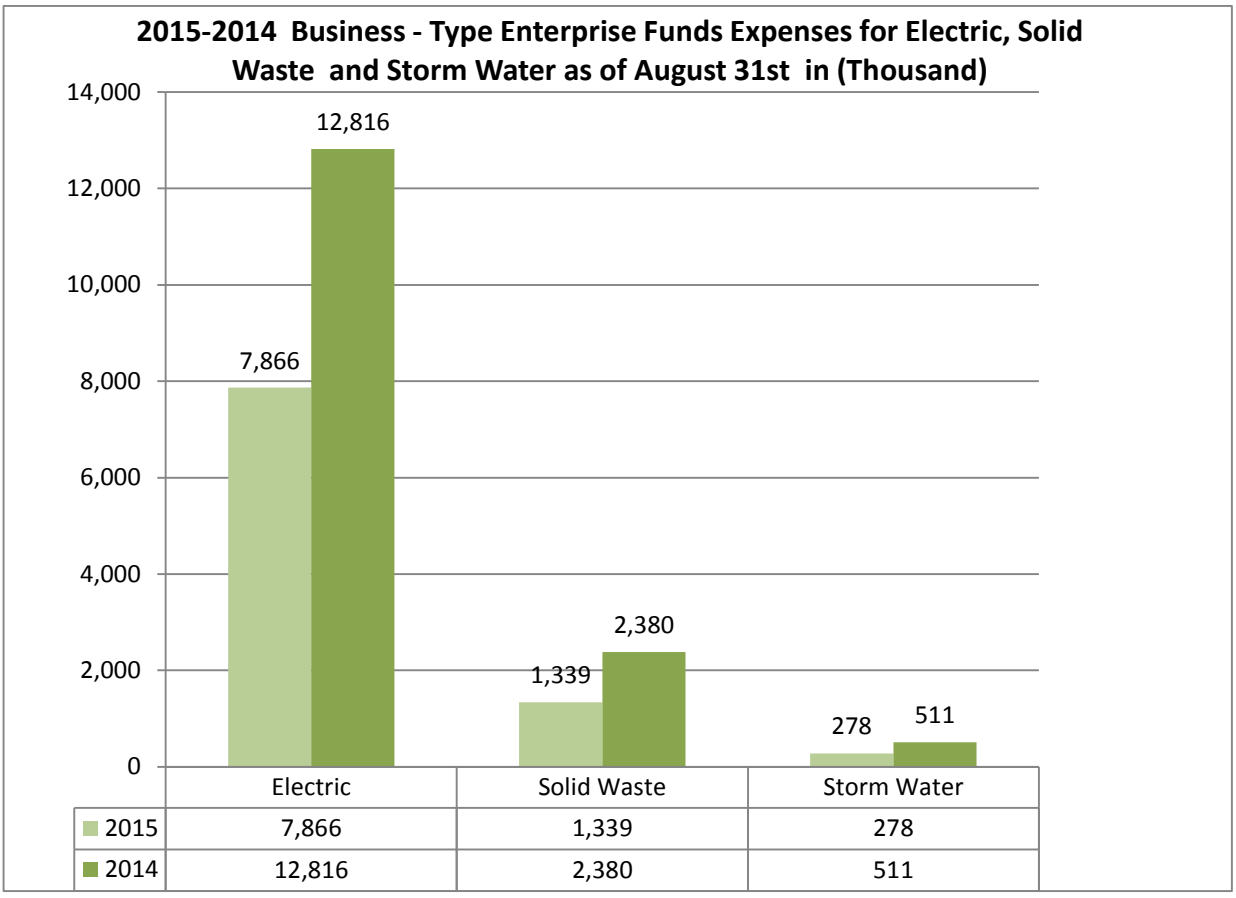
Expenses for the Business-type Activities were $9.5 million, of which Electric accounted for 84%, Solid Waste 13% and Storm Water 3%.



Business-Type; Electric, Storm Water, and Solid Waste charges for services decreased 30%, Miscellaneous increased 400% and Interest on Investment Earning decreased by 43%



Business-Type: Electric decreased 39%, Solid Waste decreased 44% and Storm Water decreased 46%.



The Electric Utility Enterprise Fund net position increased by $2,157,077. This was a decrease from 2014 of $3,697,594 due to the change in the fiscal year and lowering of the power cost adjustment.

The Solid Waste Utility Enterprise Fund net position increased by $249,581. This is a decrease from 2014 of $290,230 due to the increase in cost of service.

The Storm Water Utility Fund net position increased by $216,999. This is a increase from 2014 of $103,414 due to a decrease in personal services.

Review pages 110-119 (Exhibits G-1 thru G-9) for additional information on Enterprise Funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S INDIVIDUAL FUNDS

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

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

At the end of the current year, the City's General Fund reported an ending fund balance of $6,031,270 an decrease of $4,621,964 or (44%) in comparison with the prior year. Approximately 90.9% of this amount ($5,485,730) 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 46% of total general fund expenditures for the current year.

Key factors in the decrease of the General Fund's fund balance of $4,621,964 during the current year are:

- This decrease is due to the change in the fiscal year which doesn't include the collection of taxes
- For 2015, there was a decrease in the funds transferred in over 2014

Below is a breakdown of 2015-2014 Revenues and Expenses comparison (8 months vs 12 months):

- 2015-2014 Revenues comparison: Revenues for 2015 are $3,702,758 and 2014 revenues were $10,663,938. Revenues decreased by $6,961,180 which is an decrease of 65% over 2014.
- 2015-2014 Expenditures comparison: Expenditures for 2015 are $8,457,645 and 2014 expenditures were $9,830,108. Expenditures decreased by $1,372,463, a 14% decrease over 2014.

Below are several revenue line items that have an increase (decrease) in revenue over 2014 (8 months vs 12 months).

- Tax revenue decreased by $6,236,192 (84%).
- Investment earnings increased by $8,575 (67%).
- Licenses and permits decreased by $316,626 (55%).
- Fine, fees and forfeitures decreased by $295,286 (24%) over 2014.
- Charges for services decreased by $15,998 (11%).
- Other decreased by $68,144 (50%).

Review pages 88-93 (Exhibits D-1 thru D-4) for additional information on the General Fund.

SPECIAL REVENUE FUNDS

- Confiscated Assets Fund: The fund balance for 2014 was $819 and for 2015 is $819. There was no change over 2014.

- Hotel/Motel Tax Fund: The fund balance for 2014 was $361,619 and for 2015 is $524,010. This is a increase of $162,391, which is a 45% increase over 2014.

- Federal Seized Drug Fund: The fund balance for 2014 was $380,948 and for 2015 is $287,992. This is a decrease of $92,956, which is a 24% decrease over 2014.

- Technology Surcharges Fund: The fund balance for 2014 was $94,638 and for 2015 is $64,542. This is a decrease of $30,096 which is a 32% decrease over 2014.

- Rental Motor Vehicle Fund: The fund balance for 2014 was $0 and for 2015 is $73,312. This was a newly created fund for 2015

Review pages 94-103 (Exhibits E-1 thru E-10) for additional information on the Special Revenue Funds.

CAPITAL PROJECTS FUNDS

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

- 2009 Special Purpose Local Option Sales Tax Fund: The fund balance for 2014 is $1,549,860 and for 2015 is $(91,196). This is a decrease of $1,641,056.

- 2014 Special Purpose Local Option Sales Tax Fund: The fund balance for 2014 was $1,734,750 and for 2015 is $2,147,085. This is an increase of $412,335

- Capital Grants: The fund balance for 2014 was $14,047 and for 2015 is $12,632. This is a decrease of $1,415 which is a decrease of 10% over 2014.

Review pages 104-109 (Exhibits F-1 thru F-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.

2015 Net position of the City's four proprietary funds are as follows:

Electric Utility	19,053,135
Solid Waste Utility	1,120,436
Storm Water Utility	1,349,028

The increase in net position for the funds was $2,623,657, which is a 14% increase over 2014. 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 110-119 (Exhibits G-1 thru G-9) for additional information on the Enterprise Funds.

COMPONENT UNIT

The Component Unit 2014 Balance Sheet shows fund balance of $367,300 and 2015 Balance Sheet shows fund balance of $393,973. This is a increase of $26,673 which is a increase of 7% over 2014.
Review pages 122-123 (Exhibits I-1 thru I-2) for additional information on the Downtown Development Component Unit.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund 2015 adopted budget was $7,400,034. Final year end budget total was $10,941,224. Due to the change in the fiscal year from January – December (12 months), this period only covered January through August (8 months).

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 August 31, 2015, amounted to $67,504,952 (net of accumulated depreciation), which is a 8% increase from 2014. 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 August 31, 2014, the City invested $5,635,922 in new capital assets. Investment for business-type activities totaled $769,621, while $4,866,301 was for governmental activities. Major capital asset events during the current year included the following:

Governmental Activities : $4,866,301

- $3,380,804 Purchase of Land
- $705,626 Construction in Progress
- $27,881 Buildings
- $98,761 Infrastructure
- $489,848 Vehicles and equipment
- $163,381 Furniture and Fixtures

Business-type Activities : $769,621

- $523,209 Construction in Progress
- $15,400 Investment in the water/sewer, electrical, and storm water distribution systems
- $231,012 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 August 31, 2015 the City had a capital lease agreement with Dell with a balance of $453,220.

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 August 31, 2015 the balance of the note is $30,694. 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 August 31, 2015 the balance was $92,500. The balance is due on September 1, 2017: interest at 0.00%.

Downtown Development Authority entered into a lending agreement with the City of Norcross in the amount of $100,000 on July 22, 2010. The proceeds were then loaned to a local business for renovation improvements. As of August 31, 2015, 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 August 31, 2016. Budget calculations were based on, but not limited to, the following factors:

- The Storm Water department has been operating for six 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 $190,000. 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 2016.

- The revenue projected is expected to be consistent with 2015 due to the increase in the housing market.

- The biggest challenge for 2016 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
August 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,089,256	$ 328,644	$ 5,417,900	$ 128,906
Certificates of deposit	3,437,885	0	3,437,885	0
Investments	0	3,909,847	3,909,847	0
Restricted assets				
Cash and cash equivalents	0	138,414	138,414	0
Investments	0	5,270,690	5,270,690	0
Receivables (net)				
Accounts	2,217	3,822,741	3,824,958	0
Taxes	327,565	0	327,565	0
Intergovernmental	691,075	0	691,075	0
Notes	0	0	0	11,233
Interest	11,407	0	11,407	0
Internal balances	(843,644)	843,644	0	0
Prepaid items	163,413	97,735	261,148	0
Property held for resale	1,085,766	0	1,085,766	902,900
Inventories	0	880,183	880,183	0
Total current assets	9,964,940	15,291,898	25,256,838	1,043,039
Noncurrent assets				
Notes receivable	977,500	0	977,500	159,894
Capital assets				
Non-depreciable	22,312,667	919,540	23,232,207	4,000
Depreciable (net)	35,569,149	8,703,596	44,272,745	112,311
Total noncurrent assets	58,859,316	9,623,136	68,482,452	276,205
Total assets	68,824,256	24,915,034	93,739,290	1,319,244
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	256,082	29,060	285,142	0
Pension assumption changes	1,678	191	1,869	0
Total deferred outflows	257,760	29,251	287,011	0
LIABILITIES				
Current liabilities				
Payables				
Accounts	653,829	463,556	1,117,385	15,169
Retainages	53,544	0	53,544	0
Intergovernmental	82,367	887,013	969,380	7,013
Sales tax	0	91,822	91,822	0
Customer deposits	0	0	0	1,778
Accrued salaries and payroll liabilities	72,918	7,949	80,867	0
Compensated absences	200,043	16,335	216,378	0
Unearned revenue	2,810	141,045	143,855	0
Other liabilities	905,432	0	905,432	0
Notes payable	0	0	0	4,228
Capital lease payable	91,264	0	91,264	0
Liabilities payable from restricted assets				
Customer deposits payable	0	584,603	584,603	0
Total current liabilities	2,062,207	2,192,323	4,254,530	28,188

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
August 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Net pension liability	$ 1,886,584	$ 214,092	$ 2,100,676	$ 0
Notes payable	0	0	0	1,003,966
Capital lease payable	361,956	0	361,956	0
Net OPEB obligation	8,276,514	983,988	9,260,502	0
Total noncurrent liabilities	10,525,054	1,198,080	11,723,134	1,003,966
Total liabilities	12,587,261	3,390,403	15,977,664	1,032,154
DEFERRED INFLOWS OF RESOURCES				
Pension investment return differences	106,940	12,135	119,075	0
Pension experience differences	168,728	19,148	187,876	0
Total deferred inflows of resources	275,668	31,283	306,951	0
NET POSITION				
Net investment in capital assets	56,990,658	9,623,136	66,613,794	116,311
Restricted for:				
General Government	64,542	0	64,542	0
Public Safety	288,811	0	288,811	0
Public Works	12,632	0	12,632	0
Housing and Development	73,312	0	73,312	0
MEAG generation projects	0	4,824,501	4,824,501	0
Capital projects	2,248,110	0	2,248,110	0
Unrestricted	(3,458,978)	7,074,962	3,615,984	170,779
Total net position	$ 56,219,087	$ 21,522,599	$ 77,741,686	$ 287,090

See accompanying notes to the financial statements.

Exhibit A-1, continued

CITY OF NORCROSS, GEORGIA
STATEMENT OF ACTIVITIES
For the eight month period ending August 31, 2015

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	$ 1,779,413	$ 56,592	$ 0	$ 0	$ (1,722,821)
Judicial	254,534	0	0	0	(254,534)
Public Safety	3,827,925	1,151,865	1,038,579	0	(1,637,481)
Public Works	1,800,882	0	0	1,723,844	(77,038)
Culture and Recreation	357,828	68,898	0	0	(288,930)
Housing and Development	1,007,914	215,318	0	0	(792,596)
Interest on long-term debt	38,787	0	0	0	(38,787)
Total governmental activities	9,067,283	1,492,673	1,038,579	1,723,844	(4,812,187)
Business-type activities					
Electric Utility	7,865,745	9,365,669	570,576	0	2,070,500
Solid Waste	1,338,561	1,587,675	0	0	249,114
Storm Water Utility	277,962	494,726	0	0	216,764
Total business-type activities	9,482,268	11,448,070	570,576	0	2,536,378
Total primary government	18,549,551	12,940,743	1,609,155	1,723,844	(2,275,809)
Component Unit					
Downtown Development Authority					
Housing and Development	74,591	0	0	0	(74,591)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (4,812,187)	$ 2,536,378	$ (2,275,809)	$ (74,591)
General revenues				
Taxes				
Property	495,329	0	495,329	0
Franchise	309,377	0	309,377	0
Intangibles	45,806	0	45,806	0
Occupational	267,279	0	267,279	0
Alcoholic beverage	162,094	0	162,094	0
Hotel/Motel	469,831	0	469,831	0
Other	73,312	0	73,312	0
Interest and investment earnings	21,751	74,282	96,033	11,267
Payments from City of Norcross	0	0	0	43,500
Miscellaneous	72,934	12,997	85,931	72,513
Total general revenues and transfers	1,917,713	87,279	2,004,992	127,280
Change in net position	(2,894,474)	2,623,657	(270,817)	52,689
Net position - beginning (original)	61,151,015	19,130,155	80,281,170	234,401
Prior period adjustments	(2,037,454)	(231,213)	(2,268,667)	0
Net position - beginning (restated)	59,113,561	18,898,942	78,012,503	234,401
Net position - ending	$ 56,219,087	$ 21,522,599	$ 77,741,686	$ 287,090

CITY OF NORCROSS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2015

	General	2009 SPLOST	2014 SPLOST	Grants	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	$ 2,013,851	$ 676,505	$ 1,752,940	$ 109,595	$ 536,365	$ 5,089,256
Certificates of deposit	3,437,885	0	0	0	0	3,437,885
Receivables (net)						
Accounts	2,217	0	0	0	0	2,217
Taxes	214,224	0	0	0	113,341	327,565
Intergovernmental	90,922	0	394,145	206,008	0	691,075
Notes	977,500	0	0	0	0	977,500
Interest	11,407	0	0	0	0	11,407
Prepaid items	163,413	0	0	0	0	163,413
Due from other funds	572,837	96,963	0	0	436,408	1,106,208
Property held for resale	1,085,766	0	0	0	0	1,085,766
Advances to other funds	281,102	0	0	0	0	281,102
Total assets	$ 8,851,124	$ 773,468	$ 2,147,085	$ 315,603	$ 1,086,114	$ 13,173,394
LIABILITIES						
Payables						
Accounts	$ 267,540	$ 258,020	$ 0	$ 126,371	$ 1,898	$ 653,829
Retainages	0	43,244	0	10,300	0	53,544
Intergovernmental	0	0	0	0	82,367	82,367
Accrued salaries and payroll liabilities	72,918	0	0	0	0	72,918
Unearned revenue	2,810	0	0	0	0	2,810
Due to other funds	1,267,966	12,298	0	166,300	4,837	1,451,401
Other liabilities	859,095	0	0	0	46,337	905,432
Advances from other funds	228,451	551,102	0	0	0	779,553
Total liabilities	2,698,780	864,664	0	302,971	135,439	4,001,854
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	121,074	0	0	0	0	121,074
FUND BALANCES						
Nonspendable:						
Prepaid items	163,413	0	0	0	0	163,413
Advances to other funds	281,102	0	0	0	0	281,102
Restricted for:						
General Government	0	0	0	0	64,542	64,542
Public Safety	0	0	0	0	288,811	288,811
Public Works	0	0	0	12,632	0	12,632
Housing and Development	0	0	0	0	73,312	73,312
Capital outlay	101,025	0	2,147,085	0	0	2,248,110
Assigned for:						
Housing and Development	0	0	0	0	524,010	524,010
Unassigned	5,485,730	(91,196)	0	0	0	5,394,534
Total fund balances	6,031,270	(91,196)	2,147,085	12,632	950,675	9,050,466
Total liabilities, deferred inflows, and fund balances	$ 8,851,124	$ 773,468	$ 2,147,085	$ 315,603	$ 1,086,114	$ 13,173,394

CITY OF NORCROSS, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
August 31, 2015

Total fund balance - total governmental funds		$ 9,050,466
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		57,881,816
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are:		
Property taxes		121,074
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Capital leases	$ (453,220)	
Compensated absences	(200,043)	
Net pension liability	(1,886,584)	
Net OPEB obligations	(8,276,514)	(10,816,361)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	256,082	
Pension assumption changes	1,678	
Deferred inflows of resources:		
Pension investment return differences	(106,940)	
Pension experience differences	(168,728)	(17,908)
Net position of governmental activities		$ 56,219,087

CITY OF NORCROSS, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the eight month period ending August 31, 2015

	General	2009 SPLOST	2014 SPLOST	Grants	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	$ 1,240,087	$ 0	$ 0	$ 0	$ 543,143	$ 1,783,230
Licenses and permits	257,058	0	0	0	0	257,058
Fines, fees and forfeitures	953,755	0	0	0	157,977	1,111,732
Charges for services	123,884	0	0	0	0	123,884
Intergovernmental	1,038,579	0	1,511,702	210,919	0	2,761,200
Interest	21,400	590	633	0	351	22,974
Other	67,995	0	0	0	370	68,365
Total revenues	3,702,758	590	1,512,335	210,919	701,841	6,128,443
EXPENDITURES						
Current						
General Government	1,568,850	0	0	0	75,112	1,643,962
Judicial	222,163	0	0	0	0	222,163
Public Safety	3,338,488	0	0	0	206,068	3,544,556
Public Works	1,154,800	0	0	0	0	1,154,800
Culture and Recreation	288,606	0	0	0	0	288,606
Housing and Development	1,791,021	0	0	0	308,010	2,099,031
Capital outlay	0	1,643,061	1,100,000	245,945	0	2,989,006
Debt service	93,717	0	0	0	0	93,717
Total expenditures	8,457,645	1,643,061	1,100,000	245,945	589,190	12,035,841
Excess (deficiency) of revenues over (under) expenditures	(4,754,887)	(1,642,471)	412,335	(35,026)	112,651	(5,907,398)
Other financing soures (uses)						
Transfers in	0	1,415	0	35,026	0	36,441
Transfers out	(35,026)	0	0	(1,415)	0	(36,441)
Issuance of capital leases	163,381	0	0	0	0	163,381
Sale of capital assets	4,568	0	0	0	0	4,568
Total other financing sources (uses)	132,923	1,415	0	33,611	0	167,949
Net change in fund balance	(4,621,964)	(1,641,056)	412,335	(1,415)	112,651	(5,739,449)
Fund balances, January 1	10,653,234	1,549,860	1,734,750	14,047	838,024	14,789,915
Fund balances, August 31	$ 6,031,270	$ (91,196)	$ 2,147,085	$ 12,632	$ 950,675	$ 9,050,466

See accompanying notes to the financial statements.

Exhibit A-5

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 eight month period ending August 31, 2015

Net change in fund balances - total governmental funds		$ (5,739,449)
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	$ 4,866,301	
Depreciation	(1,175,591)	3,690,710
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.		39,798
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	476,299	
Cost of benefits earned net of employee contributions	(343,337)	132,962
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	54,930	
Proceeds from capital leases	(163,381)	(108,451)
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	(8,917)	
Net OPEB obligations	(901,127)	(910,044)
Change in net position of governmental activities		$ (2,894,474)

CITY OF NORCROSS, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the eight month period ending August 31, 2015

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 4,484,205	$ 4,484,205	$ 1,240,087	$ (3,244,118)
Licenses and permits	332,388	332,388	257,058	(75,330)
Fines, fees and forfeitures	697,063	697,063	953,755	256,692
Charges for services	95,894	95,894	123,884	27,990
Intergovernmental	802,641	802,641	1,038,579	235,938
Interest	12,373	12,373	21,400	9,027
Other	373,372	373,372	67,995	(305,377)
Total revenues	6,797,936	6,797,936	3,702,758	(3,095,178)
EXPENDITURES				
Current				
General Government				
Governing Body	196,248	330,977	330,974	3
Administration	307,655	298,783	300,933	(2,150)
City Clerk	69,184	62,879	63,285	(406)
Chief Executive	118,290	108,412	109,553	(1,141)
Information Technology	845,842	771,489	702,976	68,513
Human Resources	135,519	60,850	61,129	(279)
Judicial				
Municipal Court	264,818	221,168	222,163	(995)
Public Safety				
Police	2,954,413	3,104,156	2,976,696	127,460
E911 Communications	373,263	365,848	361,792	4,056
Public Works				
Public Works Administration	1,102,762	1,182,387	1,154,800	27,587
Culture and Recreation				
Parks and Recreation	258,746	288,176	288,606	(430)
Housing and Development				
Community Development	500,484	491,846	492,989	(1,143)
Economic Development	139,310	3,517,035	1,254,532	2,262,503
Downtown Development Authority	43,500	43,500	43,500	0
Debt Service				
General Government	0	93,718	93,717	1
Total expenditures	7,310,034	10,941,224	8,457,645	2,483,579
Excess (deficiency) of revenues over (under) expenditures	(512,098)	(4,143,288)	(4,754,887)	(611,599)
Other financing sources (uses)				
Transfers in	0	2,261,848	(35,026)	(2,296,874)
Transfers out	0	(37,636)	0	37,636
Issuance of capital leases	0	0	163,381	163,381
Sale of capital asses	0	0	4,568	4,568
Contingency	(90,000)	(28,540)	0	28,540
Total other financing sources (uses)	(90,000)	2,195,672	132,923	(2,062,749)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(602,098)	(1,947,616)	(4,621,964)	(2,674,348)
Fund balances, January 1	602,098	1,947,616	10,653,234	8,705,618
Fund balances, August 31	$ 0	$ 0	$ 6,031,270	$ 6,031,270

See accompanying notes to the financial statements.

Exhibit A-7

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2015

	Business Type			
	Electric Utility	Solid Waste	Storm Water Utility	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 0	$ 226,221	$ 102,423	$ 328,644
Investments	3,909,847	0	0	3,909,847
Restricted assets				
Cash and cash equivalents	0	138,414	0	138,414
Investments	5,270,690	0		5,270,690
Accounts receivable (net)	2,837,437	380,575	604,729	3,822,741
Prepaid items	95,235	0	2,500	97,735
Due from other funds	0	765,604	465,604	1,231,208
Inventories	880,183	0	0	880,183
Total current assets	12,993,392	1,510,814	1,175,256	15,679,462
Noncurrent assets				
Capital assets				
Non-depreciable	919,540	0	0	919,540
Depreciable (net)	8,110,146	0	593,450	8,703,596
Other assets				
Advances to other funds	498,451	0	0	498,451
Total noncurrent assets	9,528,137	0	593,450	10,121,587
Total assets	22,521,529	1,510,814	1,768,706	25,801,049
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement da	20,575	0	8,485	29,060
Pension assumption changes	135	0	56	191
Total deferred outflows	20,710	0	8,541	29,251
LIABILITIES				
Current liabilities				
Payables				
Accounts	254,724	203,124	5,708	463,556
Intergovernmental	887,013	0	0	887,013
Sales tax	91,822	0	0	91,822
Accrued salaries and payroll liabilities	6,467	0	1,482	7,949
Compensated absences	11,834	0	4,501	16,335
Unearned revenue	92,205	48,840	0	141,045
Due to other funds	886,015	0	0	886,015
Liabilities payable from restricted assets				
Customer deposits payable	446,189	138,414	0	584,603
Total current liabilities	2,676,269	390,378	11,691	3,078,338
Noncurrent liabilities				
Net pension liability	151,580	0	62,512	214,092
Net OPEB obligation	639,106	0	344,882	983,988
Total noncurrent liabilities	790,686	0	407,394	1,198,080
Total liabilities	3,466,955	390,378	419,085	4,276,418

CITY OF NORCROSS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2015

	Business Type			
	Electric Utility	Solid Waste	Storm Water Utility	Totals
DEFERRED INFLOWS OF RESOURCES				
Pension investment return differences	$ 8,592	$ 0	$ 3,543	$ 12,135
Pension experience differences	13,557	0	5,591	19,148
Total deferred inflows of resources	22,149	0	9,134	31,283
NET POSITON				
Investment in capital assets	9,029,686	0	593,450	9,623,136
Restricted for:				
MEAG generation projects	4,824,501	0	0	4,824,501
Unrestricted	5,198,948	1,120,436	755,578	7,074,962
Total net position	$ 19,053,135	$ 1,120,436	$ 1,349,028	$ 21,522,599

CITY OF NORCROSS, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the eight month period ending August 31, 2015

	Business-Type			
	Electric Utility	Solid Waste	Storm Water Utility	Totals
OPERATING REVENUES				
Charges for sales and services	$ 9,365,669	$ 1,587,675	$ 494,726	$ 11,448,070
Other	12,997	0	0	12,997
Total operating revenues	9,378,666	1,587,675	494,726	11,461,067
OPERATING EXPENSES				
Costs of sales and services	7,030,792	1,304,898	99,340	8,435,030
Personal services	642,263	33,663	160,017	835,943
Depreciation	192,690	0	18,605	211,295
Total operating expenses	7,865,745	1,338,561	277,962	9,482,268
Operating income (loss)	1,512,921	249,114	216,764	1,978,799
Non-operating revenues (expenses)				
Investment revenue	73,580	467	235	74,282
Intergovernmental	570,576	0	0	570,576
Total non-operating revenues (expenses)	644,156	467	235	644,858
Change in net position	2,157,077	249,581	216,999	2,623,657
Net position, January 1 (original)	17,059,760	870,855	1,199,540	19,130,155
Prior period adjustment	(163,702)	0	(67,511)	(231,213)
Net position, January 1 (restated)	16,896,058	870,855	1,132,029	18,898,942
Net position, August 31	$ 19,053,135	$ 1,120,436	$ 1,349,028	$ 21,522,599

See accompanying notes to the financial statements.

Exhibit A-9

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the eight month period ending August 31, 2015

	Business-Type			
	Electric Utility	Solid Waste	Storm Water Utility	Totals
Cash flows from operating activities:				
Receipts from customers	$ 8,334,313	$ 1,432,447	$ 17,308	$ 9,784,068
Payments to suppliers	(6,852,400)	(1,282,814)	(95,152)	(8,230,366)
Payments to employees	(573,725)	(33,663)	(131,822)	(739,210)
Other receipts	12,997	0	0	12,997
Net cash provided (used) by operating activities	921,185	115,970	(209,666)	827,489
Cash flows from non-capital financing activities:				
Receipts from other funds	331,209	0	0	331,209
Payments to other funds	0	(765,604)	(465,604)	(1,231,208)
Receipts from other governments	570,576	0	0	570,576
Net cash provided (used) by non-capital financing activities	901,785	(765,604)	(465,604)	(329,423)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(747,196)	0	(22,425)	(769,621)
Cash flows from investing activities:				
Interest received	73,580	467	235	74,282
Purchase of investments	(1,149,354)	0	0	(1,149,354)
Net cash provided (used) by investing activities	(1,075,774)	467	235	(1,075,072)
Net increase (decrease) in cash and cash equivalents	0	(649,167)	(697,460)	(1,346,627)
Cash and cash equivalents, January 1	0	1,013,802	799,883	1,813,685
Cash and cash equivalents, August 31	$ 0	$ 364,635	$ 102,423	$ 467,058

CITY OF NORCROSS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the eight month period ending August 31, 2015

	Business-Type			
	Electric Utility	Solid Waste	Storm Water Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,512,921	$ 249,114	$ 216,764	$ 1,978,799
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	192,690	0	18,605	211,295
(Increase) decrease in accounts receivable	(1,061,909)	(56,025)	(477,418)	(1,595,352)
(Increase) decrease in prepaid items	(18,509)	0	(799)	(19,308)
(Increase) decrease in inventories	(45,583)	0	0	(45,583)
(Increase) decrease in pension contributions subsequent to measurement date	(20,575)	0	(8,485)	(29,060)
(Increase) decrease in pension assumption differences	(135)	0	(56)	(191)
Increase (decrease) in accounts payable	135,150	22,084	4,987	162,221
Increase (decrease) in intergovernmental payable	107,334	0	0	107,334
Increase (decrease) in sales tax payable	33,173	0	0	33,173
Increase (decrease) in unearned revenue	4,458	(97,679)	0	(93,221)
Increase (decrease) in deposits payable	(7,078)	(1,524)	0	(8,602)
Increase (decrease) in net OPEB obligation	67,827	0	29,069	96,896
Increase (decrease) in accrued payroll liabilities	11,394	0	3,532	14,926
Increase (decrease) in pension investment return differences	8,592	0	3,543	12,135
Increase (decrease) in pension experiences differences	13,557	0	5,591	19,148
Increase (decrease) in net pension liability	(12,122)	0	(4,999)	(17,121)
Total adjustments	(591,736)	(133,144)	(426,430)	(1,151,310)
Net cash provided (used) by operating activities	$ 921,185	$ 115,970	$ (209,666)	$ 827,489
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	$ 0	$ 226,221	$ 102,423	$ 328,644
Restricted assets				
Cash and cash equivalents	0	138,414	0	138,414
Total cash and cash equivalents	$ 0	$ 364,635	$ 102,423	$ 467,058

See accompanying notes to the financial statements.

Exhibit A-10, continued

CITY OF NORCROSS, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
August 31, 2015

	Municipal Court Agency Fund
ASSETS	
Cash and cash equivalents	$ 260,559
LIABILITIES	
Due to other agencies	$ 260,559

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 an August 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 the eight months ending August 31, 2015.

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.

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

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

Fiduciary Fund Types

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

2. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements, continued

Component Units

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

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

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

E. Measurement Focus and Basis of Accounting

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

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting, continued

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

F. Revenues and Expenditures/Expenses

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

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

G. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all governmental fund types, prior to August 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.

The City did not adopt a budget for the newly created Rental Motor Vehicle Excise Tax Special Revenue Fund.

2. Summary of Significant Accounting Policies (continued)

G. Budgets and Budgetary Accounting, continued

At the beginning of May 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 June 1.

During July and August, 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 August 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 August 31, 2015.

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 August 31, 2015 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. The City reports deferred outflows or resources for their defined benefit plans.

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. The City also reports deferred inflows of resources related to their defined benefit pension plan.

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 August 31, 2015, 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.

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 August 31, 2015, 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, Intermediate Extended and Short-term Portfolios; these portfolios are not rated. At August 31, 2015, the average weighted maturity of the Intermediate and Short-term Portfolios were 14.6 and 0.4 months, respectively. At August 31, 2015, the City's balances in the Voluntary Flexible Operating Accounts were $4,605,628 and in the Generation Trust Accounts were $4,574,910.

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 August 31, 2015 was 43 days. At August 31, 2015, the City's balance in Georgia Fund 1 was $47,138.

4. Accounts Receivable

Net accounts receivable at August 31, 2015 consist of the following:

Major Funds		
General Fund		$ 2,217
Enterprise Funds		
Electric Utility	$ 2,863,369	
Less: Allowances for Uncollectibles	(25,932)	
Solid Waste	382,487	
Less: Allowances for Uncollectibles	(1,912)	
Storm Water Utility	746,683	
Less: Allowances for Uncollectibles	(141,954)	3,822,741
Total Primary Government		$ 3,824,958

5. Intergovernmental Receivables

Intergovernmental receivables at August 31, 2015 consist of the following:

Major Funds	
General Fund	
Gwinnett County, Georgia	$ 83,909
City of Norcross Downtown Development Authority	7,013
2014 SPLOST Capital Projects	
Gwinnett County, Georgia	394,145
Grants Capital Projects Fund	
Georgia Department of Transportation	206,008
Total primary government	$ 691,075

6. Taxes Receivable

Property Taxes

Property taxes receivable as of August 31, 2015 consist of the following:

Year of Levy	Amount
2014	$ 177,244
2013	58,175
2012	84,997
2011	28,478
2010	24,443
2009	26,571
	399,908
Less allowance for uncollectible	(255,887)
Total	$ 144,021

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 2015, based upon the assessments of January 1, 2015, were billed on September 15, 2015, and due on November 16, 2015. 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. There was no property tax digest billed in this eight months reported.

Other Taxes

$54,890 of franchise taxes, $102,568 of hotel/motel taxes, $15,313 of alcohol excise taxes and $10,773 in rental motor vehicle 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	$ 554,807
	2009 SPLOST	281,102
	Grants	13,193
	Nonmajor Governmental	4,837
2009 SPLOST	Grants	96,963
Electric Utility	General	228,451
	2009 SPLOST	270,000
Stormwater	General	300,000
	Electric Utility	165,604
Solid Waste	General	600,000
	Electric Utility	165,604
Nonmajor Governmental	General	367,966
	2009 SPLOST	12,298
	Grants	56,144
Subtotal		$ 3,116,969

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	Grants	$ 35,026
Grants	2009 SPLOST	1,415
Subtotal		$ 36,441

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 eight month period ending August 31, 2015 was as follows:

	Balance 12/31/2014	Increases	Decreases	Balance 8/31/2015
Governmental activities				
Non-depreciable assets				
Land	$ 16,874,772	$ 3,380,804	$ 0	$ 20,255,576
Construction in progress	1,518,907	705,626	(167,442)	2,057,091
Total nondepreciable assets	18,393,679	4,086,430	(167,442)	22,312,667
Depreciable assets				
Buildings	12,848,919	27,881	0	12,876,800
Infrastructure	50,974,265	266,203	0	51,240,468
Vehicles and equipment	3,630,040	489,848	0	4,119,888
Furniture and fixtures	2,531,519	163,381	0	2,694,900
Intangible assets	227,406	0	0	227,406
Total depreciable assets	70,212,149	947,313	0	71,159,462
Accumulated depreciation				
Buildings	(2,932,980)	(176,144)	0	(3,109,124)
Infrastructure	(27,227,303)	(668,941)	0	(27,896,244)
Vehicles and equipment	(2,521,042)	(197,685)	0	(2,718,727)
Furniture and fixtures	(1,682,980)	(127,296)	0	(1,810,276)
Intangible assets	(50,417)	(5,525)	0	(55,942)
Total accumulated depreciation	(34,414,722)	(1,175,591)	0	(35,590,313)
Total depreciable assets, net	35,797,427	(228,278)	0	35,569,149
Governmental activities capital assets, net	$ 54,191,106	$ 3,858,152	$ (167,442)	$ 57,881,816
Business-type activities				
Non-depreciable assets				
Land	$ 1,000	$ 0	$ 0	$ 1,000
Construction in progress	395,331	523,209	0	918,540
Total non-depreciable assets	396,331	523,209	0	919,540
Depreciable assets				
Distribution system	10,756,771	15,400	0	10,772,171
Vehicles and equipment	1,371,346	231,012	0	1,602,358
Total depreciable assets	12,128,117	246,412	0	12,374,529
Accumulated depreciation				
Distribution system	(2,390,671)	(166,894)	0	(2,557,565)
Vehicles and equipment	(1,068,967)	(44,401)	0	(1,113,368)
Total accumulated depreciation	(3,459,638)	(211,295)	0	(3,670,933)
Total depreciable assets, net	8,668,479	35,117	0	8,703,596
Business-type activities capital assets, net	$ 9,064,810	$ 558,326	$ 0	$ 9,623,136

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 eight month period ending August 31, 2015 was as follows:

	Balance 12/31/2014	Increases	Decreases	Balance 8/31/2015
Downtown Development Authority Component Unit				
Non-depreciable assets				
Land	$ 4,000	$ 0	$ 0	$ 4,000
Total non-depreciable assets	4,000	0	0	4,000
Depreciable assets				
Buildings	78,866	25,189	0	104,055
Infastructure	9,846	0	0	9,846
Total depreciable assets	88,712	25,189	0	113,901
Accumulated depreciation				
Buildings	0	(1,261)	0	(1,261)
Infastructure	(197)	(132)	0	(329)
Total accumulated depreciation	(197)	(1,393)	0	(1,590)
Total depreciable assets, net	88,515	23,796	0	112,311
Downtown Development Authority capital assets, net	$ 92,515	$ 23,796	$ 0	$ 116,311

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 137,745
Judicial	242
Public Safety	263,049
Public Works	693,900
Culture and Recreation	32,702
Housing and Development	47,953
Total depreciation expense for governmental activities	$ 1,175,591
Business-type activities	
Water and Sewer Utility	$ 0
Electric Utility	192,690
Storm Water Utility	18,605
Total depreciation expense for business-type activities	$ 211,295
DDA Component Unit	$ 1,393

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 August 31, 2015, the balance of this note is $192,500. 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 August 31, 2015, 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 August 31, 2015, 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 August 31, 2015, 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 August 31, 2015, the balance of the note receivable was $171,127. 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 August 31,	Principal	Interest	Total
2016	$ 11,233	$ 10,200	$ 21,433
2017	159,894	10,013	169,907
Totals	$ 171,127	$ 20,213	$ 191,340

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 August 31, 2015 total $453,220 for governmental activities.

12. Capital and Operating Lease Agreements (continued)

Total assets leased under capital leases are $561,376 for governmental activities, consisting of:

	Cost	Accumulated Depreciation
Furniture and fixtures	$ 561,376	$ 37,904

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

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of August 31, 2015:

Year Ending August 31,	Governmental activities
2016	$ 143,897
2017	143,897
2018	222,798
2019	61,115
Total minimum lease payments	571,707
Less amounts representing interest	(118,487)
Present value of minimum lease payments	$ 453,220

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 August 31, 2015, the balance of this note is $30,694. 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 August 31, 2015, 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 August 31, 2015, 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 August 31, 2015, 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 August 31,	Principal	Interest	Total
2016	$ 4,228	$ 2,125	$ 6,353
2017	196,526	1,631	198,157
2018	22,440	56	22,496
Totals	$ 223,194	$ 3,812	$ 227,006

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 August 31, 2015, 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 the eight month period ending August 31, 2015:

	Balance 12/31/2014	Additions	Deductions	Balance 8/31/2015	Due Within One Year
Governmental activities					
Capital leases	$ 344,769	$ 163,381	$ (54,930)	$ 453,220	$ 91,264
Compensated absences	191,126	200,043	(191,126)	200,043	200,043
Total Governmental Activities	$ 535,895	$ 363,424	$ (246,056)	$ 653,263	$ 291,307
Business-type activities					
Compensated absences	$ 9,358	$ 16,335	$ (9,358)	$ 16,335	$ 16,335
Downtown Development Authority Component Unit					
Notes payable	$ 1,010,414	$ 0	$ (2,220)	$ 1,008,194	$ 4,228

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 August 31, 2015 was $38,787 for governmental activities.

14. Deficit Equity Balances

At August 31, 2015, the 2009 SPLOST Fund had negative fund balance of $91,196. The City plans to transfer funds to this fund in the next year to alleviate this deficit.

15. Restricted, Committed, and Assigned Fund Balances

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds as of August 31, 2015:

	General	2014 SPLOST	Grants	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:					
General Government					
Technology equipment	$ 0	$ 0	$ 0	$ 64,542	$ 64,542
Public Safety					
Police department vehicles and equipment	0	0	0	288,811	288,811
Public Works					
Capital projects	0	0	12,632	0	12,632
Housing and Development					
Trade and tourism	0	0	0	73,312	73,312
Capital projects	101,025	2,147,085	0	0	2,248,110
	$ 101,025	$ 2,147,085	$ 12,632	$ 426,665	$ 2,687,407
Assigned for:					
Housing and Development					
Trade and toursim	$ 0	$ 0	$ 0	$ 524,010	$ 524,010

16. Intradepartmental Billings

Total operating revenues and total operating expenses in the Electric Utility and Solid Waste Enterprise Funds include $177,296 and $25,979, respectively, of intra departmental billings for electricity and sanitation usage.

17. Pension Plans

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

There are no loans to any of the City officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Norcross. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At July 1, 2015, the date of the most recent actuarial valuation, there were 163 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	32
Terminated vested participants entitled to but not yet receiving benefits	36
Active participants	95
Total number of participants	163

17. Pension Plan (continued)

Benefits Provided. The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with thirty years of total service are eligible to retire at age 62 with no reduction in benefit. Officials are eligible to retire at age 65 with no reduction of benefits. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 1.25% - 1.75% with a ten year vesting schedule for terminations on or after July 1, 2001. The benefit formula is 1.00% - 1.75% with a ten year vesting schedule for terminations prior to July 1, 2001.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the eight month period ending August 31, 2015 was $557,197, or 12.65% of covered employee payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At August 31, 2015, the City reported a net pension liability of $2,100,676. The net pension asset was measured as of March 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2015. For the fiscal year ended August 31, 2015, the City recognized pension expense of $382,301.

At August 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ (187,876)
Changes of assumptions	1,869	0
Net difference between projected and actual earnings on pension plan investments	0	(119,075)
City contributions subsequent to the measurement date	285,142	0
Totals	$ 287,011	$ (306,951)

17. Pension Plan (continued)

The $285,142 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending August 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending August 31	
2016	$ (76,271)
2017	(76,271)
2018	(76,271)
2019	(76,269)
Totals	$ (305,082)

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	3.00%
Net investment rate of return	7.75%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

17. Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

17. Pension Plan (continued)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 3/31/2014	$ 10,465,852	$ 7,879,319	$ 2,586,533
Changes for the year:			
Service cost	311,706	0	311,706
Interest	793,291	0	793,291
Differences between expected and actual experience	(234,843)	0	(234,843)
Contributions—employer	0	563,073	(563,073)
Contributions—employee	0	45,321	(45,321)
Net investment income	0	764,683	(764,683)
Benefit payments, including refunds of employee contributions	(459,675)	(459,675)	0
Administrative expense	0	(14,733)	14,733
Other changes	2,333	0	2,333
Net changes	412,812	898,669	(485,857)
Balances at 3/31/2015	$ 10,878,664	$ 8,777,988	$ 2,100,676

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.75%	$ 3,584,531
Current discount rate	7.75%	2,100,676
1% increase	8.75%	871,471

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Other Plans. In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report.

18. Deferred Compensation Plans

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

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

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

During the eight months ending August 31, 2015, the City contributed $26,151 to the plans based on covered salaries of $806,689. Plan members made voluntary contributions of $65,522 to the plans. Total payroll was $3,685,834.

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

19. Post-employment Health Care Benefits

Plan Description

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

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

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

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	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 $5,582, 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.

19. Post-employment Health Care Benefits (continued)

Funding Policy

The recommended contribution meets the guidelines for calculating an annual required contribution set forth in GASB Statement No. 45. These contributions are determined under the unit credit actuarial cost method and the market value of assets for developing the actuarial value of assets. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at August 31, 2015 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.

19. Post-employment Health Care Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

For the eight months ending August 31, 2015, the City's annual OPEB cost of $1,120,395 was equal to the City's recommended contribution, as calculated on the pay-as-you go basis. The recommended contribution was computed as part of an actuarial valuation as of July 1, 2011. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 4.0 percent per year compounded annually, (b) a rate of inflation of 3.0 percent, (c) no post-retirement benefit increases, (d) a medical and drug cost trend rate of 9.5 percent, graded to 5.0 percent over 9 years, and (e) dental cost trend rate of 7.0 percent, graded to 5.0 percent over 4 years.

Annual required contribution	$ 1,324,646
Interest on net OPEB obligation	330,499
Adjustment to ARC	(534,750)
Annual OPEB cost	1,120,395
Contributions made	(122,374)
Increase (decrease) in net OPEB obligation	998,021
Net OPEB obligation - beginning of year	8,262,481
Net OPEB obligation - end of year	$ 9,260,502

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
12/31/2011	$ 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
8/31/2015	1,120,395	11%	9,260,502

19. Post-employment Health Care Benefits (continued)

Historical Trend Information, continued

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
3/1/2007	$ 0	$ 7,924,626	$ 7,924,626	0.00%	$ 2,956,003	268.09%
7/1/2011	0	13,028,392	13,028,392	0.00%	3,726,964	349.57%
7/1/2014	0	7,497,566	7,497,566	0.00%	3,462,623	216.53%

20. Hotel/Motel Lodging Tax

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(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 eight month period ending August 31, 2015, follows:

Lodging Tax Receipts	$ 469,831	
Disbursements to promote trade and tourism	$ 308,010	66% of tax receipts

21. Joint Ventures

The City of Norcross participates with the Drug Enforcement Administration (DEA) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has no ongoing financial responsibility of funding for this unit. The DEA unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. During the eight month period ended August 31, 2015, the City of Norcross contributed the use of one police officer to the DEA for undercover work; the City paid $22,152 in personnel costs for the officer.

21. 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 the eight month period ended August 31, 2015, the City made no payments to the Commission for services rendered. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland Street, N.E., Atlanta, GA 30303.

22. Related Organizations

The Housing Authority of the City of Norcross is considered a related organization to the City of Norcross. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Norcross. The City received $0 as a payment-in-lieu-of-taxes for the eight month period ended August 31, 2015. Separate financial statements may be obtained from Housing Authority of the City of Norcross, 19 Garner Street, Norcross, GA 30071.

23. Risk Management

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

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

23. 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 August 31, 2015, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

24. Commitments and Contingencies

Commitments

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations, which extend through the year 2020, are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling $6,433,121 from MEAG during the eight month period ended August 31, 2015. 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.

24. 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 August 31, 2015 was $4,574,910. The voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest and the balance at August 31, 2015 was $747,955. 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 August 31, 2015, were $2,234 and $1,988,409, respectively. Due to the restricted nature of these funds, neither is shown in the Electric Utility Fund.

24. Commitments and Contingencies (continued)

Commitments, continued

The City has several active construction projects as of August 31, 2015. At year-end, the City's commitments with contractors are as follows:

Projects	Expended Date	Remaining Commitment
2015 CDBG Sidewalks	$ 156,911	$ 23,216
Soccer Complex	432,436	1,023,164
Pedestrian Connectivity	49,391	488
Buford Hwy Medians	270,700	29,460

Contingencies

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

25. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to record a net pension liability and deferred inflows and outflows of resources at December 31, 2014. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by $2,037,454.

Business Type Activities

A prior period adjustment has been made to record a net pension liability and deferred inflows and outflows of resources at December 31, 2014 in the Electric Utility Fund. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by $163,702.

A prior period adjustment has been made to record a net pension liability and deferred inflows and outflows of resources at December 31, 2014 in the Storm Water Utility Fund. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by $67,511.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORCROSS, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
August 31, 2015
(Unaudited)

	Fiscal Year End 2015
Total pension liability	
Service cost	$ 311,706
Interest	793,291
Differences between expected and actual experience	(234,843)
Benefit payments, including refunds of employee contributions	(459,675)
Other changes	2,333
Net change in total pension liability	412,812
Total pension liability - beginning	10,465,852
Total pension liability - ending (a)	$ 10,878,664
Plan fiduciary net position	
Contributions - employer	$ 563,073
Contributions - employee	45,321
Net investment income	764,683
Benefit payments, including refunds of employee contributions	(459,675)
Administrative expense	(14,733)
Net change in total pension liability	898,669
Plan fiduciary net position - beginning	7,879,319
Plan fiduciary net position - ending (b)	$ 8,777,988
Net pension liability (asset) - ending : (a) - (b)	$ 2,100,676
Plan's fiduciary net position as a percentage of the total pension liability	80.69%
Covered-employee payroll	$ 4,403,174
Net pension liabilty as a percentage of covered-employee payroll	47.71%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is reported.

CITY OF NORCROSS, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
August 31, 2015
(Unaudited)

	Fiscal Year End
	2015
Actuarially determined contribution	$ 557,197
Contributions in relation to the actuarially determined contribution	(557,197)
Contribution deficiency (excess)	$ 0
Covered-employee payroll	$ 4,403,174
Contributions as a percentage of covered-employee payroll	12.65%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is reported.

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending August 31, 2016.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.75%

Projected salary increases = 3.25% plus service based merit increases

2. Methods and Assumptions Used to Determine Contribution Rates

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

4. Changes of Assumptions

Amounts reported for the fiscal year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period of January 1, 2010 to August 31, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation and cost-of-living adjustment assumptions were decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases range from 4.00% to 11.00% and include an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%

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COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NORCROSS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2015

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Federal Seized Drug**
ASSETS			
Cash and cash equivalents	$ 47,156	$ 117,778	$ 300,494
Receivables			
Taxes	0	102,568	0
Due from other funds	0	380,264	0
Total assets	$ 47,156	$ 600,610	$ 300,494
LIABILITIES AND FUND BALANCES			
Liabilities			
Payables			
Accounts	$ 0	$ 145	$ 1,753
Intergovernmental	0	76,455	5,912
Due to other funds	0	0	4,837
Other liabilities	46,337	0	0
Total liabilities	46,337	76,600	12,502
Fund balances			
Restricted for:			
General Government	0	0	0
Public Safety	819	0	287,992
Housing and Development	0	0	0
Assigned for:			
Housing and Development	0	524,010	0
Total fund balances	819	524,010	287,992
Total liabilities and fund balances	$ 47,156	$ 600,610	$ 300,494

Special Revenue		Total Nonmajor
Technology Surcharges	Rental Motor Vehicle Excise Tax	Governmental Funds
$ 8,398	$ 62,539	$ 536,365
0	10,773	113,341
56,144	0	436,408
$ 64,542	$ 73,312	$ 1,086,114
$ 0	$ 0	$ 1,898
0	0	82,367
0	0	4,837
0	0	46,337
0	0	135,439
64,542	0	64,542
0	0	288,811
0	73,312	73,312
0	0	524,010
64,542	73,312	950,675
$ 64,542	$ 73,312	$ 1,086,114

CITY OF NORCROSS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the eight month period ending August 31, 2015

	Special Revenue		
	Confiscated Assets	**Hotel/Motel Tax**	**Federal Seized Drug**
REVENUES			
Taxes	$ 0	$ 469,831	$ 0
Fees, fines, and forfeitures	0	0	112,986
Interest	0	200	126
Other	0	370	0
Total revenues	0	470,401	113,112
EXPENDITURES			
Current			
General Government	0	0	0
Public Safety	0	0	206,068
Housing and Development	0	308,010	0
Total expenditures	0	308,010	206,068
Excess (deficiency) of revenues over (under) expenditures	0	162,391	(92,956)
Fund balances, January 1	819	361,619	380,948
Fund balances, August 31	$ 819	$ 524,010	$ 287,992

Special Revenue		Total Nonmajor Governmental Funds
Technology Surcharges	Rental Motor Vehicle Excise Tax	
$ 0	$ 73,312	$ 543,143
44,991	0	157,977
25	0	351
0	0	370
45,016	73,312	701,841
75,112	0	75,112
0	0	206,068
0	0	308,010
75,112	0	589,190
(30,096)	73,312	112,651
94,638	0	838,024
$ 64,542	$ 73,312	$ 950,675

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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
BALANCE SHEET
August 31, 2015

ASSETS	
Cash and cash equivalents	$ 2,013,851
Certificates of deposit	3,437,885
Receivables (net)	
Accounts	2,217
Taxes	214,224
Intergovernmental	90,922
Notes	977,500
Interest	11,407
Prepaid items	163,413
Due from other funds	572,837
Property held for resale	1,085,766
Advances to other funds	281,102
Total assets	$ 8,851,124
LIABILITIES	
Payables	
Accounts	$ 267,540
Accrued salaries and payroll liabilities	72,918
Unearned revenue	2,810
Other liabilities	859,095
Due to other funds	1,267,966
Advances from other fund	228,451
Total liabilities	2,698,780
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	121,074
FUND BALANCES	
Nonspendable:	
Prepaid items	163,413
Advances to other funds	281,102
Restricted for capital outlay	101,025
Unassigned	5,485,730
Total fund balances	6,031,270
Total liabilities, deferred inflows, and fund balances	$ 8,851,124

CITY OF NORCROSS, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the eight month period ending August 31, 2015

REVENUES		
Taxes	$	1,240,087
Licenses and permits		257,058
Fines, fees and forfeitures		953,755
Charges for services		123,884
Intergovernmental		1,038,579
Interest		21,400
Other		67,995
Total revenues		3,702,758
EXPENDITURES		
Current		
General Government		1,568,850
Judicial		222,163
Public Safety		3,338,488
Public Works		1,154,800
Culture and Recreation		288,606
Housing and Development		1,791,021
Total Current		8,363,928
Debt Service		
General Government		93,717
Total expenditures		8,457,645
Excess (deficiency) of revenues over (under) expenditures		(4,754,887)
Other financing sources (uses)		
Transfers in (out)		
Grants Capital Projects Fund		(35,026)
Issuance of capital leases		163,381
Sales of capital assets		4,568
Total other financing sources (uses)		132,923
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		(4,621,964)
Fund balances, January 1		10,653,234
Fund balances, August 31	$	6,031,270

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the eight month period ending August 31, 2015

	Final Budget	Actual	Variance
REVENUES			
Taxes			
General property taxes			
Property tax	$ 3,500,000	$ 130,242	$ (3,369,758)
Motor vehicle tax	295,595	308,176	12,581
Cost, penalties, and interest	30,549	17,113	(13,436)
Total general property taxes	3,826,144	455,531	(3,370,613)
Intangible tax	35,000	33,394	(1,606)
Real estate transfer tax	15,000	12,412	(2,588)
Franchise tax	245,685	309,377	63,692
Occupational tax	209,916	267,279	57,363
Alcoholic beverage excise tax	152,460	162,094	9,634
Total taxes	4,484,205	1,240,087	(3,244,118)
Licenses and Permits			
Alcohol licenses	21,050	30,625	9,575
Building permits	300,000	215,318	(84,682)
Other permits	11,338	11,115	(223)
Total licenses and permits	332,388	257,058	(75,330)
Fines, fees and forfeitures	697,063	953,755	256,692
Charges for Services	95,894	123,884	27,990
Intergovernmental	802,641	1,038,579	235,938
Interest	12,373	21,400	9,027
Other	373,372	67,995	(305,377)
Total revenues	$ 6,797,936	$ 3,702,758	$ (3,095,178)

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the eight month period ending August 31, 2015

	Final Budget	Actual	Variance
EXPENDITURES			
Current			
General Government			
Governing Body			
Personal services	$ 66,614	$ 66,613	$ 1
Contract services	262,924	262,923	1
Supplies and materials	1,439	1,438	1
Total Governing Body	330,977	330,974	3
Administration			
Personal services	243,754	245,906	(2,152)
Contract services	45,976	45,975	1
Supplies and materials	9,053	9,052	1
Total Administration	298,783	300,933	(2,150)
City Clerk			
Personal services	40,777	41,184	(407)
Contract services	21,227	21,227	0
Supplies and materials	875	874	1
Total City Clerk	62,879	63,285	(406)
Chief Executive			
Personal services	97,727	98,868	(1,141)
Contract services	7,010	7,010	0
Supplies and materials	3,675	3,675	0
Total Chief Executive	108,412	109,553	(1,141)
Information Technology			
Personal services	77,023	72,387	4,636
Contract services	489,377	425,834	63,543
Supplies and materials	41,708	41,374	334
Capital outlay	163,381	163,381	0
Total Information Technology	771,489	702,976	68,513
Human Resources			
Personal services	47,000	47,279	(279)
Contract services	13,275	13,275	0
Supplies and materials	575	575	0
Total Human Resources	60,850	61,129	(279)
Total General Government	1,633,390	1,568,850	64,540
Judicial			
Municipal Court			
Personal services	213,181	214,177	(996)
Contract services	5,733	5,732	1
Supplies and materials	2,254	2,254	0
Total Judicial	221,168	222,163	(995)

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the eight month period ending August 31, 2015

	Final Budget	Actual	Variance
Public Safety			
Police			
Personal services	$ 2,348,020	$ 2,363,204	$ (15,184)
Contract services	199,064	197,906	1,158
Supplies and materials	172,897	171,141	1,756
Capital outlay	384,175	244,445	139,730
Total Police	3,104,156	2,976,696	127,460
E-911 Communications			
Personal services	334,609	336,721	(2,112)
Contract services	25,727	20,381	5,346
Supplies and materials	5,512	4,690	822
Total E-911 Communications	365,848	361,792	4,056
Total Public Safety	3,470,004	3,338,488	131,516
Public Works			
Public Works Administration			
Personal services	367,086	369,060	(1,974)
Contract services	561,768	561,768	0
Supplies and materials	117,426	116,840	586
Capital outlay	136,107	107,132	28,975
Total Public Works Administration	1,182,387	1,154,800	27,587
Culture and Recreation			
Parks and Recreation			
Personal services	214,263	214,694	(431)
Contract services	61,237	61,236	1
Supplies and materials	12,676	12,676	0
Total Culture and Recreation	288,176	288,606	(430)
Housing and Development			
Community Development			
Personal services	395,239	396,383	(1,144)
Contract services	37,519	37,518	1
Supplies and materials	5,239	5,239	0
Capital outlay	53,849	53,849	0
Total Community Development	491,846	492,989	(1,143)
Economic Development			
Personal services	65,043	64,478	565
Contract services	70,688	70,688	0
Supplies and materials	500	410	90
Capital outlay	3,380,804	1,118,956	2,261,848
Total Economic Development	3,517,035	1,254,532	2,262,503

CITY OF NORCROSS, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the eight month period ending August 31, 2015

	Final Budget	Actual	Variance
Housing and Development (continued)			
Downtown Development Authority			
Agency allocation	$ 43,500	$ 43,500	$ 0
Total Housing and Development	4,052,381	1,791,021	2,261,360
Total Current	10,847,506	8,363,928	2,483,578
Debt Service			
General Government			
Information Technology	93,718	93,717	1
Total expenditures	$ 10,941,224	$ 8,457,645	$ 2,483,579

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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.

Rental Motor Vehicle Excise Tax Fund - This fund is used to collect rental motor vehicle excise taxes which are used to support trade and tourism, capital expenditures, and maintenance and operating expenses.

CITY OF NORCROSS, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
BALANCE SHEET
August 31, 2015

ASSETS		
Cash and cash equivalents	$	47,156
LIABILITIES		
Other liabilities	$	46,337
FUND BALANCES		
Restricted for Public Safety		819
Total liabilities and fund balances	$	47,156

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 eight month period ending August 31, 2015

	Final Budget	Actual	Variance
REVENUES			
Forfeitures	$ 0	$ 0	$ 0
EXPENDITURES			
Current			
Public Safety			
Contract services	0	0	0
Excess (deficiency) of revenues over (under) expenditures	0	0	0
Fund balances, January 1	0	819	819
Fund balances, August 31	$ 0	$ 819	$ 819

CITY OF NORCROSS, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
BALANCE SHEET
August 31, 2015

ASSETS		
Cash and cash equivalents	$	117,778
Taxes receivable		102,568
Due from other funds		380,264
Total assets	$	600,610
LIABILITIES		
Payables		
Accounts	$	145
Intergovernmental		76,455
Total liabilities		76,600
FUND BALANCES		
Assigned for Housing and Development		524,010
Total liabilities and fund balances	$	600,610

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 eight month period ending August 31, 2015

	Final Budget	Actual	Variance
REVENUES			
Hotel/Motel taxes	$ 426,726	$ 469,831	$ 43,105
Interest	0	200	200
Other	0	370	370
Total revenues	426,726	470,401	43,675
EXPENDITURES			
Current			
Housing and Development			
Personal services	78,024	60,804	17,220
Contract services	348,702	247,206	101,496
Total expenditures	426,726	308,010	118,716
Excess (deficiency) of revenues over (under) expenditures	0	162,391	162,391
Fund balances, January 1	0	361,619	361,619
Fund balances, August 31	$ 0	$ 524,010	$ 524,010

CITY OF NORCROSS, GEORGIA
FEDERAL SEIZED DRUG SPECIAL REVENUE FUND
BALANCE SHEET
August 31, 2015

ASSETS		
Cash and cash equivalents	$	300,494
LIABILITIES		
Payables		
Accounts	$	1,753
Intergovernmental		5,912
Due to other funds		4,837
Total liabilities		12,502
FUND BALANCES		
Restricted for Public Safety		287,992
Total liabilities and fund balances	$	300,494

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 eight month period ending August 31, 2015

	Final Budget	Actual	Variance
REVENUES			
Fees, fines and forfeitures	$ 10,000	$ 112,986	$ 102,986
Interest	0	126	126
Total revenues	10,000	113,112	103,112
EXPENDITURES			
Current			
Public Safety			
Supplies and materials	69,498	24,148	45,350
Capital outlay	136,572	181,920	(45,348)
Total expenditures	206,070	206,068	2
Excess (deficiency) of revenues over (under) expenditures	(196,070)	(92,956)	103,114
Fund balances, January 1	196,070	380,948	184,878
Fund balances, August 31	$ 0	$ 287,992	$ 287,992

CITY OF NORCROSS, GEORGIA
TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND
BALANCE SHEET
August 31, 2015

ASSETS		
Cash and cash equivalents	$	8,398
Due from other funds		56,144
Total assets	$	64,542
LIABILITIES		
FUND BALANCES		
Restricted for General Government		64,542
Total liabilities and fund balances	$	64,542

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 eight month period ending August 31, 2015

	Final Budget	Actual	Variance
REVENUES			
Fees, fines and forfeitures	$ 52,715	$ 44,991	$ (7,724)
Interest	0	25	25
Total revenues	52,715	45,016	(7,699)
EXPENDITURES			
Current			
General Government			
Contract services	44,825	44,825	0
Supplies and materials	28,848	22,677	6,171
Capital outlay	7,610	7,610	0
Total expenditures	81,283	75,112	6,171
Excess (deficiency) of revenues over (under) expenditures	(28,568)	(30,096)	(1,528)
Fund balances, January 1	28,568	94,638	66,070
Fund balances, August 31	$ 0	$ 64,542	$ 64,542

CITY OF NORCROSS, GEORGIA
RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND
BALANCE SHEET
August 31, 2015

ASSETS		
Cash and cash equivalents	$	62,539
Taxes receivable		10,773
Total assets	$	73,312
LIABILITIES		
FUND BALANCES		
Restricted for Housing and Development	$	73,312
Total liabilities and fund balances	$	73,312

CITY OF NORCROSS, GEORGIA
RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the eight month period ending August 31, 2015

REVENUES		
Taxes	$	73,312
EXPENDITURES		
Fund balances, January 1		0
Fund balances, August 31	$	73,312

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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
BALANCE SHEET
August 31, 2015

ASSETS		
Cash and cash equivalents	$	676,505
Due from other funds		96,963
Total assets	$	773,468
LIABILITIES		
Accounts payable	$	258,020
Retainages Payable		43,244
Due to other funds		12,298
Advances from other funds		551,102
Total liabilities		864,664
FUND BALANCES		
Unassigned		(91,196)
Total liabilities and fund balances	$	773,468

CITY OF NORCROSS, GEORGIA
2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the eight month period ending August 31, 2015

REVENUES	
Interest	$ 590
EXPENDITURES	
Public Works	
Capital outlay	1,165,460
Culture and Recreation	
Capital outlay	477,601
Total expenditures	1,643,061
Excess (deficiency) of revenues over (under) expenditures	(1,642,471)
Other financing sources (uses)	
Transfers in (out)	
Grants Capital Projects Fund	1,415
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,641,056)
Fund balances, January 1	1,549,860
Fund balances, August 31	$ (91,196)

CITY OF NORCROSS, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
August 31, 2015

ASSETS	
Cash and cash equivalents	$ 1,752,940
Intergovernmental receivable	394,145
Total assets	$ 2,147,085
LIABILITIES	
FUND BALANCES	
Restricted for capital outlay	$ 2,147,085
Total liabilities and fund balances	$ 2,147,085

CITY OF NORCROSS, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the eight month period ending August 31, 2015

REVENUES	
Intergovernmental	$ 1,511,702
Interest	633
Total revenues	1,512,335
EXPENDITURES	
Public Works	
Capital outlay	1,100,000
Excess (deficiency) of revenues over (under) expenditures	412,335
Fund balances, January 1	1,734,750
Fund balances, August 31	$ 2,147,085

CITY OF NORCROSS, GEORGIA
GRANTS CAPITAL PROJECTS FUND
BALANCE SHEET
August 31, 2015

ASSETS		
Cash and cash equivalents	$	109,595
Intergovernmental receivable		206,008
Total assets	$	315,603
LIABILITIES		
Payables		
Accounts	$	126,371
Retainages		10,300
Due to other funds		166,300
Total liabilities		302,971
FUND BALANCES		
Restricted for Capital Outlay		12,632
Total liabilities and fund balances	$	315,603

CITY OF NORCROSS, GEORGIA
GRANTS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the eight month period ending August 31, 2015

REVENUES	
Intergovernmental	$ 210,919
Total revenues	210,919
EXPENDITURES	
Public Works	
Capital outlay	245,945
Total expenditures	245,945
Excess (deficiency) of revenues over (under) expenditures	(35,026)
Other financing sources (uses)	
Transfers in (out)	
General Fund	35,026
2009 SPLOST Fund	(1,415)
Total other financing sources (uses)	33,611
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,415)
Fund balances, January 1	14,047
Fund balances, August 31	$ 12,632

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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.

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
ELECTRIC UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
August 31, 2015

ASSETS	
Current assets	
Investments	$ 3,909,847
Accounts receivable (net)	2,837,437
Prepaid items	95,235
Inventories	880,183
Total current assets	7,722,702
Restricted assets	
MEAG Generation Trust	
Investments	4,824,501
Customer Deposits	
Investments	446,189
Total restricted assets	5,270,690
Capital assets	
Land	1,000
Electric system	10,159,839
Vehicles and equipment	1,242,637
Construction in progress	918,540
Accumulated depreciation	(3,292,330)
Total capital assets (net of accumulated depreciation)	9,029,686
Other assets	
Advances to other funds	498,451
Total assets	22,521,529
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to measurement date	20,575
Pension assumption differences	135
Total deferred outflows of resources	20,710
LIABILITIES	
Current liabilities	
Payables	
Accounts	254,724
Intergovernmental	887,013
Sales tax	91,822
Accrued salaries and payroll liabilities	6,467
Compensated absences	11,834
Unearned revenue	92,205
Due to other funds	886,015
Total current liabilities	2,230,080
Current liabilities payable from restricted assets	
Customer deposits	446,189

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
August 31, 2015

Noncurrent liabilities	
Net pension liability	$ 151,580
Net OPEB obligation	639,106
Total noncurrent liabilities	790,686
Total liabilities	3,466,955
DEFERRED INFLOWS OF RESOURCES	
Pension investment return differences	8,592
Pension experience differences	13,557
Total deferred inflows of resources	22,149
NET POSITION	
Investment in capital assets	9,029,686
Restricted for MEAG generation projects	4,824,501
Unrestricted	5,198,948
Total net position	$ 19,053,135

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the eight month period ending August 31, 2015

OPERATING REVENUES	
Charges for sales and services	
Electric sales	$ 9,365,669
Other	12,997
Total operating revenues	9,378,666
OPERATING EXPENSES	
Costs of sales and services	7,030,792
Personal services	642,263
Depreciation	192,690
Total operating expenses	7,865,745
Operating income (loss)	1,512,921
Non-operating revenues (expenses)	
Investment revenue	73,580
Intergovernmental	570,576
Total non-operating revenues (expenses)	644,156
Change in net position	2,157,077
Net position, January 1 (original)	17,059,760
Prior period adjustment	(163,702)
Net position, January 1 (restated)	16,896,058
Net position, August 31	$ 19,053,135

CITY OF NORCROSS, GEORGIA
ELECTRIC UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the eight month period ending August 31, 2015

Cash flows from operating activities:	
Receipts from customers	$ 8,334,313
Payments to suppliers	(6,852,400)
Payments to employees	(573,725)
Other receipts	12,997
Net cash provided (used) by operating activities	921,185
Cash flows from non-capital financing activities	
Receipts from other funds	331,209
Receipts from other governments	570,576
Net cash provided (used) by non-capital financing activities	901,785
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(747,196)
Cash flows from investing activities:	
Interest received	73,580
Purchase of investments	(1,149,354)
Net cash provided (used) by investing activities	(1,075,774)
Net increase (decrease) in cash and cash equivalents	0
Cash and cash equivalents, January 1	0
Cash and cash equivalents, August 31	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 1,512,921
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	192,690
(Increase) decrease in accounts receivable	(1,061,909)
(Increase) decrease in prepaid items	(18,509)
(Increase) decrease in inventories	(45,583)
(Increase) decrease in pension contributions subsequent to measurement date	(20,575)
(Increase) decrease in pension assumption] differences	(135)
Increase (decrease) in accounts payable	135,150
Increase (decrease) in intergovernmental payables	107,334
Increase (decrease) in unearned revenue	4,458
Increase (decrease) in deposits payable	(7,078)
Increase (decrease) in sales tax payable	33,173
Increase (decrease) in accrued payroll liabilities	11,394
Increase (decrease) in net OPEB obligation	67,827
Increase (decrease) in pension investment return differences	8,592
Increase (decrease) in pension experience differences	13,557
Increase (decrease) in net pension liability	(12,122)
Total adjustments	(591,736)
Net cash provided (used) by operating activities	$ 921,185

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF NET POSITION
August 31, 2015

ASSETS	
Current assets	
Cash and cash equivalents	$ 226,221
Accounts receivable (net)	380,575
Due from other funds	765,604
Total current assets	1,372,400
Restricted assets	
Customer deposits	
Cash and cash equivalents	138,414
Total assets	1,510,814
LIABILITIES	
Current liabilities	
Accounts payable	203,124
Unearned revenue	48,840
Total current liabilities	251,964
Current liabilities payable from restricted assets	
Customer deposits	138,414
Total liabilities	390,378
NET POSITION	
Unrestricted	$ 1,120,436

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the eight month period ending August 31, 2015

OPERATING REVENUES	
Charges for sales and services	
Sanitation fees	$ 1,587,675
OPERATING EXPENSES	
Costs of sales and services	1,304,898
Personal services	33,663
Total operating expenses	1,338,561
Operating income (loss)	249,114
Non-operating revenues (expenses)	
Investment revenue	467
Change in net position	249,581
Net position, January 1	870,855
Net position, August 31	$ 1,120,436

CITY OF NORCROSS, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the eight month period ending August 31, 2015

Cash flows from operating activities:	
Receipts from customers	$ 1,432,447
Payments to suppliers	(1,282,814)
Payments to employees	(33,663)
Net cash provided (used) by operating activities	115,970
Cash flows from non-capital financing activities	
Payments to other funds	(765,604)
Cash flows from investing activities	
Interest received	467
Net increase (decrease) in cash and cash equivalents	(649,167)
Cash and cash equivalents, January 1	1,013,802
Cash and cash equivalents, August 31	$ 364,635
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 249,114
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(56,025)
Increase (decrease) in accounts payable	22,084
Increase (decrease) in unearned revenue	(97,679)
Increase (decrease) in deposits payable	(1,524)
Total adjustments	(133,144)
Net cash provided by operating activities	$ 115,970
Cash and cash equivalents reconciliation:	
Cash and cash equivalents	$ 226,221
Customer Deposits	
Cash and cash equivalents	138,414
Total cash and cash equivalents	$ 364,635

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
August 31, 2015

ASSETS	
Current assets	
Cash and cash equivalents	$ 102,423
Receivables	
Accounts (net)	604,729
Prepaid items	2,500
Due from other funds	465,604
Total current assets	1,175,256
Capital assets	
Storm water system	612,332
Vehicles and equipment	359,722
Accumulated depreciation	(378,604)
Total capital assets (net of accumulated depreciation)	593,450
Total assets	1,768,706
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to measurement date	8,485
Pension assumption differences	56
Total deferred outflows of resources	8,541
LIABILITIES	
Current liabilities	
Payables	
Accounts	5,708
Accrued salaries and payroll liabilities	1,482
Compensated absences	4,501
Total current liabilities	11,691
Noncurrent liabilities	
Net pension liability	62,512
Net OPEB obligation	344,882
Total noncurrent liabilities	407,394
Total liabilities	419,085
DEFERRED INFLOWS OF RESOURCES	
Pension investment return differences	3,543
Pension experience differences	5,591
Total deferred inflows of resources	9,134
NET POSITION	
Investment in capital assets	593,450
Unrestricted	755,578
Total net position	$ 1,349,028

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the eight month period ending August 31, 2015

OPERATING REVENUES	
Charges for sales and services	
Storm water fees	$ 494,726
OPERATING EXPENSES	
Costs of sales and services	99,340
Personal services	160,017
Depreciation	18,605
Total operating expenses	277,962
Operating income (loss)	216,764
Non-operating revenues (expenses)	
Investment revenue	235
Change in net position	216,999
Net position, January 1 (original)	1,199,540
Prior period adjustment	(67,511)
Net position, January 1 (restated)	1,132,029
Net position, August 31	$ 1,349,028

CITY OF NORCROSS, GEORGIA
STORM WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the eight month period ending August 31, 2015

Cash flows from operating activities:		
Receipts from customers	$	17,308
Payments to suppliers		(95,152)
Payments to employees		(131,822)
Net cash provided (used) by operating activities		(209,666)
Cash flows from non-capital financing activities		
Payments to other funds		(465,604)
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(22,425)
Cash flows from investing activities		
Interest received		235
Net increase (decrease) in cash and cash equivalents		(697,460)
Cash and cash equivalents, January 1		799,883
Cash and cash equivalents, August 31	$	102,423
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	216,764
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		18,605
(Increase) decrease in accounts receivable		(477,418)
(Increase) decrease in prepaid items		(799)
(Increase) decrease in pension contributions subsequent to measurement date		(8,485)
(Increase) decrease in pension assumption differences		(56)
Increase (decrease) in accounts payable		4,987
Increase (decrease) in payroll liabilities		3,532
Increase (decrease) in net OPEB obligation		29,069
Increase (decrease) in pension investment return differences		3,543
Increase (decrease) in pension experience differences		5,591
Increase (decrease) in net pension liability		(4,999)
Total adjustments		(426,430)
Net cash provided by operating activities	$	(209,666)

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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
STATEMENT OF ASSETS AND LIABILITIES
August 31, 2015

ASSETS	
Cash and cash equivalents	$ 260,559
LIABILITIES	
Due to other agencies	$ 260,559

CITY OF NORCROSS, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the eight month period ending August 31, 2015

	Balance January 1	Additions	Deletions	Balance August 31
ASSETS				
Cash and cash equivalents	$ 162,170	$ 1,486,877	$ (1,388,488)	$ 260,559
LIABILITIES				
Due to others agencies	$ 162,170	$ 1,486,877	$ (1,388,488)	$ 260,559

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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)
BALANCE SHEET
August 31, 2015

ASSETS	
Cash and cash equivalents	$ 128,906
Property held for resale	902,900
Notes receivable	171,127
Total assets	$ 1,202,933
LIABILITIES	
Payables	
Accounts	$ 15,169
Intergovernmental	7,013
Customer deposits	1,778
Notes	785,000
Total liabilities	808,960
FUND BALANCES	
Nonspendable:	
Property held for resale	902,900
Notes receivable	171,127
Unassigned	(680,054)
Total fund balances	393,973
Total liabilities and fund balances	$ 1,202,933

CITY OF NORCROSS, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the eight month period ending August 31, 2015

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 43,500	$ 43,500	$ 0
Interest	7,453	11,267	3,814
Rent	46,766	66,281	19,515
Other	5,387	6,233	846
Total revenues	103,106	127,281	24,175
EXPENDITURES			
Current			
Housing and Development			
Contract services	64,792	64,486	306
Supplies and materials	8,004	6,963	1,041
Capital outlay	25,190	25,189	1
Debt service	4,868	3,970	898
Total expenditures	102,854	100,608	2,246
Excess (deficiency) of revenues over (under) expenditures	252	26,673	26,421
Other financing sources (uses)			
Contingency	(47,239)	0	47,239
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(46,987)	26,673	73,660
Fund balances, January 1	46,987	367,300	320,313
Fund balances, August 31	$ 0	$ 393,973	$ 393,973

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OTHER REPORTING SECTION

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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 eight month period ended August 31, 2015, 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 February 23, 2016.

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 following deficiencies in internal control to be material weaknesses:

Comment 2015-01

Condition: The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. There were 56 journal entries posted to the general ledger after the final trial balance was received from management. Of the 56 journal entries, 31 were made by management and 25 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 lead to delays in financial reporting.

Comment 2015-01, continued

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 2015-02

Condition: Material adjustments were needed and made to the financial statements during year end closing and the audit process.

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

Effect: Monthly financial statements and reporting during the fiscal year were materially misstated.

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 throughout the year.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Norcross, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards.*

Comment 2015-03

Condition: The City did not adopt a budget for the new Rental Motor Vehicle Excise Tax Special Revenue Fund.

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

Effect: Failure to maintain expenditures within the balanced budget for the General Fund and Special Revenue Funds as required by OCGA Code Section 36-81-3 will place the City in violation of state law.

Recommendation: The City should consult the Department of Community Affairs chart of accounts for required separate reporting funds when establishing new activities and adopt budgets for all required reporting funds.

Comment 2015-03, continued

Management Response: Management concurs with this finding. City management will review the budgets for all funds and present those to the Mayor and City Council for approval. This action was implemented immediately upon receipt of the comment from our auditors.

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
February 23, 2016

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CITY OF NORCROSS, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the eight month period ending August 31, 2015

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2009 SPLOST Referendum					
Roads Improvements	$ 1,500,000	$ 1,500,000	$ 997,579	$ 3,612	$ 1,001,191
Recreational Facilities	3,568,281	3,568,281	2,115,363	477,601	2,592,964
Administrative Facilities	2,000,000	2,000,000	2,393,343		2,393,343
Parking Facilities	2,000,000	2,000,000	44,051	1,161,848	1,205,899
Total	$ 9,068,281	$ 9,068,281	$ 5,550,336	$ 1,643,061	$ 7,193,397
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	1,100,000	1,100,000
Total	$ 7,871,906	$ 7,871,906	$ 0	$ 1,100,000	$ 1,100,000

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