CITY OF NORMAN PARK, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2011

CITY OF NORMAN PARK, GEORGIA
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December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Norman Park, Georgia as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Norman Park, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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.

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 aggregate discretely presented component units, and each major fund of the City of Norman Park, Georgia as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

In accordance with *Government Auditing Standards,* we have issued our report dated August 20, 2012, 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 should be considered in assessing the results of our audit.

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

Simmons, Mills & Simmons P.C.

August 20, 2012

BASIC FINANCIAL STATEMENTS

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Net Assets
December 31, 2011

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit
Assets:				
Cash and cash investments	$ 180,115	$ 139,857	$ 319,972	$ 1,846
Time deposits	48,538	55,940	104,478	-
Restricted cash	-	2,100	2,100	-
Receivables (net of allowance for doubtful accounts):				
Taxes	14,088	-	14,088	-
Accounts	-	23,956	23,956	-
Other	-	50	50	-
Intergovernmental receivable	302,172	363,583	665,755	-
Internal balances	-	-	-	-
Prepaid items	14,190	4,984	19,174	-
Advance to component unit	2,800	-	2,800	-
Capital assets:				
Land	8,720	10,383	19,103	5,950
Buildings	25,679	-	25,679	-
Equipment	284,535	129,095	413,630	-
Improvements	9,195	-	9,195	-
Infrastructure	681,916	1,241,152	1,923,068	-
Construction in progress	-	53,876	53,876	-
Accumulated depreciation	(612,283)	(794,192)	(1,406,475)	-
Total assets	959,665	1,230,784	2,190,449	7,796
Liabilities:				
Accounts payable	20,051	9,367	29,418	-
Accrued liabilities	611	-	611	-
Intergovernmental payable	-	-	-	-
Deferred revenue	-	365,583	365,583	-
Other payable	-	100	100	-
Customer deposits		20,554	20,554	-
Compensated absences - current portion	1,410	3,049	4,459	-
Noncurrent liabilities:				
Due in more than one year	-	-	-	2,800
Compensated absences	3,290	7,115	10,405	-
Total liabilities	25,362	405,768	431,130	2,800
Net assets:				
Invested in capital assets, net of related debt	397,762	640,314	1,038,076	3,150
Restricted for:				
Capital projects	235,862	-	235,862	-
Unrestricted (deficit)	300,679	184,702	485,381	1,846
Total net assets	$ 934,303	$ 825,016	$ 1,759,319	$ 4,996

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2011

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: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Governmental activities:								
General administration	$ 150,495	$ 3,027	$ -	$ -	$ (147,468)	$ -	$ (147,468)	$ -
Judicial	103,228	-	-	-	(103,228)	-	(103,228)	-
Public safety	237,908	294,794	-	-	56,886	-	56,886	-
Public works	106,488	-	-	67,424	(39,064)	-	(39,064)	-
Culture and recreation	1,021	-	-	2,750	1,729	-	1,729	-
Total governmental activities	599,140	297,821	-	70,174	(231,145)	-	(231,145)	-
Business-type activities:								
Water & Sewer	263,056	252,252	-	13,000	-	2,196	2,196	-
Solid waste	54,820	70,673	-	-	-	15,853	15,853	-
Total business-type activities	317,876	322,925	-	13,000	-	18,049	18,049	-
Total primary government	$ 917,016	$ 620,746	$ -	$ 83,174	$ (231,145)	$ 18,049	$ (213,096)	$ -
Component units								
Urban Redevelopment Agency	1,404	-	3,250	3,150				4,996
Total component units	$ 1,404	$ -	$ 3,250	$ 3,150				$ 4,996
General revenues:								
Taxes:								
Property taxes					$ 144,570	$ -	$ 144,570	$ -
Other taxes					45,591	-	45,591	-
Franchise fees					53,922	-	53,922	-
Investment earnings					386	33	419	-
Gain on sale/retirement of capital assets					2,217	-	2,217	-
Miscellaneous					11,765	20,345	32,110	-
Transfers					(64,653)	64,653	-	-
Total general revenues and transfers					193,798	85,031	278,829	-
Change in net assets					(37,347)	103,080	65,733	4,996
Net assets - beginning					971,650	721,936	1,693,586	-
Net assets - ending					$ 934,303	$ 825,016	$ 1,759,319	$ 4,996

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2011

	General Fund	SPLOST Fund	Total Governmental Funds
Assets:			
Cash	$ 180,115	$ -	$ 180,115
Time deposit	48,538	-	48,538
Receivables (net of allowance for doubtful accounts):			
Taxes	14,088	-	14,088
Intergovernmental receivables	66,311	235,862	302,173
Prepaid items	14,190	-	14,190
Advance to component unit	2,800	-	2,800
Total assets	$ 326,042	$ 235,862	$ 561,904
Liabilities and fund balances:			
Liabilities:			
Accounts payable	$ 20,051	$ -	$ 20,051
Accrued liabilities	612	-	612
Deferred revenues	11,670	-	11,670
Total liabilities	32,333	-	32,333
Fund balances:			
Nonspendable:			
Prepaid items	14,190	-	14,190
Advance to component unit	2,800	-	2,800
Restricted for:			
Capital projects funds	-	235,862	235,862
Unassigned	276,719	-	276,719
Total fund balances	293,709	235,862	529,571
Total liabilities and fund balances	$ 326,042	$ 235,862	$ 561,904

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, 2011

Total fund balances - total governmental funds		$ 529,571
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	$ 1,010,045	
Less accumulated depreciation	(612,283)	397,762
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.		11,670
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(4,700)
Net assets of governmental activities		$ 934,303

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, 2011

	General Fund	SPLOST Fund	Total Governmental Funds
Revenues:			
General property taxes	$ 197,088	$ -	$ 197,088
Other taxes	45,591	-	45,591
Licenses and permits	3,000	-	3,000
Intergovernmental	-	67,424	67,424
Charges for services	27	-	27
Interest income	386	-	386
Fines and forfeitures	294,794	-	294,794
Miscellaneous revenues	11,765	-	11,765
Total revenues	552,651	67,424	620,075
Expenditures:			
Current:			
General administration	145,763	-	145,763
Judicial	103,228	-	103,228
Public safety	212,811	2,032	214,843
Public works	65,190	-	65,190
Culture and recreation	1,021	-	1,021
Capital outlay	-	9,195	9,195
Total expenditures	528,013	11,227	539,240
Excess (deficiency) of revenues over expenditures	24,638	56,197	80,835
Other Financing Sources (Uses):			
Proceeds from capital assets dispositions	2,217	-	2,217
Transfers in (out)	(50,000)	(14,653)	(64,653)
Total other financing sources (uses)	(47,783)	(14,653)	(62,436)
Net change in fund balances	(23,145)	41,544	18,399
Fund balances - beginning	316,854	194,318	511,172
Fund balances - ending	$ 293,709	$ 235,862	$ 529,571

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, 2011

Net change in fund balances - total government funds		$ 18,399
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.		9,195
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.		(64,395)
Noncash donations of capital assets are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it is not reported in the Governmental Funds.		2,750
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 12/31/11	$ 11,670	
Deferred taxes 12/31/10	10,266	1,404
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability 12/31/11	$ 4,700	
Liability 12/31/10	-	(4,700)
Change in net assets of governmental activities		$ (37,347)

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, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 143,550	$ 215,345	$ 197,088	$ (18,257)
Other taxes	45,000	45,591	45,591	-
Licenses and permits	7,300	2,880	3,000	120
Intergovernmental	-	-	-	-
Charges for services	-	-	27	27
Interest income	-	-	386	386
Fines and forfeitures	170,000	292,000	294,794	2,794
Miscellaneous revenues	3,000	11,791	11,765	(26)
Carryover of funds	-	43,000	-	(43,000)
Total revenues	368,850	610,607	552,651	(57,956)
Expenditures:				
Current:				
General administration	112,262	138,744	145,763	7,019
Judicial	25,000	108,000	103,228	(4,772)
Public safety	147,810	240,000	212,811	(27,189)
Public works	81,750	75,000	65,190	(9,810)
Culture and recreation	2,028	1,080	1,021	(59)
Capital outlay	-	-	-	-
Total expenditures	368,850	562,824	528,013	(34,811)
Excess (deficiency) of revenues over expenditures	-	47,783	24,638	(23,145)
Other financing sources (uses):				
Proceeds from capital assets dispositions	-	2,217	2,217	-
Transfers in (out)	-	(50,000)	(50,000)	-
Total other financing sources (uses)	-	(47,783)	(47,783)	-
Excess (deficiency) of revenues and other financing and other uses	-	-	(23,145)	(23,145)
Fund balances - beginning	316,854	316,854	316,854	-
Fund balances - ending	$ 316,854	$ 316,854	$ 293,709	$ (23,145)

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Water, Sewer & Sanitation	Totals
Assets:		
Current assets:		
Cash	$ 139,857	$ 139,857
Time deposits	55,940	55,940
Restricted cash	2,100	2,100
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	23,956	23,956
Intergovernmental	363,583	363,583
Other	50	50
Prepaid items	4,984	4,984
Total current assets	590,470	590,470
Noncurrent assets:		
Capital assets:		
Land	10,383	10,383
Equipment	129,095	129,095
Infrastructure	1,241,152	1,241,152
Construction in progress	53,876	53,876
Accumulated depreciation	(794,192)	(794,192)
Total capital assets, net of accumulated depreciation	640,314	640,314
Total assets	$ 1,230,784	$ 1,230,784
Liabilities:		
Current liabilities:		
Accounts payable	$ 9,367	$ 9,367
Accrued liabilities	-	-
Deferred revenue	365,583	365,583
Other payable	100	100
Customer deposits	20,554	20,554
Compensated absences - current portion	3,049	3,049
Total current liabilities	398,653	398,653
Noncurrent liabilities:		
Compensated absences	7,115	7,115
Total liabilities	405,768	405,768
Net Assets:		
Invested in capital assets, net of related debt	640,314	640,314
Unrestricted (deficiency)	184,702	184,702
Total net assets	$ 825,016	$ 825,016

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, 2011

	Water, Sewer & Sanitation	Totals
Operating revenues:		
Charges for services - water	$ 120,082	$ 120,082
Charges for services - sewer	132,170	132,170
Charges for services - sanitation	70,673	70,673
Miscellaneous	20,345	20,345
Total operating revenues	343,270	343,270
Operating expenses:		
Water & Sewer:		
Personal services	103,114	103,114
Purchased/contracted services	58,569	58,569
Supplies	63,768	63,768
Depreciation	37,605	37,605
Solid waste:		
Purchased/contracted services	54,820	54,820
Total operating expenses	317,876	317,876
Income (loss) from operations	25,394	25,394
Non-operating revenues (expenses):		
Interest income	33	33
Intergovernmental revenues	13,000	13,000
Total non-operating revenues (expenses)	13,033	13,033
Transfer from other funds	64,653	64,653
Change in net assets	103,080	103,080
Net assets - beginning	721,936	721,936
Net assets - ending	$ 825,016	$ 825,016

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2011

	Water, Sewer & Sanitation	Totals
Cash flows from operating activities:		
Cash received from customers	$ 357,234	$ 357,234
Cash payments to suppliers for goods and services	(185,111)	(185,111)
Cash payments to employees for services	(89,121)	(89,121)
Net cash provided (used) by operating activities	83,002	83,002
Cash flows from noncapital financing activities:		
Transfers from other funds	64,653	64,653
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(115,841)	(115,841)
Intergovernmental revenue	13,000	13,000
Net cash provided (used) by capital and related financing activities	(102,841)	(102,841)
Cash flow from investing activities:		
Interest on cash and investments	33	33
Net increase (decrease) in cash and cash investments	44,847	44,847
Cash and cash investments, January 1	153,050	153,050
Cash and cash investments, December 31	$ 197,897	$ 197,897
Non-cash capital activities:		
Capital assets purchased by the SPLOST fund for Water & Sewer Fund	$ 14,653	

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2011

	Water, Sewer & Sanitation	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ 25,394	$ 25,394
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	37,605	37,605
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	5,523	5,523
(Increase) decrease in intergovernmental receivable	15,000	15,000
(Increase) decrease in prepaid items	(3,993)	(3,993)
Increase (decrease) in accounts payable	(1,849)	(1,849)
Increase (decrease) in deferred revenue	(13,000)	(13,000)
Increase (decrease) in other payables	-	-
Increase (decrease) in accrued liabilities	(283)	(283)
Increase (decrease) in customer deposits payable	8,441	8,441
Increase (decrease) in compensated absences	10,164	10,164
Net cash provided (used) by operating activities	$ 83,002	$ 83,002
Reconciliation of total cash and cash investments:		
Current assets - cash	$ 139,857	$ 139,857
Current assets - time deposits	55,940	55,940
Current assets - restricted Cash	2,100	2,100
Total cash and cash investments	$ 197,897	$ 197,897

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Assets
Component Units
December 31, 2011

	Urban Redevelopment Agency	Totals
Assets:		
Current assets:		
Cash	$ 1,846	$ 1,846
Noncurrent assets:		
Capital assets:		
Land	5,950	5,950
Total assets	$ 7,796	$ 7,796
Liabilities:		
Noncurrent liabilities:		
Due to primary government	$ 2,800	$ 2,800
Total liabilities	2,800	2,800
Net Assets:		
Invested in capital assets, net of related debt	3,150	3,150
Unrestricted (deficiency)	1,846	1,846
Total net assets	$ 4,996	$ 4,996

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Activities
Component Units
For the Year Ended December 31, 2011

	Urban Redevelopment Agency	Totals
Expenses:		
Culture and recreation	$ 1,404	$ 1,404
Total Expenses	1,404	1,404
Revenues:		
Program revenues:		
Operating contributions	3,250	3,250
Capital contributions	3,150	3,150
Total program revenues	6,400	6,400
Net program revenue	4,996	4,996
Change in net assets	4,996	4,996
Net assets - beginning	-	-
Net assets - ending	$ 4,996	$ 4,996

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 in1908. 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

The component unit columns included on the government-wide financial statements identifies the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

Brief description of the discretely presented component unit follows:

Norman Park Urban Redevelopment Agency (the Agency) – The Agency was established to provide a method of eliminating blighted areas and providing an environment for the social, economic, and psychological growth and well-being of all citizens of the City. The Agency is governed by a seven-member board appointed by the Mayor with the advice and consent of the City Council.

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

B. Financial Reporting Entity (CONT.)

While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City appoints a voting majority of the Agency's board, the City is able to impose its will on the Agency, and there is fiscal dependency by the Agency on the City. The Agency is reported on a December 31, 2011 fiscal year. Complete financial statements for the Agency may be obtained from its administrative office at 154 East Broad Street, Norman Park, Georgia 31771.

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

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.

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

C. Basis of Presentation (CONT.)

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.

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.

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

C. Basis of Presentation (CONT.)

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.

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 fundrevenues are recognized when received.

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

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.

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's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. 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, and then multiplied by 110 percent.

The City's investment policy limits investment choices to investments complying with state statutes. These investments are limited to obligations of states, 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, the local 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, 2011 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".

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

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.

K. Advances to Component Units

Noncurrent portions of long-term component unit loan receivables are reported as advances and as reservations of fund balances in the governmental fund statements. However, these balances are reported as unrestricted net assets in the government-wide statement of net assets.

L. 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.

Assets are capitalized and the estimated useful lives are as follows:

	Life – Years	Threshold
Buildings	15-40	$ 15,000
Equipment	5-10	5,000
Autos, trucks and buses	3-12	5,000
System Infrastructure	20-40	150,000
Public domain infrastructure	20-50	150,000
Improvements	7-15	5,000

M. Compensated Absences

The City's policy allows employees to accumulated earned but unused vacation and sick pay benefits. All vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

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

N. 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 and noncurrent portions of long-term component unit receivables.

Designations of fund equity are not legally required segregations but are segregated for a specific purpose. As of December 31, 2011 the City does not have any designations of fund equity.

O. Government-wide and Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net assets – consist of net assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net assets are reported in this category.

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

P. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council.

Assigned – Amounts that are designated by the City Council for a particular purpose. By mention, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned.

Unassigned – All amounts not included in other spendable classifications.

Flow Assumptions - 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. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Q. 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 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	$ 138,744	$ 145,763	$ 7,019

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 has a deposit policy for custodial credit risk (Note 1F). As of December 31, 2011, 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.

Also, the Norman Park Urban Redevelopment Agency's deposits were covered by FDIC coverage.

As of December 31, 2011, the carrying amount of the City's deposits totaled $426,550 and the bank balance totaled $464,293.

As of December 31, 2011 the carrying amount of the Agency's deposits totaled $1,846 and the bank balance totaled $1,834.

(3) – DEPOSITS AND INVESTMENTS (CONT.)

Investments

As of December 31, 2011 the City had no investments.

(4) - RECEIVABLES

The receivables as of December 31, 2011 for the City's individual major funds are as follows:

	General Fund	SPLOST Fund	Water & Sewer Fund	Total
Receivables:				
Taxes	$ 14,088	$ -	$ -	$ 14,088
Accounts	-	-	24,156	24,156
Intergovernmental	66,311	235,861	363,583	665,755
Other	-	-	50	50
Gross receivables	80,399	235,861	387,789	704,049
Less: Allowance for doubtful accounts	-	-	200	200
Net total receivables	$ 80,399	$ 235,861	$ 387,589	$ 703,849

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) – RESTRICTED ASSETS

Restricted assets reported in the Water, Sewer & Sanitation fund are comprised of the following:

Cash - CDBG	$ 2,100

(6) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 5,970	$ 2,750	$ -	$ 8,720
Capital assets, being depreciated				
Buildings and improvements	25,679	-	-	25,679
Equipment	284,535	-	-	284,535
Improvements	-	9,195	-	9,195
Infrastructure	681,916	-	-	681,916
Total capital assets being depreciated	992,130	9,195	-	1,001,325
Less accumulated depreciation for:				
Buildings and improvements	19,405	650	-	20,055
Equipment	176,112	24,993	-	201,105
Infrastructure	352,371	38,752	-	391,123
Total accumulated depreciation	547,888	64,395	-	612,283
Total capital assets, being depreciated, net	444,242	$ (55,200)	-	389,042
Governmental activities capital assets, net	$ 450,212	$ (52,450)	$ -	$ 397,762
Business-type activities:				
Capital assets not being depreciated				
Land	$ 3,531	$ 6,852	$ -	$ 10,383
Construction in progress	-	53,876	-	53,876
Total capital assets not being depreciated	3,531	60,728	-	64,259
Capital assets being depreciated				
Equipment	104,775	24,320	-	129,095
Infrastructure	1,210,359	30,793	-	1,241,152
Total capital assets, being depreciated	1,315,134	55,113	-	1,370,247
Less accumulated depreciation for:				
Equipment	37,887	15,005	-	52,892
Infrastructure	718,700	22,600	-	741,300
Total accumulated depreciation	756,587	37,605	-	794,192
Total capital assets, being depreciated, net	558,547	17,508	-	576,055
Business-type activities capital assets, net	$ 562,078	$ 78,236	$ -	$ 640,314

(6) – CAPITAL ASSETS (CONT.)

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

Governmental activities:	
General government	$ 2,476
Public safety	14,595
Public works	47,324
Total depreciation expense - Governmental activities	$ 64,395
Business-type activities:	
Water &Sewer	$ 37,605
Total depreciation expense - Business-type activities	$ 37,605

Capital asset activity for the Norman Park Urban Redevelopment Agency(the Agency), a discretely presented component unit, for the year ended December 31, 2011 was as follows:

	Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Discretely Presented Component Units:				
Capital assets, not being depreciated				
Land	$ -	$ 5,950	$ -	$ 5,950
Total capital assets, not being depreciated	-	5,950	-	5,950
Agency capital assets, net	$ -	$ 5,950	$ -	$ 5,950

(7) – LONG-TERM DEBT

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

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Compensated absenses	$ -	$ 4,700	$ -	$ 4,700	$ 1,410
Total for governmental activities	-	4,700	-	4,700	1,410
Business-Type Activities:					
Compensated absenses	-	10,164	-	10,164	3,049
Total for business-type activities	-	10,164	-	10,164	3,049
Total government	$ -	$ 14,864	$ -	$ 14,864	$ 4,459

(8) – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables and transfers for the year ended December 31, 2011 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	$ -	$ -	$ -	$ 50,000
SPLOST Fund	-	-	-	14,653
Water, Sewer & Sanitation Fund	-	-	64,653	-
Totals	$ -	$ -	$ 64,653	$ 64,653

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

The composition of advances between the City and its component unit as of December 31, 2011 is as follows:

Due to	Receivables	Payables
General Fund	$ 2,800	$ -
Norman Park Urban Redevelopment Agency	-	2,800
Totals	$ 2,800	$ 2,800

The purpose of the advance is to provide capital financing. This advance is to be repaid out of the proceeds from rental and/or sale of properties redeveloped by the Norman Park Urban Redevelopment Agency.

(9) – FUND BALANCES

The following is a summary of the fund balances for the governmental funds at December 31, 2011:

Nonspendable:	
Prepaid items - This is prepaid insurance in the general fund	$ 14,190
Advance to component unit - This is the noncurrent portion of amount due from the component unit in the general fund	2,800
Restricted for construction of capital assets - This is net assets restricted by state law as follows:	
SPLOST Fund - Restricted by state law	235,862
Unassigned:	
This is the amount assigned in the general fund	276,719
Total fund balance	$ 529,571

(10) – 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 pool currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers the risk pool.

As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, 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 or 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 governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

(11) – 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.

(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 1, 2011:

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 four 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%	-
7/1/2011	13,502	13,502	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, 2011 and October 1, 2010, the two most recent actuarial valuations, are as follows:

	2011	2010
Derivation of the Annual Required Contribution:		
Normal cost	$ 3,152	$ 2,925
Payment on unfunded accrued actuarial liability (UAAL)	7,855	7,092
Administrative expenses	2,000	2,000
Adjustments for timing	495	457
Annual required contribution (ARC)	$ 13,502	$ 12,474
Derivation of the Annual Pension Cost:		
Annual required contribution (ARC)	$ 13,007	$ 12,017
Adjustment to ARC	495	457
Annual pension cost	$ 13,502	$ 12,474
Derivation of the Net Pension Obligation (Assets):		
Annual pension cost prior year	$ 12,474	$ 10,641
Annual contributions made for prior year	12,474	10,641
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)
7/1/2011	$ 74,381	$ 165,348	$ 90,967	44.98%	$ 62,046	146.61%

The schedule of funding progress, presented as required supplementary information (RSI) immediately following the notes to the basic 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, 2011
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 27 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%
Expected annual inflation	3.50%

(13) – NEW GASB STANDARDS

In 2011, the City of Norman Park, Georgia implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This standard is designed to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and clarifying the existing governmental fund type definitions.

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, 2011

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%
7/1/2011	74,381	165,348	90,967	44.98%	62,046	146.61%

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%	-
December 31, 2011	13,502	13,502	100.00%	-

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

ADDITIONAL FINANCIAL INFORMATION

SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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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, the aggregate discretely presented component unitsand each major fund of the City of Norman Park, Georgia as of and for the year ended December 31, 2011, which collectively comprise the City of Norman Park, Georgia's basic financial statements and have issued our report thereon dated August 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Norman Park, Georgia, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Norman Park'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 the City of Norman Park's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Norman Park'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 responsesthat we consider to be material weaknesses, as defined above (2003-1, 2009-1, and 2009-3).

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 2011-1.

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 20, 2012

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 no longer exists.

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 no longer exists.

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. During August 2011 utility billing software representatives visited the City and provided training on software. The representatives also corrected errors on the billing reports being generated. These corrective actions will resolve condition in future years.

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 no longer exists.

Prior years findings: (CONT.)

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 – TheCity'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, 2012.

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 no longer exists.

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 no longer exists.

Current year findings:

2011-1

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 20, 2012

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, 2011
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, 2011

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 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. During August 2011 utility billing software representatives visited the City and provided training on software. The representatives also corrected errors on the billing reports being generated. We believe these corrective actions will resolve condition in future years.

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, 2012.

CITY OF NORMAN PARK, GEORGIA
CORRECTIVE ACTION PLAN
FOR YEAR ENDED DECEMBER 31, 2011

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.

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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, 2011. 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, 2011, 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 20, 2012

CITY OF NORMAN PARK, GEORGIA
Schedule of 2002 Special Purpose Local Option Sales Tax
Year Ended December 31, 2011

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Years	Total
Street Improvements	$ 170,694	$ 170,694	$ -	$ 170,694
Pump Station upgrade	66,246	45,796	7,606	53,402
Sludge Belt Filter Press	97,600	-	-	-
Elevated Tank Inspection and rehab	20,460	17,080	3,380	20,460
Equipment Maintenance Facility	20,000	-	3,667	3,667
Totals	$ 375,000	$ 233,570	$ 14,653	$ 248,223

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, 2011

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Years	Total
Purchase 2 Police cars	$ 60,000	$ 54,511	$ 2,032	$ 56,543
Equipment Shelter & fencing	25,000	-	9,195	9,195
City Hall repairs & renovation	18,000	13,737	-	13,737
Road Improvements	250,000	126,137	-	126,137
Totals	$ 353,000	$ 194,385	$ 11,227	$ 205,612

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, 2011 was $67,424.

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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, 2011 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, 2011 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 20, 2012

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
10p-x-035-2-5250
Year Ended December 31, 2011

Total program year 2010 funds allocated to recipient	$	378,583
Less: Total funds drawn by recipient		15,000
Funds still available for grant resources	$	363,583
Cash on hand January 1, 2011	$	100
Total program year 2010 funds drawn and received by recipient in 2011		15,000
Less: Funds applied and expended to grant costs during 2011		13,000
Total program funds held by recipient at December 31, 2011	$	2,100

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Project Cost Schedule
10p-x-035-2-5250
Year Ended December 31, 2011

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	-	44,061	44,061	-
Administration	A-21A-00	23,005	18,000	-	18,000	-
Totals		$ 383,583	$ 18,000	$ 44,061	$ 62,061	$ -