CITY OF NORMAN PARK, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2015

CITY OF NORMAN PARK, GEORGIA
Table of Contents
December 31, 2015

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	5
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances	7
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	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis – General Fund	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis – Hotel/Motel Fund	10
Proprietary Funds:	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13-14
Component Units:	
Statement of Net Position	15
Statement of Activities	16
Notes to Basic Financial Statements	17-31

CITY OF NORMAN PARK, GEORGIA
Table of Contents
December 31, 2015

	Page
Other Supplementary Information	
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*	32-33
Schedule of Findings and Responses	34
City of Norman Park's Correction Action Plan	35-36
Independent Auditor's Report on the Schedules of Special Purpose Local Option Sales Tax	37
Schedule of 2002 Special Purpose Local Option Sales Tax	38
Schedule of 2007 Special Purpose Local Option Sales Tax	39
Schedule of 2013 Special Purpose Local Option Sales Tax	40

SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS
220 E. JACKSON ST.
P.O. BOX 1098
THOMASVILLE, GA. 31799

229-226-2515
FAX # 229-226-2531

CHARLES R. SIMMONS, JR., CPA (1918-1986)
EDWIN A. SIMMONS, CPA
DARRELL J. MILLS, CPA
MICHAEL J. SIMMONS, CPA

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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, 2015 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of Norman Park, Georgia as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Hotel/Motel Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, September 28, 2016, 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 P.C.

September 28, 2016

BASIC FINANCIAL STATEMENTS

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash investments	$ 370,445	$ 273,662	$ 644,107	$ 20,725
Time deposits	49,542	-	49,542	-
Restricted cash	-	100	100	-
Receivables (net of allowance for doubtful accounts):				
Taxes	20,722	-	20,722	-
Accounts	-	16,378	16,378	-
Other	-	50	50	-
Intergovernmental receivable	231,391	-	231,391	-
Internal balances	-	-	-	-
Prepaid items	19,760	5,713	25,473	-
Advance to component unit	-	-	-	-
Capital assets:				
Land	8,720	10,383	19,103	-
Buildings	57,671	-	57,671	-
Equipment	340,367	164,115	504,482	-
Improvements	57,305	10,467	67,772	-
Infrastructure	681,916	2,228,326	2,910,242	-
Construction in progress	-	-	-	-
Accumulated depreciation	(832,694)	(1,025,200)	(1,857,894)	-
Total assets	1,005,145	1,683,994	2,689,139	20,725
Liabilities:				
Accounts payable	17,556	16,043	33,599	-
Accrued liabilities	-	340	340	-
Intergovernmental payable	2,807	-	2,807	-
Unearned revenue	-	-	-	-
Other payable	-	-	-	-
Customer deposits	-	23,785	23,785	-
Compensated absences - current portion	2,160	223	2,383	-
Notes payable - current portion	5,669	-	5,669	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Noncurrent liabilities:				
Compensated absences	5,040	-	5,040	-
Notes payable	4,998	-	4,998	-
Total liabilities	38,230	40,391	78,621	-
Net position:				
Net investment in capital assets	302,618	1,388,091	1,690,709	-
Restricted for:				
Capital projects	230,940	-	230,940	-
Unrestricted (deficit)	433,357	255,512	688,869	20,725
Total net position	$ 966,915	$ 1,643,603	$ 2,610,518	$ 20,725

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2015

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	$ 136,536	$ 3,792	$ -	$ 11,580	$ (121,164)	$ -	$ (121,164)	$ -
Judicial	93,144	-	-	-	(93,144)	-	(93,144)	-
Public safety	288,768	340,168	9,950	9,409	70,759	-	70,759	-
Public works	225,001	-		83,522	(141,479)	-	(141,479)	-
Culture and recreation	777	-	-	-	(777)	-	(777)	-
Housing and development	6,259	-	-	-	(6,259)	-	(6,259)	-
Interest on long-term debt	836	-	-	-	(836)	-	(836)	-
Total governmental activities	751,321	343,960	9,950	104,511	(292,900)	-	(292,900)	-
Business-type activities:								
Water & Sewer	293,802	222,131	-	25,295	-	(46,376)	(46,376)	-
Solid waste	60,403	76,104	-	-	-	15,701	15,701	-
Total business-type activities	354,205	298,235	-	25,295	-	(30,675)	(30,675)	-
Total primary government	$ 1,105,526	$ 642,195	$ 9,950	$ 129,806	$ (292,900)	$ (30,675)	$ (323,575)	$ -
Component units								
Urban Redevelopment Agency	1,377	-	-	-				(1,377)
Total component units	$ 1,377	$ -	$ -	$ -				$ (1,377)
General revenues:								
Taxes:								
Property taxes					$ 135,865	$ -	$ 135,865	$ -
Other taxes					62,266	-	62,266	-
Franchise fees					64,132	-	64,132	-
Investment earnings					496	20	516	-
Allotment from participating governments					-	-	-	6,259
Gain (loss) on sale/retirement of capital assets					-	-	-	-
Miscellaneous					2,186	23,025	25,211	-
Transfers					-	-	-	-
Total general revenues and transfers					264,945	23,045	287,990	6,259
Change in net position					(27,955)	(7,630)	(35,585)	4,882
Net position - beginning					994,870	1,651,233	2,646,103	15,843
Net position - ending					$ 966,915	$ 1,643,603	$ 2,610,518	$ 20,725

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Assets:				
Cash	$ 324,542	$ 45,903	$ -	$ 370,445
Time deposit	49,542	-	-	49,542
Receivables (net of allowance for doubtful accounts):				
Accounts	-	-	-	-
Taxes	20,722	-	-	20,722
Intergovernmental receivables	46,354	185,037	-	231,391
Prepaid items	19,760	-	-	19,760
Advance to component unit	-	-	-	-
Total assets	$ 460,920	$ 230,940	$ -	$ 691,860
Liabilities, deferred inflows and fund balances:				
Liabilities:				
Accounts payable	$ 17,556	$ -	$ -	$ 17,556
Accrued liabilities	2,807	-	-	2,807
Intergovernmental payable	-	-	-	-
Total liabilities	20,363	-	-	20,363
Deferred inflows - property taxes	11,829	-	-	11,829
Total liabilities and deferred inflows	32,192	-	-	32,192
Fund balances:				
Nonspendable:				
Prepaid items	19,760	-	-	19,760
Restricted for:				
Capital projects funds	-	230,940	-	230,940
Unassigned	408,968	-	-	408,968
Total fund balances	428,728	230,940	-	659,668
Total liabilities, deferred inflows and fund balances	$ 460,920	$ 230,940	$ -	$ 691,860

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, 2015

Total fund balances - total governmental funds		$ 659,668
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	$ 1,145,979	
Less accumulated depreciation	(832,694)	313,285
Deferred inflows for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of the City's year end.		11,829
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(17,867)
Net position of governmental activities		$ 966,915

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, 2015

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Revenues:				
General property taxes	$ 199,919	$ -	$ -	$ 199,919
Other taxes	56,007	-	6,259	62,266
Licenses and permits	3,765	-	-	3,765
Intergovernmental	9,950	104,441	-	114,391
Charges for services	27	-	-	27
Interest income	496	70	-	566
Fines and forfeitures	340,168	-	-	340,168
Miscellaneous revenues	2,186	-	-	2,186
Total revenues	612,518	104,511	6,259	723,288
Expenditures:				
Current:				
General administration	131,476	-	-	131,476
Judicial	93,144	-	-	93,144
Public safety	272,890	-	-	272,890
Public works	150,845	-	-	150,845
Culture and recreation	777	-	-	777
Housing and development	-	-	6,259	6,259
Capital outlay	-	73,765	-	73,765
Debt service:				
Principal	5,332	-	-	5,332
Interest	836	-	-	836
Total expenditures	655,300	73,765	6,259	735,324
Excess (deficiency) of revenues over expenditures	(42,782)	30,746	-	(12,036)
Other Financing Sources (Uses):				
Proceeds from capital asset dispositions	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(42,782)	30,746	-	(12,036)
Fund balances - beginning	471,510	200,194	-	671,704
Fund balances - ending	$ 428,728	$ 230,940	$ -	$ 659,668

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, 2015

Net change in fund balances - total government funds		$ (12,036)
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.		43,318
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.		(64,547)
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 12/31/15	$ 11,829	
Deferred taxes 12/31/14	11,751	78
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		5,332
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 12/31/15	7,200	
Liability 12/31/14	7,100	(100)
Change in net position of governmental activities		$ (27,955)

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, 2015

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 200,000	$ 216,915	$ 199,919	$ (16,996)
Other taxes	53,000	56,007	56,007	-
Licenses and permits	3,400	3,570	3,765	195
Intergovernmental	9,950	9,950	9,950	-
Charges for services	-	-	27	27
Interest income	-	-	496	496
Fines and forfeitures	329,000	340,000	340,168	168
Miscellaneous revenues	4,527	2,212	2,186	(26)
Carryover of funds	-	50,000	-	(50,000)
Total revenues	599,877	678,654	612,518	(66,136)
Expenditures:				
Current:				
General administration	123,900	135,000	131,476	(3,524)
Judicial	78,342	92,000	93,144	1,144
Public safety	241,017	290,000	272,890	(17,110)
Public works	149,600	154,536	150,845	(3,691)
Culture and recreation	850	950	777	(173)
Capital outlay	-	-	-	-
Debt service:				
Principal	5,332	5,332	5,332	-
Interest	836	836	836	-
Total expenditures	599,877	678,654	655,300	(23,354)
Excess (deficiency) of revenues over expenditures	-	-	(42,782)	(42,782)
Other financing sources (uses):				
Proceeds from capital asset dispositions	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing and other uses	-	-	(42,782)	(42,782)
Fund balances - beginning	471,510	471,510	471,510	-
Fund balances - ending	$ 471,510	$ 471,510	$ 428,728	$ (42,782)

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Hotel/Motel Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2015

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental revenues	$ 6,000	$ 6,000	$ 6,259	$ 259
Interest income	-	-	-	-
Total revenues	6,000	6,000	6,259	259
Expenditures:				
Current:				
Housing and development	6,000	6,000	6,259	259
Total expenditures	6,000	6,000	6,259	259
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water, Sewer & Sanitation	Totals
Assets:		
Current assets:		
Cash	$ 273,662	$ 273,662
Restricted cash	100	100
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	16,378	16,378
Other	50	50
Prepaid items	5,713	5,713
Total current assets	295,903	295,903
Noncurrent assets:		
Capital assets:		
Land	10,383	10,383
Equipment	164,115	164,115
Improvements	10,467	10,467
Infrastructure	2,228,326	2,228,326
Accumulated depreciation	(1,025,200)	(1,025,200)
Total capital assets, net of accumulated depreciation	1,388,091	1,388,091
Total assets	$ 1,683,994	$ 1,683,994
Liabilities:		
Current liabilities:		
Accounts payable	$ 16,043	$ 16,043
Accrued liabilities	340	340
Customer deposits	23,785	23,785
Compensated absences - current portion	223	223
Total current liabilities	40,391	40,391
Noncurrent liabilities:		
Compensated absences	-	-
Total liabilities	40,391	40,391
Net Position:		
Investment in capital assets	1,388,091	1,388,091
Unrestricted (deficiency)	255,512	255,512
Total net position	$ 1,643,603	$ 1,643,603

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, 2015

	Water, Sewer & Sanitation	Totals
Operating revenues:		
Charges for services - water	$ 109,235	$ 109,235
Charges for services - sewer	112,896	112,896
Charges for services - sanitation	76,104	76,104
Miscellaneous	23,025	23,025
Total operating revenues	321,260	321,260
Operating expenses:		
Water & Sewer:		
Personal services	55,712	55,712
Purchased/contracted services	85,519	85,519
Supplies	82,852	82,852
Depreciation	69,719	69,719
Solid waste:		
Purchased/contracted services	60,403	60,403
Total operating expenses	354,205	354,205
Income (loss) from operations	(32,945)	(32,945)
Non-operating revenues (expenses):		
Interest income	20	20
Intergovernmental revenues	-	-
Total non-operating revenues (expenses)	20	20
Capital contributions	25,295	25,295
Change in net position	(7,630)	(7,630)
Net position - beginning	1,651,233	1,651,233
Net position - ending	$ 1,643,603	$ 1,643,603

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015

	Water, Sewer & Sanitation	Totals
Cash flows from operating activities:		
Cash received from customers	$ 322,765	$ 322,765
Cash payments to suppliers for goods and services	(238,012)	(238,012)
Cash payments to employees for services	(47,672)	(47,672)
Net cash provided (used) by operating activities	37,081	37,081
Cash flows from noncapital financing activities:		
Transfers from other funds	-	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	-
Intergovernmental revenue	-	-
Net cash provided (used) by capital and related financing activities	-	-
Cash flow from investing activities:		
Interest on cash and investments	20	20
Net increase (decrease) in cash and cash investments	37,101	37,101
Cash and cash investments, January 1	236,661	236,661
Cash and cash investments, December 31	$ 273,762	$ 273,762
Non-cash capital activities:		
Capital assets purchased by the SPLOST Fund for the Water, Sewer & Sanitation Fund	$ 25,295	$ 25,295

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015

	Water, Sewer & Sanitation	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ (32,945)	$ (32,945)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	69,719	69,719
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	1,106	1,106
(Increase) decrease in intergovernmental receivable	-	-
(Increase) decrease in prepaid items	(2,036)	(2,036)
Increase (decrease) in accounts payable	1,260	1,260
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in accrued liabilities	(573)	(573)
Increase (decrease) in customer deposits payable	399	399
Increase (decrease) in compensated absences	151	151
Net cash provided (used) by operating activities	$ 37,081	$ 37,081
Reconciliation of total cash and cash investments:		
Current assets - cash	$ 273,662	$ 273,662
Current assets - time deposits	-	-
Current assets - restricted Cash	100	100
Total cash and cash investments	$ 273,762	$ 273,762

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Position
Component Units
December 31, 2015

	Urban Redevelopment Agency	Totals
Assets:		
Current assets:		
Cash	$ 20,725	$ 20,725
Intergovernmental receivable	-	-
Total assets	$ 20,725	$ 20,725
Liabilities:		
Noncurrent liabilities:		
Due to primary government	$ -	$ -
Total liabilities	-	-
Net Position:		
Unrestricted (deficiency)	20,725	20,725
Total net position	$ 20,725	$ 20,725

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Activities
Component Units
For the Year Ended December 31, 2015

	Urban Redevelopment Agency	Totals
Expenses:		
Culture and recreation	$ 1,377	$ 1,377
Total Expenses	1,377	1,377
Revenues:		
Program revenues:		
Charges for services - events	-	-
Operating grants and contributions	-	-
Total program revenues	-	-
Net program revenue	(1,377)	(1,377)
General Revenues:		
Allotments from participating governments	6,259	6,259
Change in net position	4,882	4,882
Net position - beginning	15,843	15,843
Net position - ending	$ 20,725	$ 20,725

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 financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City does not follow subsequent private-sector guidance for its enterprise funds.

The most significant of the City's accounting policies are described below.

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.

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, 2015 fiscal year. Complete financial statements for the Agency may be obtained from its administrative office at 154 East Broad Street, Norman Park, Georgia 31771.

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

B. Financial Reporting Entity (CONT.)

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.

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

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

C. Basis of Presentation (CONT.)

Fund Financial Statements:

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

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

General Fund –

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

SPLOST Fund –

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

Hotel-Motel Tax Fund –

This fund accounts for the collection and distribution of the excise tax on rooms, lodgings, and accommodations in the City. The City has an agreement to distribute the proceeds of the tax to the Norman Park Urban Redevelopment Authority to expend in accordance with O.C.G.A. § 48-13-51(a)(3).

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 fund revenues 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.

F. 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, Hotel-Motel Fund and the Enterprise Funds. Amounts presented for the General Fund and Hotel-Motel 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.

G. 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.

H. 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.

I. 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, 2015 is considered immaterial.

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

J. 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".

K. 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.

L. 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.

M. 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

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

N. 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.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

P. 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.)

Q. 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 – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through a motion. The fund balance must result from a specific revenue stream committed for a specific purpose. Only the City Council may modify or rescind the 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

R. 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.

5. 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.

Excess of Expenditures over Appropriations

The chart below presents the excess of expenditures over appropriations:

Department	Amended Budget	Actual	Variance
General Fund:			
Judicial	$ 92,000	$ 93,144	$ (1,144)
Hotel/Motel Tax Fund:			
Housing and development	$ 6,000	$ 6,259	$ (259)

The City will monitor expenditures and appropriations and make budget adjustments 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, 2015, 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, 2015, the carrying amount of the City's deposits totaled $693,749 and the bank balance totaled $715,390.

As of December 31, 2015 the carrying amount of the Agency's deposits totaled $20,725 and the bank balance totaled $20,725.

Investments

As of December 31, 2015 the City had no investments.

(4) - RECEIVABLES

The receivables as of December 31, 2015 for the City's individual major funds are as follows:

	General Fund	SPLOST Fund	Hotel-Motel Tax Fund	Water, Sewer & Sanitation Fund	Total
Receivables:					
Taxes	$ 20,722	$ -	$ -	$ -	$ 20,722
Accounts	-	-	-	21,878	21,878
Intergovernmental	46,354	185,037	-	-	231,391
Other	-	-	-	50	50
Gross receivables	67,076	185,037	-	21,928	274,041
Less: Allowance for doubtful accounts	-	-	-	5,500	5,500
Net total receivables	$ 67,076	$ 185,037	$ -	$ 16,428	$ 268,541

Property taxes are levied as of September 3rd 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	$ 100

(6) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 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	57,671	-	-	57,671
Equipment	323,292	17,075	-	340,367
Improvements	31,062	26,243	-	57,305
Infrastructure	681,916	-	-	681,916
Total capital assets being depreciated	1,093,941	43,318	-	1,137,259
Less accumulated depreciation for:				
Buildings	16,367	1,930	-	18,297
Equipment	241,338	25,291	-	266,629
Improvements	18,031	4,368	-	22,399
Infrastructure	492,411	32,958	-	525,369
Total accumulated depreciation	768,147	64,547	-	832,694
Total capital assets, being depreciated, net	325,794	$ (21,229)	-	304,565
Governmental activities capital assets, net	$ 334,514	$ (21,229)	$ -	$ 313,285
Business-type activities:				
Capital assets not being depreciated				
Land	$ 10,383	$ -	$ -	$ 10,383
Construction in progress	-	-	-	-
Total capital assets not being depreciated	10,383	-	-	10,383
Capital assets being depreciated				
Equipment	138,820	25,295	-	164,115
Improvements	10,467	-	-	10,467
Infrastructure	2,228,326	-	-	2,228,326
Total capital assets, being depreciated	2,377,613	25,295	-	2,402,908
Less accumulated depreciation for:				
Equipment	103,468	15,635	-	119,103
Improvements	2,309	1,495	-	3,804
Infrastructure	849,705	52,588	-	902,293
Total accumulated depreciation	955,482	69,718	-	1,025,200
Total capital assets, being depreciated, net	1,422,131	(44,423)	-	1,377,708
Business-type activities capital assets, net	$ 1,432,514	$ (44,423)	$ -	$ 1,388,091

(6) – CAPITAL ASSETS (CONT.)

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

Governmental activities:	
General government	$ 5,010
Public safety	22,880
Public works	36,657
Total depreciation expense - Governmental activities	$ 64,547
Business-type activities:	
Water &Sewer	$ 69,718
Total depreciation expense - Business-type activities	$ 69,718

The Norman Park Urban Redevelopment Agency (the Agency), a discretely presented component unit, for the year ended December 31, 2015 had no capital asset activity.

(7) – LONG-TERM DEBT

At December 31, 2015 the City had the following note payable:

	Governmental Type Activities
Note payable Kansas State Bank – The City signed this note for $21,820 on October 15, 2013. The purpose of this note was to finance the purchase of a tag reader for the police department. The loan bears interest at 6.155% and is payable in 48 monthly payments of $514.	$ 10,667

Annual debt service requirements to this note payable as of December 31, 2015 follow:

Year	Principal	Interest	Total
2016	5,669	499	6,168
2017	4,998	142	5,140
Totals	$ 10,667	$ 641	$ 11,308

(7) – LONG-TERM DEBT (Cont.)

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Note payable Kansas State Bank	$ 15,999	$ -	$ 5,332	$ 10,667	$ 5,669
Compensated absenses	7,100	3,500	3,400	7,200	2,160
Total for governmental activities	$ 23,099	$ 3,500	$ 8,732	$ 17,867	$ 7,829
Business-Type Activities:					
Compensated absenses	$ 72	$ 806	$ 655	$ 223	$ 223
Total for business-type activities	$ 72	$ 806	$ 655	$ 223	$ 223

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

(8) – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables and transfers for the year ended December 31, 2015 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General Fund	$ -	$ -	$ -	$ -
SPLOST Fund	-	-	-	-
Hotel-Motel Tax 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, 2015 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, 2015:

Nonspendable:		
Prepaid items - This is prepaid insurance in the general fund	$	19,760
Restricted for construction of capital assets - This is net position restricted by state law as follows:		
SPLOST Fund - Restricted by state law		230,940
Unassigned:		
This is the amount assigned in the general fund		408,968
Total fund balance	$	659,668

(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) – HOTEL/MOTEL LODGING TAX

Pursuant to an ordinance on June 11, 2013, July 1, 2013 The City of Norman Park (The City) began levying a 3% excise tax in accordance with O.C.G.A. § 48-13-51 and expend the hotel/motel tax collections for the purpose of promoting tourism. The City signed into an agreement with the Norman Park Urban Redevelopment Agency (the Agency) to utilize the proceeds of the tax for the promotion of tourism as described in O.C.G.A § 48-13-51.

The City paid the Agency $6,259 from their Hotel/Motel Tax Fund in 2015.

OTHER SUPPLEMENTARY INFORMATION

SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS
220 E. JACKSON ST.
P.O. BOX 1098
THOMASVILLE, GA. 31799

229-226-2515
FAX # 229-226-2531

CHARLES R. SIMMONS, JR., CPA (1918-1986)
EDWIN A. SIMMONS, CPA
DARRELL J. MILLS, CPA
MICHAEL J. SIMMONS, CPA

MEMBERS OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2015, 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 September 28, 2016.

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. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency 2003-001.

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 is described in the accompanying schedule of findings and responses as item 2015-001.

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 responses. 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.

September 28, 2016

CITY OF NORMAN PARK, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2015

Prior years findings:

2003-001

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 closely monitor and approve the monthly financial activity.

Current year findings:

2015-001

Condition – The City's expenditures exceeded appropriations at the legal level of control in the judicial department of the general fund and the housing and development department of the hotel/motel tax 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 – Possible noncompliance with above statute.

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

City of Norman Park

154 East Broad Street
P.O. Box 197
Norman Park, Georgia 31771

P: (229)769-3611
F: (229)769-3207

September 28, 2016

Mr. Greg S. Griffin,
State Auditor
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, 2015
Corrective Action Plan

Dear Mr. Griffin:

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, 2015

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's expenditures exceeded appropriations at the legal level of control in the judicial department of the general fund and the housing and development department of the hotel/motel tax 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 and City Council will more closely monitor the City's spending as compared to the budget and amend the budget as needed.

SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS
220 E. JACKSON ST.
P.O. BOX 1098
THOMASVILLE, GA. 31799

229-226-2515
FAX # 229-226-2531

CHARLES R. SIMMONS, JR., CPA (1918-1986)
EDWIN A. SIMMONS, CPA
DARRELL J. MILLS, CPA
MICHAEL J. SIMMONS, CPA

MEMBERS OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2015. 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, 2015, 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.

September 28, 2016

CITY OF NORMAN PARK, GEORGIA
Schedule of 2002 Special Purpose Local Option Sales Tax
Year Ended December 31, 2015

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Years	Total
Street Improvements	$ 170,694	$ 170,694	$ 170,694	$ -	$ 170,694
Pump Station upgrade	66,246	163,846	92,378	25,295	117,673
Sludge Belt Filter Press	97,600	-	-	-	-
Elevated Tank Inspection and rehab	20,460	20,460	20,460	-	20,460
Equipment Maintenance Facility	20,000	20,000	20,000	-	20,000
Totals	$ 375,000	$ 375,000	$ 303,532	$ 25,295	$ 328,827

CITY OF NORMAN PARK, GEORGIA
Schedule of 2007 Special Purpose Local Option Sales Tax
Year Ended December 31, 2015

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	24,854	-	24,854
City Hall repairs & renovation	18,000	15,798	-	15,798
Road Improvements	250,000	250,000	-	250,000
Totals	$ 353,000	$ 347,195	$ -	$ 347,195

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 needs the SPLOST funds they submit an invoice to the county for approval and payment.

CITY OF NORMAN PARK, GEORGIA
Schedule of 2013 Special Purpose Local Option Sales Tax
Year Ended December 31, 2015

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Years	Total
Street paving, repair, lighting, streetscape improvements	$ 200,000	$ 49,238	$ 27,404	$ 76,642
Public safety facilities, vehicles & technology equipment	65,000	23,900	10,023	33,923
Renovations to City buildings & facilities	80,000	4,493	11,043	15,536
Water/wastewater treatment plant & infrastructure upgrades, including land purchase	377,000	-	-	-
Totals	$ 722,000	$ 77,631	$ 48,470	$ 126,101

Note: 2013 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 needs 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, 2015 was $104,441.