CITY OF NORMAN PARK, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2012

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

Report on the Financial Statements

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 and of the City of Norman Park, Georgia as of and for the year ended December 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of Norman Park, Georgia as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norman Park, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, June 20, 2013, 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* in considering the City of Norman Park, Georgia's internal control over financial reporting and compliance.

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

Simmons, Mills & Simmons

June 20, 2013

BASIC FINANCIAL STATEMENTS

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Net Position
December 31, 2012

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit
Assets:				
Cash and cash investments	$ 224,301	$ 183,110	$ 407,411	$ 6,950
Time deposits	48,869	-	48,869	-
Restricted cash	-	200	200	-
Receivables (net of allowance for doubtful accounts):				
Taxes	20,731	-	20,731	-
Accounts	-	29,434	29,434	-
Other	-	50	50	-
Intergovernmental receivable	256,857	493,662	750,519	-
Internal balances	-	-	-	-
Prepaid items	12,521	4,769	17,290	-
Advance to component unit	-	-	-	-
Capital assets:				
Land	8,720	10,383	19,103	-
Buildings	57,671	-	57,671	-
Equipment	294,260	138,820	433,080	-
Improvements	14,022	4,827	18,849	-
Infrastructure	681,916	1,717,901	2,399,817	-
Construction in progress	-	-	-	-
Accumulated depreciation	(674,932)	(837,554)	(1,512,486)	-
Total assets	944,936	1,745,602	2,690,538	6,950
Liabilities:				
Accounts payable	12,356	12,321	24,677	-
Accrued liabilities	3,953	149	4,102	-
Intergovernmental payable	-	-	-	-
Unearned revenue	-	493,662	493,662	-
Other payable	-	100	100	-
Customer deposits	-	20,381	20,381	-
Compensated absences - current portion	1,050	724	1,774	-
Noncurrent liabilities:				
Due in more than one year	-	-	-	-
Compensated absences	2,450	1,689	4,139	-
Total liabilities	19,809	529,026	548,835	-
Net position:				
Net investment in capital assets	381,657	1,034,377	1,416,034	-
Restricted for:				
Capital projects	197,608	-	197,608	-
Unrestricted (deficit)	345,862	182,199	528,061	6,950
Total net position	$ 925,127	$ 1,216,576	$ 2,141,703	$ 6,950

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2012

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 Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Governmental activities:								
General administration	$ 151,116	$ 4,468	$ -	$ -	$ (146,648)	$ -	$ (146,648)	$ -
Judicial	69,104	-	-	-	(69,104)	-	(69,104)	-
Public safety	238,740	303,595	4,200	5,535	74,590	-	74,590	-
Public works	152,889	-	-	37,708	(115,181)	-	(115,181)	-
Culture and recreation	292	-	-	-	(292)	-	(292)	-
Total governmental activities	612,141	308,063	4,200	43,243	(256,635)	-	(256,635)	-
Business-type activities:								
Water & Sewer	235,506	228,399	-	365,583	-	358,476	358,476	-
Solid waste	59,461	70,294	-	-	-	10,833	10,833	-
Total business-type activities	294,967	298,693	-	365,583	-	369,309	369,309	-
Total primary government	$ 907,108	$ 606,756	$ 4,200	$ 408,826	$ (256,635)	$ 369,309	$ 112,674	$ -
Component units								
Urban Redevelopment Agency	4,481	2,031	5,614	-				3,164
Total component units	$ 4,481	$ 2,031	$ 5,614	$ -				$ 3,164
General revenues:								
Taxes:								
Property taxes					$ 138,838	$ -	$ 138,838	$ -
Other taxes					48,425	-	48,425	-
Franchise fees					56,840	-	56,840	-
Investment earnings					331	22	353	-
Gain (loss) on sale/retirement of capital assets					-	-	-	(1,210)
Miscellaneous					3,025	22,229	25,254	-
Transfers					-	-	-	-
Total general revenues and transfers					247,459	22,251	269,710	(1,210)
Change in net assets					(9,176)	391,560	382,384	1,954
Net position - beginning					934,303	825,016	1,759,319	4,996
Net position - ending					$ 925,127	$ 1,216,576	$ 2,141,703	$ 6,950

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	SPLOST Fund	Total Governmental Funds
Assets:			
Cash	$ 224,301	$ -	$ 224,301
Time deposit	48,869	-	48,869
Receivables (net of allowance for doubtful accounts):			
Taxes	20,731	-	20,731
Intergovernmental receivables	59,249	197,608	256,857
Prepaid items	12,521	-	12,521
Advance to component unit	-	-	-
Total assets	$ 365,671	$ 197,608	$ 563,279
Liabilities, deferred inflows and fund balances:			
Liabilities:			
Accounts payable	$ 12,356	$ -	$ 12,356
Accrued liabilities	3,953	-	3,953
Total liabilities	16,309	-	16,309
Deferred inflows - property taxes	11,497	-	11,497
Fund balances:			
Nonspendable:			
Prepaid items	12,521	-	12,521
Restricted for:			
Capital projects funds	-	197,608	197,608
Unassigned	325,344	-	325,344
Total fund balances	337,865	197,608	535,473
Total liabilities, deferred inflows and fund balances	$ 365,671	$ 197,608	$ 563,279

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 Position
Year Ended December 31, 2012

Total fund balances - total governmental funds		$ 535,473
Amounts reported for Governmental Activities in the Statement of Net Position 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	$ 1,056,589	
Less accumulated depreciation	(674,932)	381,657
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.		11,497
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(3,500)
Net position of governmental activities		$ 925,127

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, 2012

	General Fund	SPLOST Fund	Total Governmental Funds
Revenues:			
General property taxes	$ 195,851	$ -	$ 195,851
Other taxes	48,425	-	48,425
Licenses and permits	4,468	-	4,468
Intergovernmental	9,735	37,708	47,443
Charges for services	-	-	-
Interest income	331	-	331
Fines and forfeitures	303,595	-	303,595
Miscellaneous revenues	3,025	-	3,025
Total revenues	565,430	37,708	603,138
Expenditures:			
Current:			
General administration	148,347	-	148,347
Judicial	69,104	-	69,104
Public safety	218,730	-	218,730
Public works	70,249	43,970	114,219
Culture and recreation	292	-	292
Capital outlay	14,552	31,992	46,544
Total expenditures	521,274	75,962	597,236
Excess (deficiency) of revenues over expenditures	44,156	(38,254)	5,902
Other Financing Sources (Uses):			
Transfers in (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	44,156	(38,254)	5,902
Fund balances - beginning	293,709	235,862	529,571
Fund balances - ending	$ 337,865	$ 197,608	$ 535,473

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 Position
Year Ended December 31, 2012

Net change in fund balances - total government funds		$ 5,902
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 Position, 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.		46,544
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(62,649)
Noncash donations of capital assets are reported in the Government-Wide Statement of Activities and Changes in Net Position, but it is not reported in the Governmental Funds.		-
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 12/31/12	$ 11,497	
Deferred taxes 12/31/11	11,670	(173)
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 12/31/12	$ 3,500	
Liability 12/31/11	4,700	1,200
Change in net position of governmental activities		$ (9,176)

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, 2012

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 181,520	$ 195,947	$ 195,851	$ (96)
Other taxes	45,000	48,425	48,425	-
Licenses and permits	2,800	4,000	4,468	468
Intergovernmental	-	9,735	9,735	-
Charges for services	-	-	-	-
Interest income	-	-	331	331
Fines and forfeitures	285,000	301,000	303,595	2,595
Miscellaneous revenues	3,036	3,775	3,025	(750)
Carryover of funds	-	-	-	-
Total revenues	517,356	562,882	565,430	2,548
Expenditures:				
Current:				
General administration	132,451	148,305	148,347	42
Judicial	60,000	79,000	69,104	(9,896)
Public safety	245,037	242,077	218,730	(23,347)
Public works	77,100	78,500	70,249	(8,251)
Culture and recreation	2,768	400	292	(108)
Capital outlay	-	14,600	14,552	(48)
Total expenditures	517,356	562,882	521,274	(41,608)
Excess (deficiency) of revenues over expenditures	-	-	44,156	44,156
Other financing sources (uses):				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing and other uses	-	-	44,156	44,156
Fund balances - beginning	293,709	293,709	293,709	-
Fund balances - ending	$ 293,709	$ 293,709	$ 337,865	$ 44,156

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2012

	Water, Sewer & Sanitation	Totals
Assets:		
Current assets:		
Cash	$ 183,110	$ 183,110
Time deposits	-	-
Restricted cash	200	200
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	29,434	29,434
Intergovernmental	493,662	493,662
Other	50	50
Prepaid items	4,769	4,769
Total current assets	711,225	711,225
Noncurrent assets:		
Capital assets:		
Land	10,383	10,383
Equipment	138,820	138,820
Improvements	4,827	4,827
Infrastructure	1,717,901	1,717,901
Construction in progress	-	-
Accumulated depreciation	(837,554)	(837,554)
Total capital assets, net of accumulated depreciation	1,034,377	1,034,377
Total assets	$ 1,745,602	$ 1,745,602
Liabilities:		
Current liabilities:		
Accounts payable	$ 12,321	$ 12,321
Accrued liabilities	149	149
Unearned revenue	493,662	493,662
Other payable	100	100
Customer deposits	20,381	20,381
Compensated absences - current portion	724	724
Total current liabilities	527,337	527,337
Noncurrent liabilities:		
Compensated absences	1,689	1,689
Total liabilities	529,026	529,026
Net Position:		
Net investment in capital assets	1,034,377	1,034,377
Unrestricted (deficiency)	182,199	182,199
Total net position	$ 1,216,576	$ 1,216,576

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2012

	Water, Sewer & Sanitation	Totals
Operating revenues:		
Charges for services - water	$ 109,744	$ 109,744
Charges for services - sewer	118,655	118,655
Charges for services - sanitation	70,294	70,294
Miscellaneous	22,229	22,229
Total operating revenues	320,922	320,922
Operating expenses:		
Water & Sewer:		
Personal services	70,129	70,129
Purchased/contracted services	54,609	54,609
Supplies	67,406	67,406
Depreciation	43,362	43,362
Solid waste:		
Purchased/contracted services	59,461	59,461
Total operating expenses	294,967	294,967
Income (loss) from operations	25,955	25,955
Non-operating revenues (expenses):		
Interest income	22	22
Intergovernmental revenues	365,583	365,583
Total non-operating revenues (expenses)	365,605	365,605
Transfer from other funds	-	-
Change in net position	391,560	391,560
Net position - beginning	825,016	825,016
Net position - ending	$ 1,216,576	$ 1,216,576

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2012

	Water, Sewer & Sanitation	Totals
Cash flows from operating activities:		
Cash received from customers	$ 315,272	$ 315,272
Cash payments to suppliers for goods and services	(201,337)	(201,337)
Cash payments to employees for services	(56,702)	(56,702)
Net cash provided (used) by operating activities	57,233	57,233
Cash flows from noncapital financing activities:		
Transfers from other funds	-	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(437,425)	(437,425)
Intergovernmental revenue	365,583	365,583
Net cash provided (used) by capital and related financing activities	(71,842)	(71,842)
Cash flow from investing activities:		
Interest on cash and investments	22	22
Net increase (decrease) in cash and cash investments	(14,587)	(14,587)
Cash and cash investments, January 1	197,897	197,897
Cash and cash investments, December 31	$ 183,310	$ 183,310

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2012

	Water, Sewer & Sanitation	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ 25,955	$ 25,955
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	43,362	43,362
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,478)	(5,478)
(Increase) decrease in intergovernmental receivable	(130,079)	(130,079)
(Increase) decrease in prepaid items	215	215
Increase (decrease) in accounts payable	2,954	2,954
Increase (decrease) in deferred revenue	128,079	128,079
Increase (decrease) in other payables	-	-
Increase (decrease) in accrued liabilities	149	149
Increase (decrease) in customer deposits payable	(172)	(172)
Increase (decrease) in compensated absences	(7,752)	(7,752)
Net cash provided (used) by operating activities	$ 57,233	$ 57,233
Reconciliation of total cash and cash investments:		
Current assets - cash	$ 183,110	$ 183,110
Current assets - time deposits	-	-
Current assets - restricted Cash	200	200
Total cash and cash investments	$ 183,310	$ 183,310

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Position
Component Units
December 31, 2012

	Urban Redevelopment Agency	Totals
Assets:		
Current assets:		
Cash	$ 6,950	$ 6,950
Noncurrent assets:		
Capital assets:		
Land	-	-
Total assets	$ 6,950	$ 6,950
Liabilities:		
Noncurrent liabilities:		
Due to primary government	$ -	$ -
Total liabilities	-	-
Net Position:		
Net investment in capital assets	-	-
Unrestricted (deficiency)	6,950	6,950
Total net position	$ 6,950	$ 6,950

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Revenues, Expenses and Changes in Net Position
Component Units
For the Year Ended December 31, 2012

	Urban Redevelopment Agency	Totals
Expenses:		
Charges for services - events	$ 2,031	$ 2,031
Culture and recreation	5,614	5,614
Total Expenses	7,645	7,645
Revenues:		
Program revenues:		
Capital contributions	4,481	4,481
Total program revenues	4,481	4,481
Net program revenue	3,164	3,164
Non-operating revenues (expenditures)		
Gain (loss) on disposition of capital assets	(1,210)	(1,210)
Change in net position	1,954	1,954
Net position - beginning	4,996	4,996
Net position - ending	$ 6,950	$ 6,950

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

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, 2012 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 position and the statement of changes in net positions) 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 Positions. 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 positions 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. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item of unavailable revenue which is reported only in the governmental funds balance sheet. This is property taxes which are reported as deferred inflows since they are recognized as receivables before the period for which the taxes are levied.

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, 2012 is considered immaterial.

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

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.

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 positions in the government-wide statement of net positions.

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 positions. 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, 2012 the City does not have any designations of fund equity.

O. Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets – 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 – consist of net positions 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 position 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. Formal action by the City Council is required to be taken to establish (and modify or rescind) a formal balance commitment.

Assigned – Amounts that are designated by the City Council for a particular purpose. By motion, 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	$ 148,305	$ 148,347	$ 42

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, 2012, 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, 2012, the carrying amount of the City's deposits totaled $456,480 and the bank balance totaled $472,432.

As of December 31, 2012 the carrying amount of the Agency's deposits totaled $6,950 and the bank balance totaled $7,134.

(3) – DEPOSITS AND INVESTMENTS (CONT.)

Investments

As of December 31, 2012 the City had no investments.

(4) - RECEIVABLES

The receivables as of December 31, 2012 for the City's individual major funds are as follows:

	General Fund	SPLOST Fund	Water & Sewer Fund	Total
Receivables:				
Taxes	$ 20,731	$ -	$ -	$ 20,731
Accounts	-	-	35,934	35,934
Intergovernmental	59,249	197,608	493,662	750,519
Other	-	-	50	50
Gross receivables	79,980	197,608	529,646	807,234
Less: Allowance for doubtful accounts	-	-	6,500	6,500
Net total receivables	$ 79,980	$ 197,608	$ 523,146	$ 800,734

Property taxes are levied as of September 18th on property values assessed as of January 1st. The bills were mailed on October 4th 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	$ 200

(6) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 8,720	$ -	$ -	$ 8,720
Capital assets, being depreciated				
Buildings	25,679	31,992	-	57,671
Equipment	284,535	9,725	-	294,260
Improvements	9,195	4,827	-	14,022
Infrastructure	681,916	-	-	681,916
Total capital assets being depreciated	1,001,325	46,544	-	1,047,869
Less accumulated depreciation for:				
Buildings	11,644	863	-	12,507
Equipment	201,105	23,746	-	224,851
Improvements	8,411	2,668	-	11,079
Infrastructure	391,123	35,372	-	426,495
Total accumulated depreciation	612,283	62,649	-	674,932
Total capital assets, being depreciated, net	389,042	$ (16,105)	-	372,937
Governmental activities capital assets, net	$ 397,762	$ (16,105)	$ -	$ 381,657
Business-type activities:				
Capital assets not being depreciated				
Land	$ 10,383	$ -	$ -	$ 10,383
Construction in progress	53,876	-	53,876	-
Total capital assets not being depreciated	64,259	-	53,876	10,383
Capital assets being depreciated				
Equipment	129,095	9,725	-	138,820
Improvements	-	4,827	-	4,827
Infrastructure	1,241,152	476,749	-	1,717,901
Total capital assets, being depreciated	1,370,247	491,301	-	1,861,548
Less accumulated depreciation for:				
Equipment	52,892	16,470	-	69,362
Improvements	-	57	-	57
Infrastructure	741,300	26,835	-	768,135
Total accumulated depreciation	794,192	43,362	-	837,554
Total capital assets, being depreciated, net	576,055	447,939	-	1,023,994
Business-type activities capital assets, net	$ 640,314	$ 447,939	$ 53,876	$ 1,034,377

(6) – CAPITAL ASSETS (CONT.)

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

Governmental activities:	
General government	$ 3,491
Public safety	20,715
Public works	38,443
Total depreciation expense - Governmental activities	$ 62,649
Business-type activities:	
Water &Sewer	$ 43,362
Total depreciation expense - Business-type activities	$ 43,362

Capital asset activity for the Norman Park Urban Redevelopment Agency (the Agency), a discretely presented component unit, for the year ended December 31, 2012 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, 2012:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Compensated absenses	$ 4,700	$ -	$ 1,200	$ 3,500	$ 1,050
Total for governmental activities	4,700	-	1,200	3,500	1,050
Business-Type Activities:					
Compensated absenses	10,164	-	7,751	2,413	724
Total for business-type activities	10,164	-	7,751	2,413	724
Total government	$ 14,864	$ -	$ 8,951	$ 5,913	$ 1,774

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, normally the General Fund and the Water and Sewer Fund.

(8) – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables and transfers for the year ended December 31, 2012 were as follows:

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

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

As of December 31, 2012 there were no advances between the City and its component unit.

(9) – FUND BALANCES

The following is a summary of the fund balances for the governmental funds at December 31, 2012:

Nonspendable:	
Prepaid items - This is prepaid insurance in the general fund	$ 12,521
Restricted for construction of capital assets - This is net assets restricted by state law as follows:	
SPLOST Fund - Restricted by state law	197,608
Unassigned:	
This is the amount assigned in the general fund	325,344
Total fund balance	$ 535,473

(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, 2012:

Membership

Active plan participants	6
Retirees and beneficiaries currently receiving benefits	1
Active plan participants or terminated plan participants entitled to, but not yet receiving benefits	1
Total	8

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%	-
7/1/2012	16,717	16,717	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, 2012 and July 1, 2011, the two most recent actuarial valuations, are as follows:

	2012	2011
Derivation of the Annual Required Contribution:		
Normal cost	$ 4,782	$ 3,152
Payment on unfunded accrued actuarial liability (UAAL)	9,323	7,855
Administrative expenses	2,000	2,000
Adjustments for timing	612	495
Annual required contribution (ARC)	$ 16,717	$ 13,502
Derivation of the Annual Pension Cost:		
Annual required contribution (ARC)	$ 16,105	$ 13,007
Adjustment to ARC	612	495
Annual pension cost	$ 16,717	$ 13,502
Derivation of the Net Pension Obligation (Assets):		
Annual pension cost prior year	$ 14,065	$ 12,474
Annual contributions made for prior year	14,065	12,474
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)
7/1/2012	$ 80,602	$ 183,704	$ 103,102	43.88%	$ 188,290	54.76%

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, 2012
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 23 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 2012 the City of Norman Park, Georgia implemented GASB Statement 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement 65 "Items Previously Reported as Assets and Liabilities." In addition, there are numerous terminology changes throughout the financial section of this report. These classification changes do not require a prior period adjustment.

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, 2012

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%
7/1/2012	80,602	183,704	103,102	43.88%	188,290	54.76%

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%	-
December 31, 2012	16,717	16,717	100.00%	-

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

OTHER SUPPLEMENTARY 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2012, and the related notes to the financial statements, which collectively comprise the City of Norman Park, Georgia's basic financial statements and have issued our report thereon dated June 20, 2013.

Internal Control Over Financial Reporting

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (2003-1 and 2009-3).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Norman Park, Georgia's financial statements are free from 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 an instance 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 questioned costs as item 2012-1.

The City of Norman Park Georgia's Response to Findings

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

Purpose of this Report

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

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

Simmons, Mills & Simmons P.C.

June 20, 2013

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.

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 no longer exists.

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, 2013.

CITY OF NORMAN PARK, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2012

Current year findings:

2012-1

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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June 20, 2013

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, 2012
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, 2012

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 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, 2013.

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, 2012. 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, 2012, 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.

June 20, 2013

CITY OF NORMAN PARK, GEORGIA
Schedule of 2002 Special Purpose Local Option Sales Tax
Year Ended December 31, 2012

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Years	Total
Street Improvements	$ 170,694	$ 170,694	$ -	$ 170,694
Pump Station upgrade	66,246	53,402	-	53,402
Sludge Belt Filter Press	97,600	-	-	-
Elevated Tank Inspection and rehab	20,460	20,460	-	20,460
Equipment Maintenance Facility	20,000	3,667	16,333	20,000
Totals	$ 375,000	$ 248,223	$ 16,333	$ 264,556

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, 2012

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Years	Total
Purchase 2 Police cars	$ 60,000	$ 56,543	$ -	$ 56,543
Equipment Shelter & fencing	25,000	9,195	15,659	24,854
City Hall repairs & renovation	18,000	13,737	-	13,737
Road Improvements	250,000	126,137	43,970	170,107
Totals	$ 353,000	$ 205,612	$ 59,629	$ 265,241

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, 2012 was $37,708.

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULES OF SOURCE AND APPLICATION OF FUNDS AND SCHEDULES 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 Schedules of Source and Application of Funds and Schedules of Project Costs as of December 31, 2012 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, 2012 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 and 12p-x-035-2-5445.

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

Simmons, Mills & Simmons P.C.

June 20, 2013

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
10p-x-035-2-5250
Year Ended December 31, 2012

Total program year 2010 funds allocated to recipient	$	383,583
Less: Total funds drawn by recipient		383,583
Funds still available for grant resources	$	-
Cash on hand January 1, 2012	$	2,100
Total program year 2010 funds drawn and received by recipient in 2012		363,583
Less: Funds applied and expended to grant costs during 2012		365,683
Total program funds held by recipient at December 31, 2012	$	-

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Project Cost Schedule
10p-x-035-2-5250
Year Ended December 31, 2012

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	$ -	$ -	$ -	$ -	$ -
Water Facilities	P-03J-01	360,578	360,578	87,648	448,226	-
Administration	A-21A-00	23,005	23,005	-	23,005	-
Totals		$ 383,583	$ 383,583	$ 87,648	$ 471,231	$ -

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
12p-x-035-2-5445
Year Ended December 31, 2012

Total program year 2012 funds allocated to recipient	$	493,662
Less: Total funds drawn by recipient		-
Funds still available for grant resources	$	493,662
Cash on hand January 1, 2012	$	-
Total program year 2012 funds drawn and received by recipient in 2012		-
Less: Funds applied and expended to grant costs during 2012		-
Total program funds held by recipient at December 31, 2012	$	-

CITY OF NORMAN PARK, GEORGIA
Community Development Block Grant
Project Cost Schedule
12p-x-035-2-5445
Year Ended December 31, 2012

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	$ -	$ -	$ -	$ -	$ -
Water Facilities	P-03J-02	464,055	-	-	-	-
Administration	A-21A-00	29,607	-	-	-	-
Totals		$ 493,662	$ -	$ -	$ -	$ -