CITY OF NORMAN PARK, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2010

CITY OF NORMAN PARK, GEORGIA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Norman Park, Georgia

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Norman Park, Georgia (hereinafter referred to as "the City") as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norman Park, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following two paragraphs (the third and fourth paragraphs), we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The City does not have adequate documentation of receipts and disbursements. Management was unable to find invoices requested and documentation of revenues received. Some of the accounting records were missing. As a result, we were unable to apply audit procedures sufficient to determine if governmental revenues and expenditures and business type revenues and expenses are free of material misstatement.

The City does not have adequate subsidiary ledgers or other records to support security deposits received from utility customers. As a result, we were unable to determine the appropriate year end balances for this account.

Because of the matters discussed in the third and fourth paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Norman Park, Georgia as of and for the year ended December 31, 2010.

The City of Norman Park, Georgia has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress and the schedule of employer contributions on page 28 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 be 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.

In accordance with *Government Auditing Standards,* we have issued our report dated, August 2, 2011, on our consideration of the City of Norman Park, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

August 2, 2011

BASIC FINANCIAL STATEMENTS

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 214,761	$ 153,050	$ 367,811
Time deposits	48,153	-	48,153
Receivables (net of allowance for doubtful accounts):			
Taxes	13,896	-	13,896
Accounts	-	29,479	29,479
Other	-	50	50
Intergovernmental receivable	251,515	378,583	630,098
Internal balances	-	-	-
Prepaid items	5,043	991	6,034
Capital assets:			
Land	5,970	3,531	9,501
Buildings	25,679	-	25,679
Equipment	284,535	104,775	389,310
Infrastructure	681,916	1,210,359	1,892,275
Accumulated depreciation	(547,888)	(756,587)	(1,304,475)
Total assets	983,580	1,124,231	2,107,811
Liabilities:			
Accounts payable	11,049	11,216	22,265
Accrued liabilities	881	283	1,164
Deferred revenue	-	378,583	378,583
Other payable	-	100	100
Customer deposits	-	12,113	12,113
Total liabilities	11,930	402,295	414,225
Net assets:			
Invested in capital assets, net of related debt	450,212	562,078	1,012,290
Restricted for:			
Capital projects	194,318	-	194,318
Unrestricted (deficit)	327,120	159,858	486,978
Total net assets	$ 971,650	$ 721,936	$ 1,693,586

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2010

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and changes in Net Assets: Governmental Activities	Net (Expenses) Revenues and changes in Net Assets: Business-type Activities	Net (Expenses) Revenues and changes in Net Assets: Total
Governmental activities:							
General government	$ 162,626	$ 3,773	$ -	$ -	$ (158,853)	$ -	$ (158,853)
Judicial	13,023	-	-	-	(13,023)	-	(13,023)
Public safety	137,445	251,736	-	-	114,291	-	114,291
Public works	177,975	-	-	63,925	(114,050)	-	(114,050)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	491,069	255,509	-	63,925	(171,635)	-	(171,635)
Business-type activities:							
Water & Sewer	228,775	263,597	-	5,000	-	39,822	39,822
Solid waste	59,102	68,371	-	-	-	9,269	9,269
Total business-type activities	287,877	331,968	-	5,000	-	49,091	49,091
Total government	$ 778,946	$ 587,477	$ -	$ 68,925	$ (171,635)	$ 49,091	$ (122,544)
General revenues:							
Taxes:							
Property taxes					$ 137,190	$ -	$ 137,190
Other taxes					45,703	-	45,703
Franchise fees					48,767	-	48,767
Investment earnings					584	38	622
Miscellaneous					3,952	28,005	31,957
Transfers					12,631	(12,631)	-
Total general revenues and transfers					248,827	15,412	264,239
Special Item (Note 11)					23,374	(23,374)	-
Change in net assets					100,566	41,129	141,695
Net assets - beginning					871,084	680,807	1,551,891
Net assets - ending					$ 971,650	$ 721,936	$ 1,693,586

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	SPLOST Fund	Total Governmental Funds
Assets:			
Cash	$ 214,756	$ 5	$ 214,761
Time Deposit	48,153	-	48,153
Receivables (net of allowance for doubtful accounts):			
Taxes	13,896	-	13,896
Intergovernmental receivables	57,202	194,313	251,515
Prepaid items	5,043	-	5,043
Total assets	$ 339,050	$ 194,318	$ 533,368
Liabilities and fund balances:			
Liabilities:			
Accounts payable	$ 11,049	$ -	$ 11,049
Accrued liabilities	881	-	881
Deferred revenues	10,266	-	10,266
Total liabilities	22,196	-	22,196
Fund balances:			
Reserved for:			
Prepaid items	5,043	-	5,043
Unreserved reported in:			
General fund	311,811	-	311,811
Capital projects funds	-	194,318	194,318
Total fund balances	316,854	194,318	511,172
Total liabilities and fund balances	$ 339,050	$ 194,318	$ 533,368

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet to the Government - Wide Statement of Net Assets
Year Ended December 31, 2010

Total fund balances - total governmental funds		$ 511,172
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Cost	$ 998,100	
Less accumulated depreciation	(547,888)	450,212
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the City's year end.		10,266
Net assets of governmental activities		$ 971,650

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	General Fund	SPLOST Fund	Total Governmental Funds
Revenues:			
General property taxes	$ 184,132	$ -	$ 184,132
Other taxes	45,703	-	45,703
Licenses and permits	3,692	-	3,692
Intergovernmental	-	63,925	63,925
Charges for services	81	-	81
Interest income	584	-	584
Fines and forfeitures	251,736	-	251,736
Miscellaneous revenues	1,061	-	1,061
Total revenues	486,989	63,925	550,914
Expenditures:			
Current:			
General administration	155,183	4,836	160,019
Judicial	13,023	-	13,023
Public safety	123,458	-	123,458
Public works	57,639	80,154	137,793
Capital outlay	41,844	30,600	72,444
Total expenditures	391,147	115,590	506,737
Excess (deficiency) of revenues over expenditures	95,842	(51,665)	44,177
Other Financing Sources (Uses):			
Proceeds from capital assets dispositions	11,848	-	11,848
Transfers in (out)	12,631	-	12,631
Total other financing sources (uses)	24,479	-	24,479
Special Item (Note 11)	7,508	15,866	23,374
Net change in fund balances	127,829	(35,799)	92,030
Fund balances - beginning	189,025	230,117	419,142
Fund balances - ending	$ 316,854	$ 194,318	$ 511,172

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
Year Ended December 31, 2010

Net change in fund balances - total government funds		$ 92,030
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		72,444
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(56,776)
The book value of capital assets sold are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement less book value of asset capitalized.		(8,957)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Deferred taxes 12/31/10	$ 10,266	
Deferred taxes 12/31/09	8,441	1,825
Change in net assets of governmental activities		$ 100,566

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2010

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 182,540	$ 187,233	$ 184,132	$ (3,101)
Other taxes	49,260	45,703	45,703	-
Licenses and permits	8,000	3,220	3,692	472
Intergovernmental	5,848	-	-	-
Charges for services	-	-	81	81
Interest income	-	-	584	584
Fines and forfeitures	100,000	248,540	251,736	3,196
Miscellaneous revenues	1,386	13,482	1,061	(12,421)
Carryover of funds	-	-	-	-
Total revenues	347,034	498,178	486,989	(11,189)
Expenditures:				
Current:				
General administration	124,425	124,000	155,183	31,183
Judicial	55,194	67,178	13,023	(54,155)
Public safety	136,675	142,400	123,458	(18,942)
Public works	30,740	72,740	57,639	(15,101)
Capital outlay	-	41,860	41,844	(16)
Total expenditures	347,034	448,178	391,147	(57,031)
Excess (deficiency) of revenues over expenditures	-	50,000	95,842	45,842
Other financing sources (uses):				
Proceeds from capital assets dispositions	-	-	11,848	11,848
Transfers in (out)	-	(50,000)	12,631	62,631
Total other financing sources (uses)	-	(50,000)	24,479	74,479
Special Item (Note 11)	-	-	7,508	7,508
Excess (deficiency) of revenues and other financing and other uses	-	-	127,829	127,829
Fund balances - beginning	189,025	189,025	189,025	-
Fund balances - ending	$ 189,025	$ 189,025	$ 316,854	$ 127,829

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Water, Sewer & Sanitation	Totals
Assets:		
Current assets:		
Cash	$ 153,050	$ 153,050
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	29,479	29,479
Intergovermental	378,583	378,583
Other	50	50
Prepaid items	991	991
Total current assets	562,153	562,153
Noncurrent assets:		
Capital assets:		
Land	3,531	3,531
Equipment	104,775	104,775
Infrastructure	1,210,359	1,210,359
Accumulated depreciation	(756,587)	(756,587)
Total capital assets, net of accumulated depreciation	562,078	562,078
Total assets	$ 1,124,231	$ 1,124,231
Liabilities:		
Current liabilities:		
Accounts payable	$ 11,216	$ 11,216
Accrued liabilities	283	283
Deferred revenue	378,583	378,583
Other payable	100	100
Customer deposits	12,113	12,113
Total liabilities	402,295	402,295
Net Assets:		
Invested in capital assets, net of related debt	562,078	562,078
Unrestricted (deficiency)	159,858	159,858
Total net assets	$ 721,936	$ 721,936

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2010

	Water, Sewer & Sanitation	Totals
Operating revenues:		
Charges for services - water	$ 132,484	$ 132,484
Charges for services - sewer	131,113	131,113
Charges for services - sanitation	68,371	68,371
Miscellaneous	28,005	28,005
Total operating revenues	359,973	359,973
Operating expenses:		
Water & Sewer:		
Personal services	57,635	57,635
Purchased/contracted services	77,862	77,862
Supplies	62,251	62,251
Depreciation	30,167	30,167
Solid waste:		
Purchased/contracted services	59,102	59,102
Total operating expenses	287,017	287,017
Income (loss) from operations	72,956	72,956
Non-operating revenues (expenses):		
Interest expense	(860)	(860)
Interest income	38	38
Intergovermental revenues	5,000	5,000
Total non-operating revenues (expenses)	4,178	4,178
Transfer to other funds	(12,631)	(12,631)
Special Item (Note 11)	(23,374)	(23,374)
Change in net assets	41,129	41,129
Net assets - beginning	680,807	680,807
Net assets - ending	$ 721,936	$ 721,936

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010

	Water, Sewer & Sanitation	Totals
Cash flows from operating activities:		
Cash received from customers	$ 368,644	$ 368,644
Cash payments to suppliers for goods and services	(214,528)	(214,528)
Cash payments to employees for services	(51,092)	(51,092)
Net cash provided (used) by operating activities	103,024	103,024
Cash flows from noncapital financing activities:		
Transfers to other funds	(12,631)	(12,631)
Cash flows from capital and related financing activities:		
Loan payments	(15,500)	(15,500)
Interest paid on long-term debt	(860)	(860)
Acquisition of capital assets	(49,684)	(49,684)
Intergovermental revenue	5,000	5,000
Net cash provided (used) by capital and related financing activities	(61,044)	(61,044)
Cash flow from investing activities:		
Interest on cash and investments	38	38
Net increase (decrease) in cash and cash investments	29,387	29,387
Cash and cash investments, January 1	123,663	123,663
Cash and cash investments, December 31	$ 153,050	$ 153,050

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010

	Water, Sewer & Sanitation	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ 72,956	$ 72,956
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	30,167	30,167
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	580	580
(Increase) decrease in intergovermental receivable	(378,583)	(378,583)
(Increase) decrease in prepaid items	831	831
Increase (decrease) in accounts payable	(8,836)	(8,836)
Increase (decrease) in deferred revenue	378,583	378,583
Increase (decrease) in other payables	100	100
Increase (decrease) in accrued liabilities	(865)	(865)
Increase (decrease) in customer deposits payable	8,091	8,091
Net cash provided (used) by operating activities	$ 103,024	$ 103,024

See accompanying notes to basic financial statements

NOTES TO FINANCIAL STATEMENTS

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Norman Park (the "City") was chartered in 1908. The City operates under a council/mayor form of government and provides the following services: public safety, highways and streets, public improvements and general and administrative services. In addition, the City operates public water, sewer and sanitation services for the incorporated and immediate surrounding areas.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Norman Park has no component units.

Related organizations

The following is a list of related organizations for which the City of Norman Park appoints one or more of the Board of Directors:

- Southwest Georgia Regional Commission

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

B. Financial Reporting Entity (Cont.)

Joint ventures and jointly governed organizations

The City of Norman Park, in conjunction with thirty-three cities or counties in the South Georgia area is members of the Southwest Georgia Regional Commission (RC). Membership in an RC is automatic of each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member for a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources (O.C.G.A. 50-8-39.1).

Separately issued financial statements of the Southwest Georgia Regional Commission are available at their administrative offices at P.O. Box 346, Camilla, GA 31730 or by telephone at 229-522-3552.

C. Basis of Presentation

The government-wide financial statements (the statement of net asset and the statement of changes in net assets) report information on all of the activities of the City. The effect of Interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. Basis of Presentation (Cont.)

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund –

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

SPLOST Fund –

This fund accounts for the special purpose local option sales tax that is to be used for road improvements, City Hall repairs and expansion, equipment shelter, two police cars and other water and sewer capital improvements.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Water, Sewer and Sanitation Fund –

Water, Sewer and Sanitation Fund is used to account for the provision of water, sewer and sanitation operation (garbage and trash collection) to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. A special purpose local option sale tax (SPLOST) is collected by Colquitt County and the county then sends the funds to the City. These funds are included in intergovernmental revenue in the SPLOST fund. Intergovernmental receivable accounts for the sales tax funds collected by the County and not yet submitted to the City. All other governmental fund revenues are recognized when received.

E. Budgets

All budgets, except for the Enterprise Fund, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and the Enterprise Funds. Amounts presented for the General Fund are as amended by the City Council. All annual appropriations lapse at year end. A project-length budget was adopted for the Capital Projects Fund.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. Cash and Investments

Cash includes amounts in demand deposits, passbook savings as well as certificates of deposits with a maturity date of three months or less. Cash equivalents are short term, highly liquid investments that can be converted to known amounts of cash.

The City does not have a written policy for deposits or investments. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, then multiplied by 110 percent.

The City's investing is limited to investments complying with state statues. These investments are limited to obligations of state, obligations issued by the U.S. government, obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States, obligations of any corporation of the U.S. government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

G. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Inventories

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books. Any inventory of supplies at December 31, 2010 is considered immaterial.

I. Interfund Receivables and Payables

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

J. Transactions Between Funds

Legally authorized transfers are treated as Interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

K. Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Improvements to capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment. Depreciation has been calculated on each class of depreciable property using the straight-line method. The City does not have a written capitalization policy.

L. Compensated Absences

As of December 31, 2010, the City did not have a written policy for compensated absences. Therefore the City will not have an accrual of compensated absences.

M. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

N. Nature and Purpose of Reservations and Designations of Fund Equity

The fund equity reserves for prepaid items.

Designations of fund equity are not legally required segregations but are segregated for a specific purpose. As of December 31, 2010 the City does not have any designations of fund equity.

O. Net Assets

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

P. Estimates

The presentation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(2) – LEGAL COMPLIANCE – BUDGETS

The City normally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than 60 days prior to the beginning of each fiscal year, the mayor shall submit to the city council a proposed operating budget for the ensuing fiscal year.

2. All supporting documents shall be filed in the office of the city clerk and shall be open to public inspection.

3. The City Council, by ordinance, shall adopt the final operating budget for the ensuing fiscal year no later than the first day of the fiscal year.

4. The City council may amend the operating budget proposed by the mayor. Total appropriations from any fund shall not exceed the estimated fund balance, reserves, and revenues.

6. Appropriations lapse at year end.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

The chart below presents the excess of expenditures over appropriations.

	Budget	Actual	Excess
General Fund:			
General administration	$ 124,000	$ 155,183	$ 31,183

The City will monitor expenditures and appropriations and make budget amendments as needed in subsequent years.

(3) – DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk (Note 1F). As of December 31, 2010, all of the City's deposits were covered by either the Federal Depository Insurance Corporation (FDIC) or collateral pledged by the financial institution or a combination of the two.

As of year end, the carrying amount of the City's deposits totaled $415,964 and the bank balance totaled $436,282.

Investments

As of December 31, 2010 the City had no investments.

(4) - RECEIVABLES

The receivables as of December 31, 2010 for the City's individual major funds are as follows:

	General Fund	SPLOST Fund	Water, Sewer & Sanitation Fund	Total
Receivables				
Taxes	$ 13,896	$ -	$ -	$ 13,896
Accounts	-	-	35,979	35,979
Intergovernmental	57,202	194,313	378,583	630,098
Other	-	-	50	50
Gross receivables	71,098	194,313	414,612	680,023
Less: Allowance for doubtful accounts	-	-	6,500	6,500
Net total receivables	$ 71,098	$ 194,313	$ 408,112	$ 673,523

Property taxes are levied as of July 28th on property values assessed as of January 1st. The bills were mailed on October 1st and are considered due upon receipt by the taxpayer; however, the actual due date is December 10th. After this date, the bill becomes delinquent and penalties and interest may be assessed.

(5) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 5,970	$ -	$ -	$ 5,970
Capital assets, being depreciated				
Buildings and improvements	25,679	-	-	25,679
Equipment	377,006	72,444	164,915	284,535
Infrastructure	681,916	-	-	681,916
Total capital assets being depreciated	1,084,601	72,444	164,915	992,130
Less accumulated depreciation for:				
Buildings and improvements	18,755	650	-	19,405
Equipment	312,989	38,752	155,958	195,783
Infrastructure	315,326	17,374	-	332,700
Total accumulated depreciation	647,070	56,776	155,958	547,888
Total capital assets, being depreciated, net	437,531	$ 15,668	8,957	444,242
Governmental activities capital assets, net	$ 443,501	$ 15,668	$ 8,957	$ 450,212
Business-type activities:				
Capital assets not being depreciated				
Land	$ 3,531	$ -	$ -	$ 3,531
Total capital assets not being depreciated	3,531	-	-	3,531
Capital assets being depreciated				
Equipment	66,098	49,684	11,007	104,775
Infrastructure	1,210,359	-	-	1,210,359
Total capital assets, being depreciated	1,276,457	49,684	11,007	1,315,134
Less accumulated depreciation for:				
Equipment	40,403	8,491	11,007	37,887
Infrastructure	697,024	21,676	-	718,700
Total accumulated depreciation	737,427	30,167	11,007	756,587
Total capital assets, being depreciated, net	539,030	19,517	-	558,547
Business-type activities capital assets, net	$ 542,561	$ 19,517	$ -	$ 562,078

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government	$ 2,607
Public safety	13,987
Public works	40,182
Total depreciation expense - Governmental activities	$ 56,776
Business-type activities:	
Water &Sewer	$ 30,167
Total depreciation expense - Business-type activities	$ 30,167

(6) – LONG-TERM DEBT

At December 31, 2009, the City had the following notes payable:

	Business-type
1979 Series, Water and Sewer Revenue Bond. $42,000 due in Annual installments of $500 to $2,500 at 5% interest each January 1st, Maturing January 2018. The bond was issued to build a well for the City Water department. These bonds were paid off during 2010.	$ 0
Total business-type long-term debt	$ 0

The following is a summary of changes in long-term debt for the year ended December 31, 2010:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Business-type Activites:					
1979 Series Water & Sewer Revenue Bond	15,500	-	15,500	-	-
Total government	$ 15,500	$ -	$ 15,500	$ -	$ -

(7) – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables and transfers for the year ended December 31, 2010 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	$ -	$ -	$ 12,631	$ -
SPLOST Fund	-	-	-	-
Water, Sewer & Sanitation Fund	-	-	-	12,631
Totals	$ -	$ -	$ 12,631	$ 12,631

Transfers are used to move unrestricted revenue collected in one fund to finance various programs accounted for in other funds.

(8) – FUND BALANCES/RETAINED EARNINGS RESERVES

Reserves are used to indicate that portion of the fund balance or retained earnings that is not appropriate for expenditure or is legally segregated for a specific future use. The following reserves are used by the City.

General Fund:	
Reserve for prepaid items	$ 5,043

(9) – RISK MANAGEMENT

The City is exposed to various risk of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All major risks are covered by commercial insurance. There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

The City has joined together with other municipalities in the state as part of the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers the risk pool.

(10) – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City has stated that it is not involved in any lawsuit that will have a material effect on the financial condition of the City.

(11) – SPECIAL ITEM

In prior years, the City recorded an interfund receivable of $23,374 on the Water Fund and interfund payables on the General Fund $7,508 and the SPLOST Fund $15,866. The current City council and City Clerk have not been able to determine why these transactions were recorded. The City elected to eliminate these interfund items in correcting the balance sheets and statement of net assets. This correction is reported as a special item on these funds.

(12) – PENSION

Plan Description – The City participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer defined benefit pension plan, which covers all employees. The City Council authorizes amendments, participation in the pension plan, establishes the pension benefits and sets the contribution rates. All full-time eligible employees participate in the GMEBS ("Plan") after completing one year of service. Benefits vest after 10 years of service, participants become eligible to retire at age 65 with 5 years of participation in the plan. The plan is a noncontributory plan and was adopted on April 1, 2003.

The City sponsors the "Plan". The Plan provides retirement, disability, and death benefits to plan participants. The plan assets shall be used only for the payment of benefits to the members of the plan in accordance with the terms of the plan.

The following is the plan membership at July 11, 2010

Membership

Active plan participants	2
Retirees and beneficiaries currently receiving benefits	1
Active plan participants or terminated plan participants entitled to, but not yet receiving benefits	1
Total	4

A copy of the plan's financial report may be obtained from:

Georgia Municipal Association
The Burgess Building
201 Pryor Street, SW
Atlanta, GA 30303-3606
Telephone 404-688-0472

Funding Policy – The City is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the Board of Trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes.

Annual Pension Cost – The City's annual pension costs for the last three years are as follows:

Fiscal Year Beginning	Annual Pension Cost	Annual Pension Contribution	Percentage Contributed	Net Pension Obligation
10/1/2008	12,061	12,061	100%	-
10/1/2009	10,641	10,641	100%	-
7/1/2010	12,474	12,474	100%	-

(12) – PENSION (CONT.)

Net Pension Assets – The City's derivation of the annual required contribution, the annual pension cost and net pension obligation (asset) at July 1, 2010 and October 1, 2009, the two most recent actuarial valuations, are as follows:

	2010	2009
Derivation of the Annual Required Contribution:		
Normal cost	$ 2,925	$ 2,224
Payment on unfunded accrued actuarial liability (UAAL)	7,092	6,084
Administrative expenses	2,000	2,000
Adjustments for timing	457	333
Annual required contribution (ARC)	$ 12,474	$ 10,641
Derivation of the Annual Pension Cost:		
Annual required contribution (ARC)	$ 12,017	$ 10,232
Adjustment to ARC	457	409
Annual pension cost	$ 12,474	$ 10,641
Derivation of the Net Pension Obligation (Assets):		
Annual pension cost prior year	$ 10,641	$ 12,061
Annual contributions made for prior year	10,641	12,061
Increase (decrease) in net pension obligation (assets)	-	-
Net pension obligation (assets), beginning of year	-	-
Net pension obligation (assets), end of year	$ -	$ -

Plan Funded Status – The City's funding status based upon the most recent actuarial valuation follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Surplus) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] (c)
7/1/2010	$ 69,303	$ 154,169	$ 84,866	44.95%	$ 60,477	140.33%

The schedule of funding progress, presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

(12) – PENSION (CONT.)

Actuarial Valuation Information – The City's actuarial valuation information is as follows:

Valuation Date	July 1, 2010
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 30 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 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.5% plus age and service based merit increases.
Cost of Living Adjustments	0.00%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORMAN PARK, GEORGIA
Schedule of Funding Progress and the
Schedule of Employer Contributions
GMEBS Plan
For the year ended December 31, 2010

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Surplus) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] (c)
9/1/2004	$ 21,362	$ 122,264	$ 100,902	17.47%	$ 194,274	51.94%
9/1/2005	34,558	116,741	82,183	29.60%	88,921	92.42%
9/1/2006	43,491	133,979	90,488	32.46%	133,700	67.68%
9/1/2007	51,964	138,771	86,807	37.45%	85,105	102.00%
9/1/2008	59,690	143,427	83,737	41.62%	59,981	139.61%
10/1/2009	64,997	138,974	73,977	46.77%	68,447	108.08%
7/1/2010	69,303	154,169	84,866	44.95%	60,477	140.33%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Cost (APC)	Annual City Contribution	Percentage Contributed	Net Pension Obligation (Assets)
December 31, 2004	NA	NA	NA	NA
December 31, 2005	NA	NA	NA	NA
December 31, 2006	15,283	15,283	100.00%	-
December 31, 2007	13,585	13,585	100.00%	-
December 31, 2008	12,061	12,061	100.00%	-
December 31, 2009	10,641	10,641	100.00%	-
December 31, 2010	12,474	12,474	100.00%	-

See notes to the basic financial statements for actuarial assumptions used in the above calculations.

ADDITIONAL FINANCIAL INFORMATION

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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
Norman Park, Georgia

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the City of Norman Park, Georgia as of and for the year ended December 31, 2010, which collectively comprise the City of Norman Park, Georgia's basic financial statements and have issued our report thereon dated August 2, 2011. We did not express an opinion on the governmental activities, the business-type activities and each major fund of the City of Norman Park, Georgia because the City does not have adequate documentation of receipts and disbursements and the City does not have adequate subsidiary ledger or other records to support security deposits received from utility customers. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified deficiencies in internal control over financial reporting described in the accompanying schedule of findings and responses that we consider to be material weaknesses, as defined above (2003-1, 2006-1, 2006-2, 2009-1, 2009-2, 2009-3, 2009-4 and 2009-5).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Norman Park, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2010-1.

We noted certain matters that we reported to management of the City of Norman Park, Georgia, in a separate letter dated August 2, 2011

City of Norman Park, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City of Norman Park, Georgia's response and, accordingly, we express no opinion on it.

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

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

August 2, 2011

CITY OF NORMAN PARK, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2010

Prior years findings:

2003-1

Condition – The City has a deficiency in its control structure due to a lack of segregation of duties.

Status – Our test determined that this condition still exists.

Views of responsible officials and planned correction actions – The City's management concurs with the finding. The Mayor and City Council will more closely monitor and approve the monthly financial activity.

2006-1

Condition – Bank reconciliations were not performed properly or timely.

Status – The condition still exists. Bank reconciliations were not performed properly or timely.

Views of responsible officials and planned correction actions – The City's management concurs with the finding. The City has recently hired a new clerk that is in the process of reconciling and adjusting the general ledger balances as well as correcting the bank reconciliations.

2006-2

Condition – The City does not have adequate internal controls to prepare and review its monthly bookkeeping reports. This allows for material misstatements to occur and not be detected.

Status – The condition still exists. The City has recently hired a new clerk that is in the process of adjusting and reconciling the balance sheet in order to generate the proper reports that the Mayor and Council need to review.

Views of responsible officials and planned correction actions – The City's management concurs with the finding. The City has recently hired a new clerk that is in the process of correcting the bookkeeping system. The Council should be reviewing the monthly statements at the monthly meetings.

2007-1

Condition – The City did not record some of the bank accounts on its general ledger.

Status – The condition no longer exists.

Prior years findings: (Continued)

2009-1

Condition – The City did not maintain the proper documentation of the utility system's billings and collections for the year. The City clerks were not properly trained in using the utility billing software and as a result they did not know the proper reports to retain. This resulted in a scope limitation. We were unable to obtain sufficient evidence to determine the appropriateness of the balances on the general ledger.

Status – The condition still exists.

Views of responsible officials and planned corrective actions – The City's management concurs with the finding. They will provide the clerk with additional training on the proper procedures needed in the utility billing process.

2009-2

Condition – The City does not have adequate subsidiary ledgers or other records to support water and sewer security deposits received from utility customers.

Status – The condition still exists.

Views of responsible officials and planned corrective actions – The City's management concurs with the finding. The clerk and council are in the process of researching prior receipts in order to determine the customer deposits. Once they are satisfied with the totals they will adjust the customer deposits payable amount to reflect the new balance. The City anticipates having this completed by December 31, 2011.

2009-3

Condition – The City does not have a current, complete and accurate inventory of the City's capital assets which could result in a misstatement on the City's financial statements.

Status – The condition still exists.

Views of responsible officials and planned corrective actions – The City's management concurs with the finding. Management has begun reviewing its listing of capital assets and making adjustments as needed. The City's management anticipates having this list updated by December 31, 2011.

Prior years findings: (Continued)

2009-4

Condition – The City did not have adequate documentation of receipts and disbursements. Management was unable to find all invoices requested or documentation of revenues received. This lack of documentation of revenues and expenditures is a scope limitation. As a result of this limitation we were unable to obtain proper documentation to determine appropriateness of expenditures or revenues.

Status – The condition still exists.

Views of responsible officials and planned corrective actions – The City's management concurs with the finding. The City has recently hired a new clerk that has experience as a clerk. The City's management anticipates the new clerk retaining the required documentation in an organized manner.

2009-5

Condition – The new Clerk was not provided with adequate training and supervision. This caused a breakdown in internal controls and difficulties in the audit.

Status – The condition still exists.

Views of responsible officials and planned corrective actions – The City's management concurs with the finding. The City has recently hired a new clerk that has prior experience as a clerk. This should eliminate this problem in the future.

CITY OF NORMAN PARK, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2010

Current year findings considered to be material weaknesses:

2010-1

Condition – The City's expenditures exceeded appropriations at the legal level of control in general administration department of the general fund.

Criteria – Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3: Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. Nothing contained in this code section shall preclude a local government from amending its budget so as to adapt to changing governmental needs during the budget period.

Recommendation – The City should review its financial statements in relation to the budget on a regular basis and amend the budget as needed throughout the year.

Effect – Noncompliance with above statute.

Views of responsible officials and planned correction actions – The City's management concurs with the finding. The Mayor & council will more closely monitor the City's spending as compared to the budget and amend the budget as needed.

City of Norman Park

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August 2, 2011

Mr. Ed Blaha
Department of Audits and Accounts
270 Washington Street, S.W., Room 1-156
Atlanta, Ga. 30334-8400

Re: City of Norman Park
Year Ending December 31, 2010
Corrective Action Plan

Dear Mr. Blaha:

Enclosed is the City of Norman Park's corrective action plan as required by Section 36-81-7 of the Official Code of Georgia Annotated. After reviewing this plan, I trust that you will find that it is in compliance with the above code. Please notify us of your decision.

Sincerely,

Bruce Norton
Mayor

CITY OF NORMAN PARK, GEORGIA
CORRECTIVE ACTION PLAN
FOR YEAR ENDED DECEMBER 31, 2010

Finding/Recommendation:

The City does not have segregation of duties within its accounting system. The Mayor and the City Council should become more involved with the financial affairs and daily operations of the City.

Corrective Action Plan/Management Response:

We concur with this recommendation. The City cannot establish appropriate segregation of duties because it is not cost effective. We believe that a higher level of involvement with the financial affairs of the City by the Mayor and Council will help to overcome the weakness of no segregation of duties. We believe that this allows the City to comply with the audit recommendation.

Finding/Recommendation:

The City did not perform reconciliations properly or timely. Bank reconciliations were not prepared during the year. The City should prepare bank reconciliations in a timely manner each month. These reconciliations should be reviewed and approved by the mayor.

Corrective Action Plan/Management Response:

We concur with the finding. A new clerk is in the process of reconciling and adjusting the general ledger balances and correcting the bank reconciliations. The mayor will begin reviewing and approving the bank reconciliations monthly.

Finding/Recommendation:

The City does not have adequate internal controls to prepare and review its monthly bookkeeping reports. This allows for material misstatements to occur and not be detected. The prior City Clerk did not understand the use of the bookkeeping system in order to generate the proper reports that the Mayor and Council need to review.

Corrective Action Plan/Management Response:

We concur with the finding. The City has recently hired a new clerk that is in the process of correcting the bookkeeping system. The Council should be reviewing the monthly statements at the monthly meetings. We believe that this allows the City to comply with the audit recommendation.

Finding/Recommendation:

The City did not maintain the proper documentation of the utility system's billings and collections for the year. The City Clerk needs additional training on the utility billing software.

Corrective Action Plan/Management Response:

We concur with this recommendation. We will provide the clerk with additional training on the utility billing process and software. We believe that this allows the City to comply with the audit recommendation.

CITY OF NORMAN PARK, GEORGIA
CORRECTIVE ACTION PLAN
FOR YEAR ENDED DECEMBER 31, 2010

Finding/Recommendation:

The City does not have adequate subsidiary ledgers or other records to support water and sewer security deposits received from utility customers. The City does not have the ability to timely and correctly determine the security deposit amounts payable to customers which results in a scope limitation. The City needs to determine what the correct customer security deposits are on each customer. A new listing of customer deposits should be determined and the liability account should be adjusted to that amount. The new customer deposit amounts should be entered into the utility billing system.

Corrective Action Plan/Management Response:

We concur with this recommendation. The clerk and council are in the process of researching prior receipts in order to determine the customer deposits. Once they are satisfied with the totals they will adjust the customer deposits payable amount to reflect the new balance. The City anticipates having this completed by December 31, 2011.

Finding/Recommendation:

The City does not have a current, complete and accurate inventory of the City's capital assets which could result in a misstatement on the City's financial statements. The City should review its listing of capital assets and remove any old assets no longer in service. The City should also make sure all assets are included on the inventory. The City should adjust the capital asset balances on the financial statements based on the updated inventory.

Corrective Action Plan/Management Response:

We concur with this recommendation. Management has begun reviewing its listing of capital assets and making adjustments as needed. The City's management anticipates having this list updated by December 31, 2011.

Finding/Recommendation:

The City did not have adequate documentation of receipts and disbursements. Management was unable to locate all invoices requested or documentation of revenues received. This is a weakness in internal control. This lack of documentation of revenues and expenditures is a scope limitation. As a result of this limitation we were unable to obtain proper documentation to determine appropriateness of expenditures or revenues. The City should maintain proper documentation on all revenues and expenditures. This documentation should be filed in a manner that is easy to retrieve when requested.

Corrective Action Plan/Management Response:

We concur with this recommendation. The City has recently hired a new clerk that has experience as a clerk. The City's management anticipates the new clerk retaining the required documentation in an organized manner.

CITY OF NORMAN PARK, GEORGIA
CORRECTIVE ACTION PLAN
FOR YEAR ENDED DECEMBER 31, 2010

Finding/Recommendation:

The new Clerk was not provided with adequate training and supervision. This is a weakness in internal control. This caused a breakdown in internal controls and difficulties in the audit. This resulted in classification errors throughout the general ledger and payments were made out of the wrong fund. The Mayor and City Council should be actively involved in the monitoring and supervision of the City Clerk's activities. The Mayor and City Council should consider sending the Clerk to additional training courses for clerks.

Corrective Action Plan/Management Response:

We concur with this recommendation. The City has recently hired a new clerk that has prior experience as a clerk. This should eliminate this problem in the future.

Finding/Recommendation:

The City's expenditures exceeded appropriations at the legal level of control in the general administration department of the general fund. Official Code of Georgia Annotated (O.C.G.A.) Section 36-81-3: Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. Nothing contained in this code section shall preclude a local government from amending its budget so as to adapt to changing governmental needs during the budget period. The City should review its financial statements in relation to the budget on a regular basis and amend the budget as needed throughout the year.

Corrective Action Plan/Management Response:

We concur with this recommendation. The Mayor & council will more closely monitor the City's spending as compared to the budget and amend the budget as needed.

SIMMONS, MILLS & SIMMONS P.C.

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Honorable Mayor and Members
of the City Council
City of Norman Park, Georgia

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the City of Norman Park, Georgia for the year ended December 31, 2010. These schedules are the responsibility of the City of Norman Park, Georgia's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax 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 Schedules of Special Purpose Local Option Sales Tax are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules of Special Purpose Local Option Sales Tax is prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of the City of Norman Park's revenues and expenditures.

In our opinion, the Schedules of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project of the City of Norman Park for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

August 2, 2011

CITY OF NORMAN PARK, GEORGIA
Schedule of 2002 Special Purpose Local Option Sales Tax
Year Ended December 31, 2010

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Years	Total
Street Improvements	$ 170,694	$ 170,694	$ -	$ 170,694
Pump Station upgrade	66,246	45,796	-	45,796
Sludge Belt Filter Press	97,600	-	-	-
Elevated Tank Inspection and rehab	20,460	17,080	-	17,080
Equipment Maintenance Facility	20,000	-	-	-
Totals	$ 375,000	$ 233,570	$ -	$ 233,570

Note: 2002 Colquitt County Special Purpose Local Option Sales Tax (SPLOST) revenue. Colquitt County collects the SPLOST revenue and holds it for the City of Norman Park. When the City need the SPLOST funds they submit an invoice to the county for approval and payment.

CITY OF NORMAN PARK, GEORGIA
Schedule of 2007 Special Purpose Local Option Sales Tax
Year Ended December 31, 2010

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Years	Total
Purchase 2 Police cars	$ 60,000	$ 23,911	$ 30,600	$ 54,511
Equipment Shelter & fencing	25,000	-	-	-
City Hall repairs & renovation	18,000	8,901	4,836	13,737
Road Improvements	250,000	45,983	80,154	126,137
Totals	$ 353,000	$ 78,795	$ 115,590	$ 194,385

Note: 2007 Colquitt County Special Purpose Local Option Sales Tax (SPLOST) revenue. Colquitt County collects the SPLOST revenue and holds it for the City of Norman Park. When the City need the SPLOST funds they submit an invoice to the county for approval and payment.

Special Purpose Local Option Sales Tax revenue received from Colquitt County, Georgia for the year ended December 31, 2010 was $63,925.

SIMMONS, MILLS & SIMMONS P.C.

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF SOURCE AND APPLICATION OF FUNDS AND SCHEDULE OF PROJECT COST APPLICABLE TO COMMUNITY DEVELOPMENT BLOCK GRANTS

Honorable Mayor and Members
of the City Council
City of Norman Park, Georgia

We have audited the accompanying Schedule of Source and Application of Funds and Schedule of Project Costs as of December 31, 2010 and for the year then ended. These financial statements are the responsibility of the City of Norman Park, Georgia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly the disposition and status of the City of Norman Park, Georgia's Community Development Block Grant Funds at December 31, 2010 for the year then ended in conformity with applicable financial reporting provisions of governmental regulations and accounting principles generally accepted in the United States of America.

This report covers Community Development Block Grants Number 10p-x-035-2-5250.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons P.C.

August 2, 2011

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
10p-x-035-2-5250
Year Ended December 31, 2010

Total program year 2010 funds allocated to recipient	$	383,583
Less: Total funds drawn by recipient		5,000
Funds still available for grant resources	$	378,583
Cash on hand January 1, 2010	$	-
Total program year 2010 funds drawn and received by recipent in 2010		5,000
Total amount of City funds deposited in 2010		100
Less: Funds applied and expended to grant costs during 2010		5,000
Total program funds held by recipient at December 31, 2010	$	100

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Project Cost Schedule
10p-x-035-2-5250
Year Ended December 31, 2010

Program Activity	Activity Number	Approved Budget CDBG Funds	Accumulated Expenditures To Date CDBG Funds	Accumulated Expenditures To Date Other Funds	Grant Total Expenditures To Date	Questioned Costs
Contingencies	C-022-00	$ 27,000	$ -	$ -	$ -	$ -
Water Facilities	P-03J-01	333,578	-	-	-	-
Administration	A-21A-00	23,005	5,000	-	5,000	-
Totals		$ 383,583	$ 5,000	$ -	$ 5,000	$ -