CITY OF NORMAN PARK, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2016

CITY OF NORMAN PARK, GEORGIA
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December 31, 2016

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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, 2016 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, 2016, 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, July 28, 2017, 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.

July 28, 2017

BASIC FINANCIAL STATEMENTS

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash investments	$ 327,348	$ 371,168	$ 698,516	$ -
Time deposits	49,634	-	49,634	-
Restricted cash	-		-	-
Receivables (net of allowance for doubtful accounts):				
Taxes	17,416	-	17,416	-
Accounts	-	19,181	19,181	-
Other	-	50	50	-
Intergovernmental receivable	329,532	-	329,532	-
Internal balances	-	-	-	-
Prepaid items	21,937	5,131	27,068	-
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	-
Accumulated depreciation	(891,214)	(1,090,122)	(1,981,336)	-
Total assets	1,000,632	1,718,699	2,719,331	-
Liabilities:				
Accounts payable	10,357	15,258	25,615	-
Accrued liabilities	3,158	238	3,396	-
Intergovernmental payable	-	-	-	-
Unearned revenue	-	-	-	-
Other payable	-	-	-	-
Customer deposits	-	27,570	27,570	-
Compensated absences - current portion	2,430	308	2,738	-
Notes payable - current portion	4,997	-	4,997	-
Liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Noncurrent liabilities:				
Compensated absences	5,670	720	6,390	-
Notes payable	-	-	-	-
Total liabilities	26,612	44,094	70,706	-
Net position:				
Net investment in capital assets	249,768	1,323,169	1,572,937	-
Restricted for:				
Capital projects	317,879	-	317,879	-
Special revenue fund-Hotel/Motel Tax	6,183	-	6,183	-
Unrestricted (deficit)	400,190	351,436	751,626	-
Total net position	$ 974,020	$ 1,674,605	$ 2,648,625	$ -

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2016

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	$ 126,787	$ 3,890	$ -	$ 8,456	$ (114,441)	$ -	$ (114,441)	$ -
Judicial	65,907	-	-	-	(65,907)	-	(65,907)	-
Public safety	248,024	248,231	-	10,335	10,542	-	10,542	-
Public works	177,620	-		75,165	(102,455)	-	(102,455)	-
Culture and recreation	496	-	-	-	(496)	-	(496)	-
Housing and development	-	-	9,271	-	9,271	-	9,271	-
Interest on long-term debt	498	-	-	-	(498)	-	(498)	-
Total governmental activities	619,332	252,121	9,271	93,956	(263,984)	-	(263,984)	-
Business-type activities:								
Water & Sewer	287,711	268,118	-	7,017	-	(12,576)	(12,576)	-
Solid waste	55,757	74,975	-	-	-	19,218	19,218	-
Total business-type activities	343,468	343,093	-	7,017	-	6,642	6,642	-
Total primary government	$ 962,800	$ 595,214	$ 9,271	$ 100,973	$ (263,984)	$ 6,642	$ (257,342)	$ -
Component units								
Urban Redevelopment Agency	20,725	-	-	-				(20,725)
Total component units	$ 20,725	$ -	$ -	$ -				$ (20,725)
General revenues:								
Taxes:								
Property taxes					$ 141,412	$ -	$ 141,412	$ -
Other taxes					66,658	-	66,658	-
Franchise fees					61,589	-	61,589	-
Investment earnings					296	22	318	-
Allotment from participating governments					-	-	-	-
Gain (loss) on sale/retirement of capital assets					-	-	-	-
Miscellaneous					1,134	24,338	25,472	-
Transfers					-	-	-	-
Total general revenues and transfers					271,089	24,360	295,449	-
Change in net position					7,105	31,002	38,107	(20,725)
Net position - beginning					966,915	1,643,603	2,610,518	20,725
Net position - ending					$ 974,020	$ 1,674,605	$ 2,648,625	$ -

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Assets:				
Cash	$ 282,206	$ 38,959	$ 6,183	$ 327,348
Time deposit	49,634	-	-	49,634
Receivables (net of allowance for doubtful accounts):				
Accounts	-	-	-	-
Taxes	17,416	-	-	17,416
Intergovernmental receivables	50,612	278,920	-	329,532
Prepaid items	21,937	-	-	21,937
Advance to component unit	-	-	-	-
Total assets	$ 421,805	$ 317,879	$ 6,183	$ 745,867
Liabilities, deferred inflows and fund balances:				
Liabilities:				
Accounts payable	$ 10,357	$ -	$ -	$ 10,357
Accrued liabilities	3,158	-	-	3,158
Intergovernmental payable	-	-	-	-
Total liabilities	13,515	-	-	13,515
Deferred inflows - property taxes	9,850	-	-	9,850
Total liabilities and deferred inflows	23,365	-	-	23,365
Fund balances:				
Nonspendable:				
Prepaid items	21,937	-	-	21,937
Restricted for:				
Capital projects funds	-	317,879	-	317,879
Urban redevelopment	9,079	-	-	9,079
Promotion of tourism	-	-	6,183	6,183
Unassigned	367,424	-	-	367,424
Total fund balances	398,440	317,879	6,183	722,502
Total liabilities, deferred inflows and fund balances	$ 421,805	$ 317,879	$ 6,183	$ 745,867

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, 2016

Total fund balances - total governmental funds		$ 722,502
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	(891,214)	254,765
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.		9,850
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		(13,097)
Net position of governmental activities		$ 974,020

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, 2016

	General Fund	SPLOST Fund	Hotel/Motel Tax Fund	Total Governmental Funds
Revenues:				
General property taxes	$ 204,980	$ -	$ -	$ 204,980
Other taxes	60,667	-	5,991	66,658
Licenses and permits	3,890	-	-	3,890
Intergovernmental	9,079	93,883	192	103,154
Charges for services	-	-	-	-
Interest income	296	73	-	369
Fines and forfeitures	248,231	-	-	248,231
Miscellaneous revenues	1,134	-	-	1,134
Total revenues	528,277	93,956	6,183	628,416
Expenditures:				
Current:				
General administration	120,814	-	-	120,814
Judicial	65,907	-	-	65,907
Public safety	230,419	-	-	230,419
Public works	134,761	-	-	134,761
Culture and recreation	496	-	-	496
Housing and development	-	-		-
Capital outlay	-	7,017	-	7,017
Debt service:				
Principal	5,670	-	-	5,670
Interest	498	-	-	498
Total expenditures	558,565	7,017	-	565,582
Excess (deficiency) of revenues over expenditures	(30,288)	86,939	6,183	62,834
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	(30,288)	86,939	6,183	62,834
Fund balances - beginning	428,728	230,940	-	659,668
Fund balances - ending	$ 398,440	$ 317,879	$ 6,183	$ 722,502

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, 2016

Net change in fund balances - total government funds		$ 62,834
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.		-
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.		(58,520)
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 12/31/16	$ 9,850	
Deferred taxes 12/31/15	11,829	(1,979)
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.		5,670
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 12/31/16	8,100	
Liability 12/31/15	7,200	(900)
Change in net position of governmental activities		$ 7,105

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, 2016

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 203,800	$ 200,515	$ 204,980	$ 4,465
Other taxes	58,000	60,667	60,667	-
Licenses and permits	3,400	3,072	3,890	818
Intergovernmental	-	-	9,079	9,079
Charges for services	-	-	-	-
Interest income	-	-	296	296
Fines and forfeitures	329,000	245,099	248,231	3,132
Miscellaneous revenues	4,527	1,115	1,134	19
Carryover of funds	-	101,200	-	(101,200)
Total revenues	598,727	611,668	528,277	(83,391)
Expenditures:				
Current:				
General administration	133,400	125,000	120,814	(4,186)
Judicial	85,000	85,000	65,907	(19,093)
Public safety	260,709	250,000	230,419	(19,581)
Public works	112,600	145,000	134,761	(10,239)
Culture and recreation	850	500	496	(4)
Capital outlay	-	-	-	-
Debt service:				
Principal	5,670	5,670	5,670	-
Interest	498	498	498	-
Total expenditures	598,727	611,668	558,565	(53,103)
Excess (deficiency) of revenues over expenditures	-	-	(30,288)	(30,288)
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	-	-	(30,288)	(30,288)
Fund balances - beginning	428,728	428,728	428,728	-
Fund balances - ending	$ 428,728	$ 428,728	$ 398,440	$ (30,288)

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, 2016

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Other taxes	$ 6,000	$ 6,000	$ 5,991	$ (9)
Intergovernmental revenues	-	-	192	192
Interest income	-	-	-	-
Total revenues	6,000	6,000	6,183	183
Expenditures:				
Current:				
Housing and development	6,000	6,000	-	(6,000)
Total expenditures	6,000	6,000	-	(6,000)
Excess (deficiency) of revenues over expenditures	-	-	6,183	6,183
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 6,183	$ 6,183

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2016

	Water, Sewer & Sanitation	Totals
Assets:		
Current assets:		
Cash	$ 371,168	$ 371,168
Restricted cash	-	-
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	19,181	19,181
Other	50	50
Prepaid items	5,131	5,131
Total current assets	395,530	395,530
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	(1,090,122)	(1,090,122)
Total capital assets, net of accumulated depreciation	1,323,169	1,323,169
Total assets	$ 1,718,699	$ 1,718,699
Liabilities:		
Current liabilities:		
Accounts payable	$ 15,258	$ 15,258
Accrued liabilities	238	238
Customer deposits	27,570	27,570
Compensated absences - current portion	308	308
Total current liabilities	43,374	43,374
Noncurrent liabilities:		
Compensated absences	720	720
Total liabilities	44,094	44,094
Net Position:		
Investment in capital assets	1,323,169	1,323,169
Unrestricted (deficiency)	351,436	351,436
Total net position	$ 1,674,605	$ 1,674,605

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, 2016

	Water, Sewer & Sanitation	Totals
Operating revenues:		
Charges for services - water	$ 124,094	$ 124,094
Charges for services - sewer	144,024	144,024
Charges for services - sanitation	74,975	74,975
Miscellaneous	24,338	24,338
Total operating revenues	367,431	367,431
Operating expenses:		
Water & Sewer:		
Personal services	58,111	58,111
Purchased/contracted services	85,179	85,179
Supplies	79,499	79,499
Depreciation	64,922	64,922
Solid waste:		
Purchased/contracted services	55,757	55,757
Total operating expenses	343,468	343,468
Income (loss) from operations	23,963	23,963
Non-operating revenues (expenses):		
Interest income	22	22
Intergovernmental revenues	-	-
Total non-operating revenues (expenses)	22	22
Capital contributions	7,017	7,017
Change in net position	31,002	31,002
Net position - beginning	1,643,603	1,643,603
Net position - ending	$ 1,674,605	$ 1,674,605

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Water, Sewer & Sanitation	Totals
Cash flows from operating activities:		
Cash received from customers	$ 368,413	$ 368,413
Cash payments to suppliers for goods and services	(222,229)	(222,229)
Cash payments to employees for services	(48,800)	(48,800)
Net cash provided (used) by operating activities	97,384	97,384
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	22	22
Net increase (decrease) in cash and cash investments	97,406	97,406
Cash and cash investments, January 1	273,762	273,762
Cash and cash investments, December 31	$ 371,168	$ 371,168
Non-cash capital activities:		
Repairs paid by the SPLOST Fund for the Water, Sewer & Sanitation Fund	$ 7,017	$ 7,017

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Water, Sewer & Sanitation	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ 23,963	$ 23,963
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	64,922	64,922
Repairs paid by SPLOST Fund	7,017	7,017
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,803)	(2,803)
(Increase) decrease in intergovernmental receivable	-	-
(Increase) decrease in prepaid items	582	582
Increase (decrease) in accounts payable	(785)	(785)
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in accrued liabilities	(102)	(102)
Increase (decrease) in customer deposits payable	3,785	3,785
Increase (decrease) in compensated absences	805	805
Net cash provided (used) by operating activities	$ 97,384	$ 97,384
Reconciliation of total cash and cash investments:		
Current assets - cash	$ 371,168	$ 371,168
Current assets - time deposits	-	-
Current assets - restricted Cash	-	-
Total cash and cash investments	$ 371,168	$ 371,168

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Net Position
Component Units
December 31, 2016

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

See accompanying notes to basic financial statements

CITY OF NORMAN PARK, GEORGIA
Statement of Activities
Component Units
For the Year Ended December 31, 2016

	Urban Redevelopment Agency	Totals
Expenses:		
Housing and development	$ 20,725	$ 20,725
Total Expenses	20,725	20,725
Revenues:		
Program revenues:		
Charges for services - events	-	-
Operating grants and contributions	-	-
Total program revenues	-	-
Net program revenue	(20,725)	(20,725)
General Revenues:		
Allotments from participating governments	-	-
Change in net position	(20,725)	(20,725)
Net position - beginning	20,725	20,725
Net position - ending	$ -	$ -

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 was dissolved on December 27, 2016 by resolution passed by the City of Norman Park, Georgia's Mayor and City Council. All remaining funds were relinquished to the City. The Agency is reported on a December 31, 2016 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 (the Agency) to expend in accordance with O.C.G.A. § 48-13-51(a)(3). On December 27, 2016 the City of Norman Park Mayor and Council passed a resolution dissolving the Agency. All funds left in the Agency were relinquished back to the City.

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, 2016 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.

(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 1G). As of December 31, 2016, 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, 2016, the carrying amount of the City's deposits totaled $748,150 and the bank balance totaled $762,817.

At December 31, 2016, the Agency was dissolved and all funds were relinquished back to the City.

Investments

As of December 31, 2016 the City had no investments.

(4) – RECEIVABLES

The receivables as of December 31, 2016 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	$ 17,416	$ -	$ -	$ -	$ 17,416
Accounts	-	-	-	25,681	25,681
Intergovernmental	50,612	278,920	-	-	329,532
Other	-	-	-	50	50
Gross receivables	68,028	278,920	-	25,731	372,679
Less: Allowance for doubtful accounts	-	-	-	6,500	6,500
Net total receivables	$ 68,028	$ 278,920	$ -	$ 19,231	$ 366,179

Property taxes are levied as of August 30th on property values assessed as of January 1st. The bills were mailed on October 1st and are considered due upon receipt by the taxpayer; however, the actual due date is December 10th. After this date, the bill becomes delinquent and penalties and interest may be assessed.

(5) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 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	340,367	-	-	340,367
Improvements	57,305	-	-	57,305
Infrastructure	681,916	-	-	681,916
Total capital assets being depreciated	1,137,259	-	-	1,137,259
Less accumulated depreciation for:				
Buildings	18,297	1,930	-	20,227
Equipment	266,629	18,535	-	285,164
Improvements	22,399	5,097	-	27,496
Infrastructure	525,369	32,958	-	558,327
Total accumulated depreciation	832,694	58,520	-	891,214
Total capital assets, being depreciated, net	304,565	$ (58,520)	-	246,045
Governmental activities capital assets, net	$ 313,285	$ (58,520)	$ -	$ 254,765
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	164,115	-	-	164,115
Improvements	10,467	-	-	10,467
Infrastructure	2,228,326	-	-	2,228,326
Total capital assets, being depreciated	2,402,908	-	-	2,402,908
Less accumulated depreciation for:				
Equipment	119,103	10,839	-	129,942
Improvements	3,804	1,495	-	5,299
Infrastructure	902,293	52,588	-	954,881
Total accumulated depreciation	1,025,200	64,922	-	1,090,122
Total capital assets, being depreciated, net	1,377,708	(64,922)	-	1,312,786
Business-type activities capital assets, net	$ 1,388,091	$ (64,922)	$ -	$ 1,323,169

(5) – CAPITAL ASSETS (CONT.)

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

Governmental activities:	
General government	$ 5,739
Public safety	17,146
Public works	35,635
Total depreciation expense - Governmental activities	$ 58,520
Business-type activities:	
Water &Sewer	$ 64,922
Total depreciation expense - Business-type activities	$ 64,922

The Norman Park Urban Redevelopment Agency (the Agency), a discretely presented component unit, for the year ended December 31, 2016 had no capital asset activity. The Agency was dissolved on December 27, 2016.

(6) – LONG-TERM DEBT

At December 31, 2016 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.	$ 4,997

Annual debt service requirements to this note payable as of December 31, 2016 follow:

Year	Principal	Interest	Total
2017	$ 4,997	$ 143	$ 5,140
Totals	$ 4,997	$ 143	$ 5,140

(6) – LONG-TERM DEBT (Cont.)

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance January 1	Issues or Additions	Payments or Expenditures	Balance December 31	Due in One Year
Governmental Activities:					
Note payable Kansas State Bank	$ 10,667	$ -	$ 5,670	$ 4,997	$ 4,997
Compensated absenses	7,200	3,000	2,100	8,100	2,430
Total for governmental activities	$ 17,867	$ 3,000	$ 7,770	$ 13,097	$ 7,427
Business-Type Activities:					
Compensated absenses	$ 223	$ 1,258	$ 453	$ 1,028	$ 223
Total for business-type activities	$ 223	$ 1,258	$ 453	$ 1,028	$ 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.

(7) – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables and transfers for the year ended December 31, 2016 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, 2016 there were no advances between the City and its component unit.

(8) – FUND BALANCES

The following is a summary of the fund balances for the governmental funds at December 31, 2016:

Nonspendable:		
Prepaid items - This is prepaid insurance in the general fund	$	21,937
Restricted for construction of capital assets - This is net position restricted by state law as follows:		
SPLOST Fund - Restricted by state law		317,879
Restricted for urban redevelopment - General fund		9,079
Restricted for the promotion of tourism - Hotel/motel tax fund		6,183
Unassigned:		
This is the amount assigned in the general fund		367,424
Total fund balance	$	722,502

(9) – RISK MANAGEMENT

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

The City has joined together with other municipalities in the state as part of the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk 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.

(10) – CONTINGENT LIABILITIES

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

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

(11) – HOTEL/MOTEL LODGING TAX & THE NORMAN PARK URBAN REDEVELOPMENT AGENCY

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 only had one source of hotel/motel tax revenue. This source closed its operations in November 2016. The City does not anticipate another source of hotel/motel tax revenue in the future. On December 27, 2016 the City of Norman Park, Georgia's Mayor and Council adopted a resolution dissolving the Agency. As a result the Agency relinquished all remaining funds back to the City. The City plans to spend the remaining funds in accordance with the state laws.

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, 2016, 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 July 28, 2017.

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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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.

July 28, 2017

CITY OF NORMAN PARK, GEORGIA
Schedule of Findings and Responses
Year Ended December 31, 2016

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.

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.

Status – The City's expenditures did not exceed appropriations at the legal level of control in any department this year. Therefore the condition no longer exists.

Current year findings:

None

City of Norman Park

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

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July 28, 2017

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, 2016
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, 2016

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.

SIMMONS, MILLS & SIMMONS P.C.

CERTIFIED PUBLIC ACCOUNTANTS
220 E. JACKSON ST.
P.O. BOX 1098
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CHARLES R. SIMMONS, JR., CPA (1918-1986)
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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, 2016. 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, 2016, 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.

July 28, 2017

CITY OF NORMAN PARK, GEORGIA
Schedule of 2002 Special Purpose Local Option Sales Tax
Year Ended December 31, 2016

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	117,673	7,017	124,690
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	$ 328,827	$ 7,017	$ 335,844

CITY OF NORMAN PARK, GEORGIA
Schedule of 2007 Special Purpose Local Option Sales Tax
Year Ended December 31, 2016

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, 2016

Project	Original Estimated Cost	Expenditures		
		Prior Years	Current Years	Total
Street paving, repair, lighting, streetscape improvements	$ 200,000	$ 76,642	$ -	$ 76,642
Public safety facilities, vehicles & technology equipment	65,000	33,923	-	33,923
Renovations to City buildings & facilities	80,000	15,536	-	15,536
Water/wastewater treatment plant & infrastructure upgrades, including land purchase	377,000	-	-	-
Totals	$ 722,000	$ 126,101	$ -	$ 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, 2016 was $93,883.