

**CITY OF STONE MOUNTAIN, GEORGIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**TOGETHER WITH**

**INDEPENDENT AUDITOR'S REPORT**

**JAMES L. WHITAKER, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078



**CITY OF STONE MOUNTAIN, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of City Council  
City of Stone Mountain, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Stone Mountain, Georgia (the City) as of and for the year ended December 31, 2012, 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Stone Mountain, Georgia, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that the City of Stone Mountain, Georgia will continue as a going concern. As discussed in Note 20 to the financial statements, the City has suffered significant losses in its General Fund over the last six years which has resulted in the City's General Fund having a fund balance deficit of \$258,079. As a result, the City has incurred significant cash flow problems. This condition raises substantial doubt about its ability to continue as a going concern. Management's plans regarding this matter also are described in Note 20. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

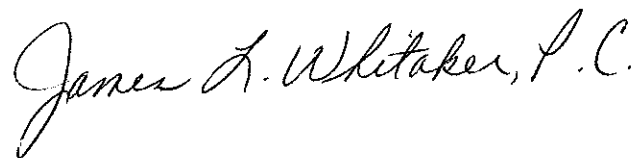
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 and the Historical Pension Information on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated May 16, 2013 on our consideration of City of Stone Mountain, Georgia's internal control over financial reporting and 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 City of Stone Mountain, Georgia's internal control over financial reporting and compliance.



Snellville, Georgia  
May 16, 2013

## **CITY OF STONE MOUNTAIN MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Stone Mountain, we offer readers of the City of Stone Mountain's financial statements this narrative overview and analysis of the financial activities of the City of Stone Mountain for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented in this analysis with their review of the financial statements.

### **Financial Highlights**

- The assets of the City of Stone Mountain exceeded its liabilities at December 31, 2012 by \$4,997,025. Of this amount unrestricted net position of \$481,184 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position decreased by \$315,273. Of this amount a decrease of \$369,218 was associated with governmental activities and an increase of \$53,945 was associated with business-type activities.
- As of the close of the current fiscal year, the City of Stone Mountain's governmental funds reported combined ending fund deficit of \$240,165 a decrease of \$392,912 in comparison with the prior year. Of this amount a deficit of \$272,746 is unassigned; \$17,914 is restricted for various specified activities; and \$14,667 is non-spendable and in the form of prepaid items.
- At the end of the current year, unassigned fund balance for the general fund was a deficit of \$272,746.
- The City of Stone Mountain's total debt obligations (including accrued compensated absences) decreased by the net of \$18,796. The City obtained a capital lease for the purchase of various pieces of equipment totaling \$99,123. Principal payments were made on outstanding capital leases of \$116,455.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Stone Mountain's basic financial statements. The City of Stone Mountain's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Stone Mountain's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the city's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Stone Mountain include governing body, general government, financial administration, government buildings, municipal court and police, highways and streets, culture and recreation, economic development, tourism and promotion, and cemetery. The business-type activities of the City are solid waste and stormwater activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Stone Mountain can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains two major governmental funds. The City's major governmental funds are the General Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds and a combined total column for the nonmajor governmental funds. The governmental funds financial statements begin on page 14.

The City of Stone Mountain adopts an annual budget for its General fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the FY 2012 budget. The budgetary comparison statements begin on page 19.

**Proprietary funds.** The City of Stone Mountain maintains two enterprise funds (a component of proprietary funds) to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste and its Stormwater activities.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Solid Waste Management and Stormwater Management Funds, which are both considered to be major funds of the City of Stone Mountain.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25.

**Other information.** In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of a pension funding analysis and combining and individual fund financial statements and schedules beginning on page 45.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2012, the City's assets exceeded liabilities by \$4,997,025. The City's net position reflects its investment in capital assets (90.0 percent) less related debt, if any. Capital assets are used to provide services to citizens and they are not available for future spending. Of the total net position of \$4,997,025, \$17,914 (.4 percent) is restricted for various specified activities and \$481,184 (9.6 percent) is unrestricted.



City of Stone Mountain's Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 460,806	\$ 1,473,113	\$ 486,829	\$ 450,100	\$ 947,635	\$ 1,923,213
Capital assets	<u>5,390,588</u>	<u>5,198,503</u>	<u>803,055</u>	<u>770,062</u>	<u>6,193,643</u>	<u>5,968,565</u>
Total assets	<u>5,851,394</u>	<u>6,671,616</u>	<u>1,289,884</u>	<u>1,220,162</u>	<u>7,141,278</u>	<u>7,891,778</u>
Current liabilities	420,862	853,070	27,675	11,898	448,537	864,968
Long-term liabilities	<u>1,695,716</u>	<u>1,714,512</u>	<u>-</u>	<u>-</u>	<u>1,695,716</u>	<u>1,714,512</u>
Total liabilities	<u>2,116,578</u>	<u>2,567,582</u>	<u>27,675</u>	<u>11,898</u>	<u>2,144,253</u>	<u>2,579,480</u>
Net position:						
Invested in capital assets, net of related debt	3,694,872	3,550,001	803,055	770,062	4,497,927	4,320,063
Restricted	17,914	155,667	-	-	17,914	155,667
Unrestricted (1)	<u>22,030</u>	<u>398,366</u>	<u>459,154</u>	<u>438,202</u>	<u>481,184</u>	<u>836,568</u>
Total net position	<u>\$ 3,734,816</u>	<u>\$ 4,104,034</u>	<u>\$ 1,262,209</u>	<u>\$ 1,208,264</u>	<u>\$ 4,997,025</u>	<u>\$ 5,312,298</u>

- (1) The net position (net assets) was adjusted for 2011 by \$19,712 as a result of the City implementing GASB Statements 63 and 65 which requires debt issuance costs to be expensed in the period incurred instead of being capitalized and amortized over the life of the debt.

A portion of the net position (.3 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position (\$481,184) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Stone Mountain is able to report positive balances in all three categories of net position. The same held true for the prior fiscal year.

**Governmental activities.** Governmental activities decreased the City's net position by \$369,218. Key elements of this decrease are as follows:

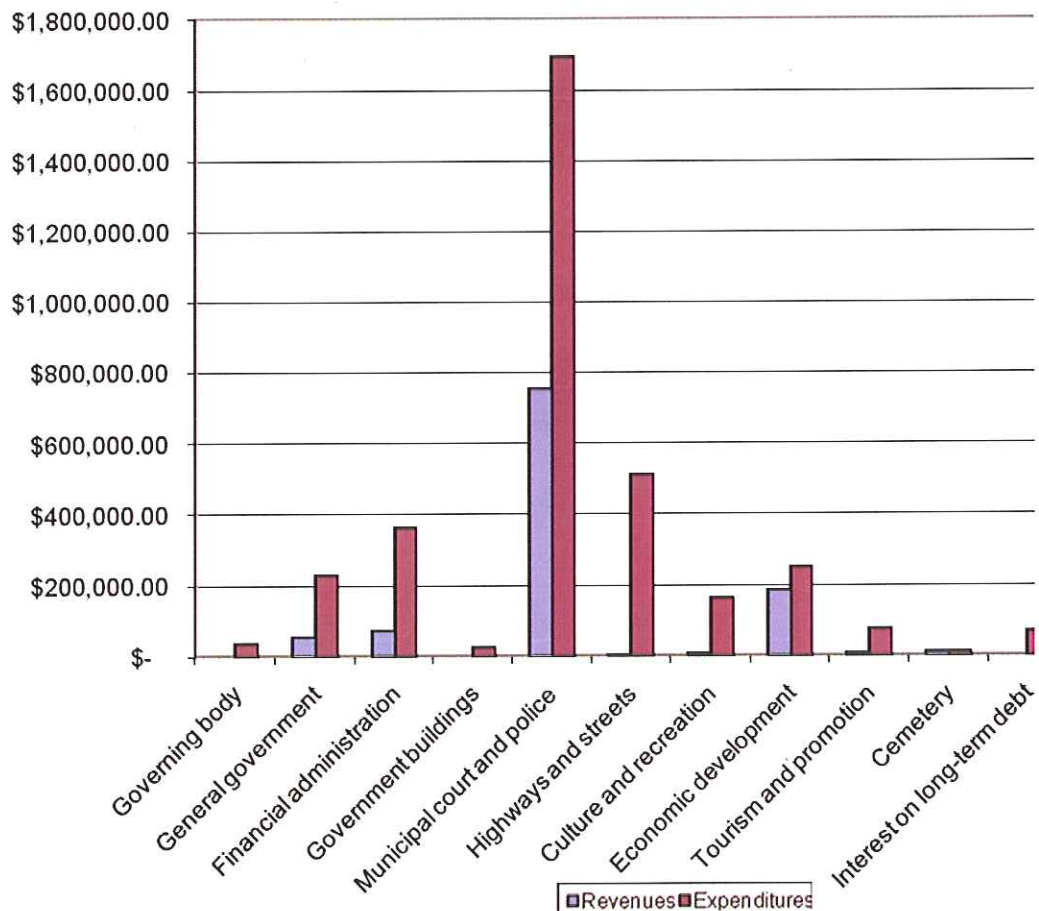
**City of Stone Mountain's Change in Net Position  
For The Years Ended December 31, 2012 and 2011**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues -						
Charges for services	\$ 858,274	\$ 1,022,945	\$ 665,338	\$ 643,968	\$ 1,523,612	\$ 1,666,913
Operating grants and contributions	242,163	180,461	-	-	242,163	180,461
Capital grants and contributions	4,133	142,434	6,723	50,423	10,856	192,857
General Revenues-						
Property taxes	1,172,998	941,831	-	-	1,172,998	941,831
Other taxes	788,132	749,998	-	-	788,132	749,998
Interest	217	1,866	-	-	217	1,866
Other	7,275	25,135	-	-	7,275	25,135
	<u>3,073,192</u>	<u>3,064,670</u>	<u>672,061</u>	<u>694,391</u>	<u>3,745,253</u>	<u>3,759,061</u>
Expenses:						
Governing body	37,791	38,895	-	-	37,791	38,895
General government	235,196	185,915	-	-	235,196	185,915
Financial administration (1)	364,009	371,098	-	-	364,009	371,098
Government buildings	28,150	19,518	-	-	28,150	19,518
Municipal court and public safety	1,694,631	1,823,293	-	-	1,694,631	1,823,293
Highways and streets	512,476	457,886	-	-	512,476	457,886
Culture and recreation	164,795	160,823	-	-	164,795	160,823
Economic development	250,703	336,258	-	-	250,703	336,258
Tourism and promotion	75,537	48,130	-	-	75,537	48,130
Cemetery	12,080	17,246	-	-	12,080	17,246
Interest on long-term debt	68,692	60,963	-	-	68,692	60,963
Solid waste	-	-	547,513	495,428	547,513	495,428
Stormwater	-	-	68,953	56,086	68,953	56,086
	<u>3,444,060</u>	<u>3,520,025</u>	<u>616,466</u>	<u>551,514</u>	<u>4,060,526</u>	<u>4,071,539</u>
Increase (decrease) in net assets before transfers	(370,868)	(455,355)	55,595	142,877	(315,273)	(312,478)
Transfers	<u>1,650</u>	<u>(27,796)</u>	<u>(1,650)</u>	<u>27,796</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(369,218)	(483,151)	53,945	170,673	(315,273)	(312,478)
Net position - beginning of year	<u>4,104,034</u>	<u>4,587,185</u>	<u>1,208,264</u>	<u>1,037,591</u>	<u>5,312,298</u>	<u>5,624,776</u>
Net position - end of year	<u>\$ 3,734,816</u>	<u>\$ 4,104,034</u>	<u>\$ 1,262,209</u>	<u>\$ 1,208,264</u>	<u>\$ 4,997,025</u>	<u>\$ 5,312,298</u>

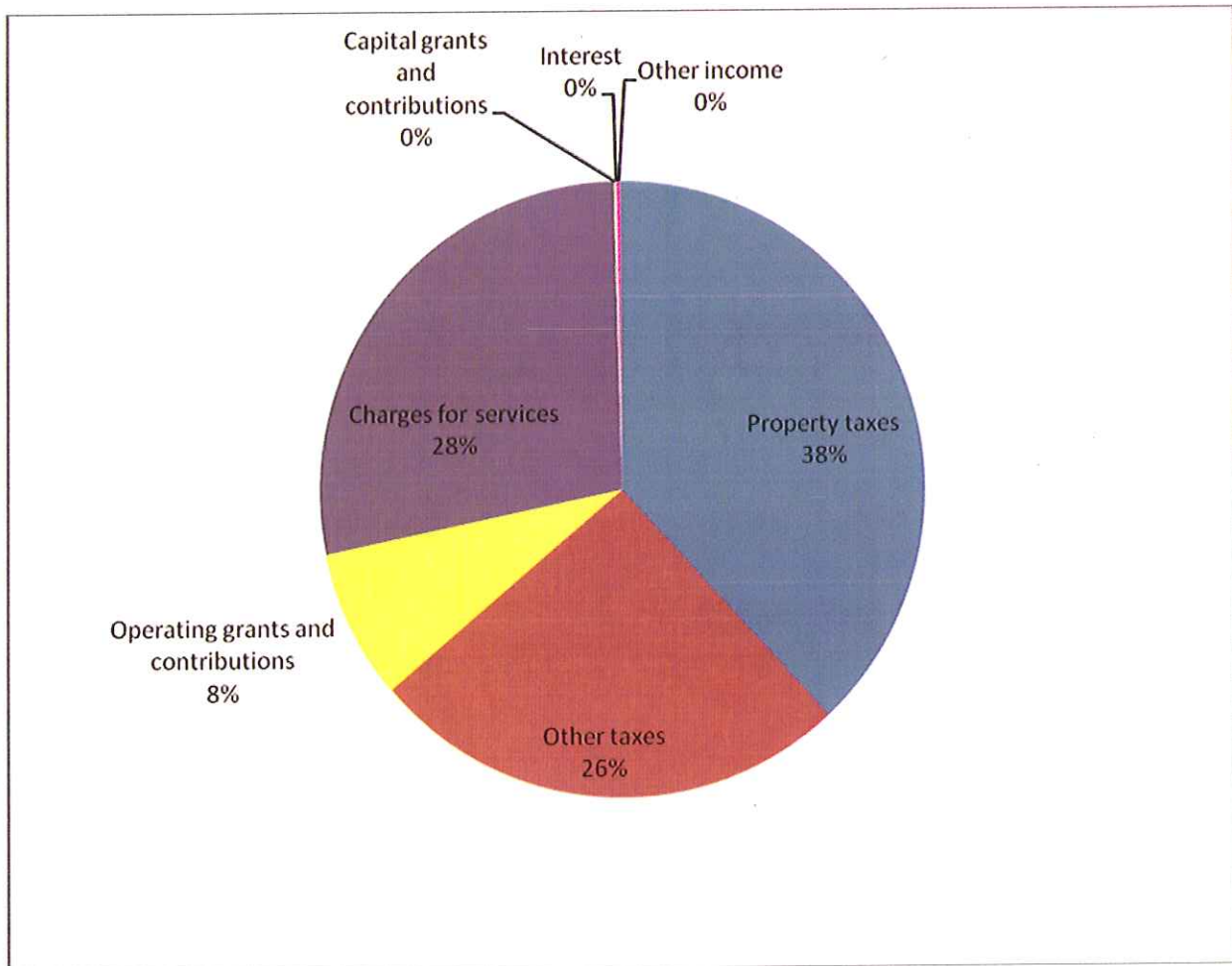
- (1) The financial administrative expenses were adjusted for 2011 by \$19,712 as a result of the City implementing GASB Statements 63 and 65 which requires debt issuance costs to be expensed in the period incurred instead of being capitalized and amortized over the life of the debt.

- While total Governmental Activity revenue increased by a mere \$8,522 (0.03%), major categories of activity revenue varied significantly from 2011. Property tax revenue increased by \$231,167 due to an increase in the rate from 14.3 to 18.8 mills (31.5%). The real property tax digest declined for the fifth year in a row by 3.1%. Other Tax Revenue increased by \$38,134 (5.1%) due primarily to increases in the insurance premium tax of \$16,918 (6.2%) and motor vehicle taxes of \$19,768 (30.3%). Operating grants increased by \$61,702 (34.2%) due primarily to the receipt of a Livable Centers Initiative Planning Grant from the Atlanta Regional Commission and expansion of the ART Microenterprise Program through a Community Development Block Grant. Charges for services decreased by \$164,671 due to a decrease in fine revenue of \$189,626. Capital grants and contributions decreased \$138,301 from \$142,434 to \$4,133 due to the completion of the street beautification project on Main Street.
- Governmental Activity expenses decreased by \$75,965 (2.6%). This decrease was primarily due to a reduction in operating costs in the Public Safety Department in the amount of \$80,919 (6.0%).

### Expenses and Program Revenues-Governmental Activities



## REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



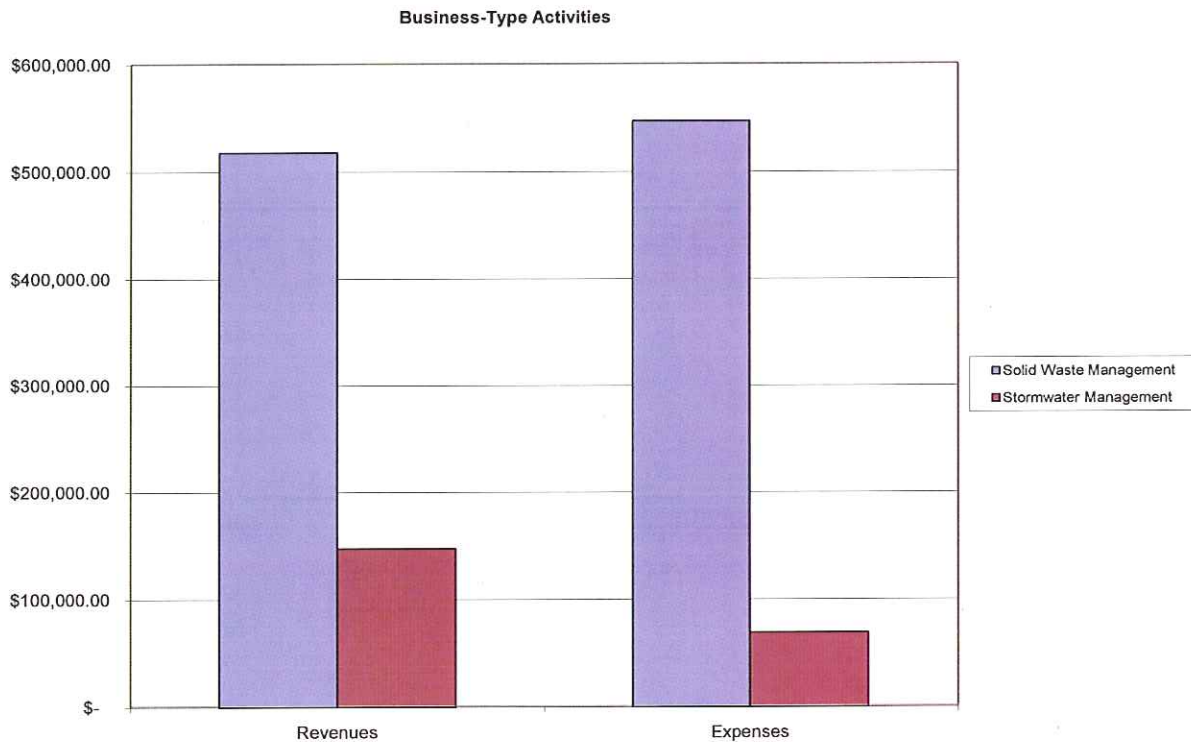
**Business-type activities.** Business type activities increased the City's net position by \$53,945. The Solid Waste Management Fund had a decrease in net position of \$31,101. This decrease is attributed to refunds paid on two commercial accounts as a result of the duplication of billings over a period of six years of \$25,085 and a loss on the sale of a trash compactor of \$10,102. The Storm Water Management Fund had an increase in net position of \$85,046.

Other notable changes in Business Type Activity revenue:

- Revenue from residential solid waste collections increased \$17,038 due primarily to improved collections of current receivables over the prior year.
- Revenue from solid waste commercial customers increased by \$3,475 due additional businesses locating in the City.

Other notable changes in Business Type Activity expenditures:

- In 2012 the cost for Technical Services increased in the Storm Water Management Fund due to the design and engineering work for a storm drain project on James B. Rivers Drive. The expenditure for this project was \$14,526.57.



### Financial Analysis of the Government's Funds

As noted earlier, the City of Stone Mountain uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2012 the city's governmental funds reported a combined ending fund deficit of \$240,165. Of this amount a deficit of \$272,746 is unassigned fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because \$17,914 is restricted for specified activities and \$14,667 is non-spendable and in the form of prepaid items.

**The General Fund** is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was a deficit of \$272,746 while the total fund deficit was \$258,079. Unassigned fund balance is a deficit and therefore no reserves are available for future budget purposes. Total fund deficit represents 8.4 percent of General Fund expenditures. See Note 20 for the proposed plan for eliminating the current fund deficit.

During the current fiscal year the balance of the City's general fund decreased by \$271,232. Other notable changes for 2012 compared to 2011 were as follows:

- The General Fund revenues for FY 2012 were \$2,816,127. This was an increase of \$68,395, or 2.5% over FY 2011. An increase in Real Property Taxes of \$188,220 due to an increased tax rate from 14.3 mils to 18.8 mils was offset by a decrease in Court Fines and Forfeitures in the amount of \$189,626 (See Budgetary Highlights for more discussion of the decrease in Court Fines and Forfeitures). Motor Vehicle Taxes increased by \$25,303, attributable to the improved automobile and truck market in 2011-2012. The City also received grant funding of \$34,400 from the Atlanta Regional Commission (ARC) for an update to the City's Livable Centers Initiative Plan. Approval of the plan is expected in May of 2012 and will continue the City's qualification for funding by ARC for infrastructure improvements at a ratio of \$4.00 for every \$1.00 matched by the City. The City has also qualified for \$440,000 in funding assistance from the Metropolitan Rapid Transit Authority for transportation enhancement projects in their service area.
- The General Fund expenditures for FY 2012 were \$3,069,484. This was a decrease of \$82,675 or 2.6% from FY 2011. This decrease in expenditures is generally attributed to a reduction in Public Safety operations in the amount of \$80,919 and a reduction in payments to the beneficiaries of state mandated additions to court fines.
- There was no Capital outlay for FY 2012. This was a decrease of \$77,368 (100%) from FY 2011. This reduction was directed by management for budgetary control.
- The City's General Fund made principal payments on its capital leases long-term debt of \$116,455. Of this amount \$49,875 was for City Hall.
- Transfers from the general fund to other funds in 2012 amounted to a net of \$17,875 and a decrease of 73% over 2011 transfers.

**Proprietary funds.** The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

### **General Fund Budgetary Highlights**

The budget was amended several times during the year with the most significant amendments being:

- A \$42,000 decrease in the General Fund budget reflecting the reduction in Fine and Forfeiture revenue
- A \$100,000 decrease in the General Fund budget reflecting the reduction in Interfund Transfers.
- A \$64,000 increase in the General Fund budget reflecting the award of the Atlanta Regional Commissions grant for the update to the Livable Centers Initiative Plan.

No department had expenditures that materially exceeded the corresponding department's appropriations.

Final results in actual revenue and expenditures varied from the 2012 budget in several areas most notably:

- The adopted millage rate was insufficient to meet the revenue estimate in the budget. Actual property tax revenue of \$1,137,916 was short of the projected revenue by \$339,227 (23%). This deficiency is the primary reason for the decrease in net fund balance of \$271,232. See Note 20 for the proposed plan for addressing this deficiency.
- Fines and forfeitures revenue received was \$189,626 (20%) less than the original budget. Court Fines and Forfeitures were negatively impacted by the suspension of speed control devices by the Georgia Department of Public Safety. Several work related injuries reduced the work force for traffic control, but the underlying reasons for the significantly lower revenues require more study. One subject for study is the operation of Municipal Court. The City has contracted with the National Council of State Courts to conduct a thorough review of court operation to be completed in 2013.
- Expenditures for wages and salaries in the police department exceeded the amended budget by \$54,382. This result is primarily due to an amendment to the budget reducing the budget for wages and salaries by \$38,400 without a corresponding reduction in personnel.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets at December 31, 2012 amounts to \$6,193,643 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles, equipment, and parks. Purchases of capital assets during the year include construction costs for city hall of \$194,349; new office equipment for the city hall of \$48,368; and computer equipment for city hall of \$8,334. The City spent \$172,722 on streetscape and other street improvements and \$76,656 on storm water improvements. Additional information on the City's capital assets can be found in Note 8 beginning on page 36 of this report.



**Long-term debt.** At the end of the current fiscal year, the City had \$1,695,716 in outstanding debt consisting of the following:

#### CITY OF STONE MOUNTAIN'S OUTSTANDING DEBT

	<u>Balance</u>
<b>Governmental Activities:</b>	
Capital leases - equipment	\$ 156,016
Capital leases - facilities	1,475,154
Compensated absences	<u>64,546</u>
Total Governmental Activities	1,695,716
<b>Business-Type Activities:</b>	
Capital leases	<u>-</u>
 Total Outstanding Debt	 <u><u>\$ 1,695,716</u></u>

The City's total debt decreased by \$18,796. Additional information on the City's long-term debt can be found in note 9 on page 37 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Stone Mountain is approximately \$7,100,000, which is significantly in excess of the City of Stone Mountain's outstanding general obligation debt.

#### **Status of the City of Stone Mountain's Economy**

- The unemployment rate for the City of Stone Mountain is currently estimated at 9.5%, down from 10.2% in 2011, and comparable to the state of Georgia rate of 8.5%. (Georgia Department of Labor).
- Inflationary trends in the region compare favorably to national indices.
- The occupancy rate for properties in the central business district remained at a constant level in 2012
- There was no new residential or commercial construction in the City in 2012 as the real estate market continued to stagnate regionally.

All of these factors were considered in preparing the City of Stone Mountain's budget for F/Y 2013.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of Stone Mountain's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 498-8984 or at the following address:

City of Stone Mountain  
922 Main Street  
Stone Mountain, GA 30083

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**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Downtown
	Activities	Activities		Dev. Auth.
<b>Assets</b>				
Cash and cash equivalents	\$ 108,588	\$ -	\$ 108,588	\$ 14,319
Receivables (net of allowance for uncollectibles)				
Taxes	415,981	-	415,981	-
Fines	204,040	-	204,040	-
Intergovernmental	73,223	-	73,223	-
Accounts	13,347	89,935	103,282	16,620
Due from other funds	(396,894)	396,894	-	-
Prepaid items	14,667	-	14,667	-
Deposits	10,040	-	10,040	-
Restricted assets -				
Cash	17,814	-	17,814	-
Non-depreciable capital assets	1,020,867	-	1,020,867	18,242
Depreciable capital assets	4,369,721	803,055	5,172,776	146,616
<b>Total Assets</b>	<b>5,851,394</b>	<b>1,289,884</b>	<b>7,141,278</b>	<b>195,797</b>
<b>Liabilities</b>				
Accounts Payable				
Operating	255,725	13,236	268,961	-
Accrued Liabilities -				
Compensated absences	41,102	-	41,102	-
Wages	55,651	299	55,950	-
Customer deposits	-	-	-	1,025
Other	53,544	-	53,544	9,869
Unearned Revenue	14,840	14,140	28,980	-
Long-Term Liabilities -				
Due Within One Year	119,253	-	119,253	9,078
Due In More Than One Year	1,576,463	-	1,576,463	182,370
<b>Total Liabilities</b>	<b>2,116,578</b>	<b>27,675</b>	<b>2,144,253</b>	<b>202,342</b>
<b>Net Position</b>				
Invested in Capital Assets, Net of Related Debt	3,694,872	803,055	4,497,927	(26,590)
Restricted for -				
Police activities	3,886	-	3,886	-
Economic development	14,028	-	14,028	-
Capital projects	-	-	-	-
Unrestricted	22,030	459,154	481,184	20,045
<b>Total Net Position</b>	<b>\$ 3,734,816</b>	<b>\$ 1,262,209</b>	<b>\$ 4,997,025</b>	<b>\$ (6,545)</b>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
Governing Body	\$ 37,791	\$ -	\$ -	\$ -
General Government	235,196	-	55,202	-
Financial Administration	364,009	73,111	-	-
Government Buildings	28,150	-	-	-
Municipal Court and Police	1,694,631	756,797	-	-
Highways and Streets	512,476	-	-	4,133
Culture and Recreation	164,795	8,600	-	-
Economic Development	250,703	13,566	172,961	-
Tourism and Promotion	75,537	-	9,000	-
Cemetery	12,080	6,200	5,000	-
Interest on Long-Term Debt	68,692	-	-	-
Total Governmental Activities	<u>3,444,060</u>	<u>858,274</u>	<u>242,163</u>	<u>4,133</u>
<b>Business-Type Activities</b>				
Solid Waste Management	547,513	518,062	-	-
Stormwater Management	68,953	147,276	-	6,723
Total Business-Type Activities	<u>616,466</u>	<u>665,338</u>	<u>-</u>	<u>6,723</u>
<b>Total Primary Government</b>	<u>\$ 4,060,526</u>	<u>\$ 1,523,612</u>	<u>\$ 242,163</u>	<u>\$ 10,856</u>
<b>Component Unit:</b>				
Downtown Development Authority	<u>\$ 20,372</u>	<u>\$ 35,870</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

Taxes:

Property

Franchise

Occupational

Motor vehicle

Host tax

Insurance premium

Alcohol beverage

Hotel / Motel

Other

Interest Earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, Adjusted

Net Position - End of Year

See accompanying notes to the basic financial statements.

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Primary Government</b>			<b>Component</b>
<b>Governmental</b>	<b>Business-</b>		<b>Unit</b>
<b>Activities</b>	<b>Type</b>	<b>Total</b>	<b>Downtown</b>
	<b>Activities</b>		<b>Dev. Auth.</b>
\$ (37,791)	\$ -	\$ (37,791)	\$ -
(179,994)	-	(179,994)	-
(290,898)	-	(290,898)	-
(28,150)	-	(28,150)	-
(937,834)	-	(937,834)	-
(508,343)	-	(508,343)	-
(156,195)	-	(156,195)	-
(64,176)	-	(64,176)	-
(66,537)	-	(66,537)	-
(880)	-	(880)	-
(68,692)	-	(68,692)	-
(2,339,490)	-	(2,339,490)	-
-	(29,451)	(29,451)	-
-	85,046	85,046	-
-	55,595	55,595	-
(2,339,490)	55,595	(2,283,895)	-
-	-	-	15,498
1,172,998	-	1,172,998	-
244,973	-	244,973	-
46,332	-	46,332	-
84,983	-	84,983	-
65,909	-	65,909	-
289,056	-	289,056	-
35,452	-	35,452	-
146	-	146	-
21,281	-	21,281	-
217	-	217	-
7,275	-	7,275	-
1,968,622	-	1,968,622	-
1,650	(1,650)	-	-
1,970,272	(1,650)	1,968,622	-
(369,218)	53,945	(315,273)	15,498
4,104,034	1,208,264	5,312,298	(22,043)
\$ 3,734,816	\$ 1,262,209	\$ 4,997,025	\$ (6,545)

**CITY OF STONE MOUNTAIN, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 108,588	\$ -	\$ 17,814	\$ 126,402
Receivables -				
Taxes	415,981	-	-	415,981
Fines, net of allowance for bad debts of \$306,000	204,040	-	-	204,040
Intergovernmental	9,966	45,747	17,510	73,223
Miscellaneous	13,347	-	-	13,347
Prepaid items	14,667	-	-	14,667
Deposits	-	-	10,040	10,040
Total assets	<u>\$ 766,589</u>	<u>\$ 45,747</u>	<u>\$ 45,364</u>	<u>\$ 857,700</u>
<b>Liabilities</b>				
Accounts payable	\$ 228,275	\$ -	\$ 27,450	\$ 255,725
Accrued liabilities	96,753	-	-	96,753
Due to other funds	396,894	-	-	396,894
Unearned revenue	14,840	-	-	14,840
Total liabilities	<u>736,762</u>	<u>-</u>	<u>27,450</u>	<u>764,212</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	<u>287,906</u>	<u>45,747</u>	<u>-</u>	<u>333,653</u>
<b>Fund Balance</b>				
Nonspendable -				
Prepaid items	14,667	-	-	14,667
Restricted -				
Police services	-	-	3,886	3,886
Economic development	-	-	14,028	14,028
Capital projects	-	-	-	-
Unassigned	(272,746)	-	-	(272,746)
Total fund balance (deficit)	<u>(258,079)</u>	<u>-</u>	<u>17,914</u>	<u>(240,165)</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	<u>\$ 766,589</u>	<u>\$ 45,747</u>	<u>\$ 45,364</u>	<u>\$ 857,700</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2012**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances -- total governmental funds	\$ (240,165)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,390,588
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unavailable revenues	333,653
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Capital leases	(1,631,170)
Long-term portion of compensated absences	(64,546)
Accrued interest payable	<u>(53,544)</u>
Net assets of governmental activities	<u>\$ 3,734,816</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the year ended December 31, 2012**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,925,902	\$ -	\$ 146	\$ 1,926,048
Business licenses and permits	71,306	-	-	71,306
Intergovernmental	34,400	156,292	197,841	388,533
Service fees	8,739	-	-	8,739
Fines and forfeitures	747,706	-	-	747,706
Interest	164	55	-	219
Rents	9,800	-	-	9,800
Miscellaneous	18,110	-	33,766	51,876
<b>Total revenues</b>	<u>2,816,127</u>	<u>156,347</u>	<u>231,753</u>	<u>3,204,227</u>
<b>Expenditures:</b>				
Current:				
Governing Body	37,791	-	-	37,791
General Government	227,912	-	-	227,912
Financial Administration	307,659	-	-	307,659
Government Buildings	28,150	-	-	28,150
Municipal Court	338,564	-	-	338,564
Public Safety	1,272,664	-	-	1,272,664
Highways and Streets	375,022	-	-	375,022
Culture and Recreation	163,738	-	-	163,738
Economic Development	122,303	-	181,306	303,609
Community Development	8,902	-	-	8,902
Tourism and Promotion	-	-	13,731	13,731
Cemetery	-	-	9,618	9,618
Capital outlay	-	423,773	-	423,773
Debt service				
Principal	116,455	-	-	116,455
Interest	70,324	-	-	70,324
Debt issue costs	-	-	-	-
<b>Total expenditures</b>	<u>3,069,484</u>	<u>423,773</u>	<u>204,655</u>	<u>3,697,912</u>
Excess (deficiency) of Revenues over Expenditures	<u>(253,357)</u>	<u>(267,426)</u>	<u>27,098</u>	<u>(493,685)</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the year ended December 31, 2012**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)				
Capital lease proceeds	\$ -	\$ 99,123	\$ -	\$ 99,123
Proceeds from disposition of assets	-	-	-	-
Transfers (net)	<u>(17,875)</u>	<u>16,522</u>	<u>3,003</u>	<u>1,650</u>
Total other financing sources (uses)	<u>(17,875)</u>	<u>115,645</u>	<u>3,003</u>	<u>100,773</u>
Net change in fund balance	(271,232)	(151,781)	30,101	(392,912)
Fund Balance-Beginning of Year	<u>13,153</u>	<u>151,781</u>	<u>(12,187)</u>	<u>152,747</u>
Fund Balance-End of Year	<u><u>\$ (258,079)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,914</u></u>	<u><u>\$ (240,165)</u></u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances -- total governmental funds \$ (392,912)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	403,619
Depreciation expense	(211,534)

The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. This is the amount of net book value of assets sold during the current period. -

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between the beginning and ending deferred revenue balances in the current period. (188,818)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt proceeds	(99,123)
Repayment of long term debt	116,455

Some expenses 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.

Change in accrued interest payable	1,631
Change in accrued compensated absences	<u>1,464</u>

Change in net assets of governmental activities. \$ (369,218)

See accompanying notes to the basic financial statements.



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**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGET AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
<b>Revenues:</b>				
Taxes	\$ 2,202,143	\$ 2,202,144	\$ 1,925,902	\$ (276,242)
Business licenses and permits	31,400	31,400	71,306	39,906
Intergovernmental	-	64,000	34,400	
Service fees	11,200	11,200	8,739	(2,461)
Fines and forfeitures	975,100	933,100	747,706	(185,394)
Interest	3,500	3,500	164	(3,336)
Rents	7,350	7,350	9,800	2,450
Miscellaneous	1,400	13,400	18,110	4,710
<b>Total revenues</b>	<u>3,232,093</u>	<u>3,266,094</u>	<u>2,816,127</u>	<u>(420,367)</u>
<b>Expenditures:</b>				
Current:				
Governing Body	44,532	43,552	37,791	5,761
General Government	167,160	226,504	227,912	(1,408)
Financial Administration	355,715	333,700	307,659	26,041
Government Buildings	25,020	25,520	28,150	(2,630)
Municipal Court	414,035	417,645	338,564	79,081
Public Safety	1,259,605	1,217,305	1,272,664	(55,359)
Highways and Streets	452,195	444,795	375,022	69,773
Culture and Recreation	170,250	171,250	163,738	7,512
Economic Development	127,485	158,726	122,303	36,423
Community Development	63,095	29,721	8,902	20,819
Capital outlay	7,300	6,000	-	6,000
Debt service				
Principal	119,230	127,230	116,455	10,775
Interest	70,146	70,146	70,324	(178)
<b>Total expenditures</b>	<u>3,275,768</u>	<u>3,272,094</u>	<u>3,069,484</u>	<u>202,610</u>

(See accompanying notes to the financial statements.)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	BUDGET AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
Excess (deficiency) of Revenues over Expenditures	\$ (43,675)	\$ (6,000)	\$ (253,357)	\$ (247,357)
Other financing sources (uses)				
Capital Lease Proceeds	-	-	-	-
Proceeds from sale of capital assets	6,000	6,000	-	(6,000)
Transfers (net)	100,000	-	(17,875)	(17,875)
Total other financing sources (uses)	106,000	6,000	(17,875)	(23,875)
Net change in fund balance	62,325	-	(271,232)	(271,232)
Fund Balance-Beginning of Year	13,153	13,153	13,153	-
Fund Balance-End of Year	<u>\$ 75,478</u>	<u>\$ 13,153</u>	<u>\$ (258,079)</u>	<u>\$ (271,232)</u>

(See accompanying notes to the financial statements.)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2012**

	<u>Solid Waste Management</u>	<u>Stormwater Management</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Receivables-			
Accounts	\$ 53,824	\$ 36,111	\$ 89,935
Due from other governments	-	-	-
Due from other funds	-	396,894	396,894
Total current assets	<u>53,824</u>	<u>433,005</u>	<u>486,829</u>
<b>Noncurrent assets</b>			
Capital assets			
Autos and trucks	68,481	-	68,481
Machinery and equipment	23,130	-	23,130
Infrastructure	-	843,097	843,097
Accumulated depreciation	<u>(70,203)</u>	<u>(61,450)</u>	<u>(131,653)</u>
Capital assets (net of depreciation)	<u>21,408</u>	<u>781,647</u>	<u>803,055</u>
Total noncurrent assets	<u>21,408</u>	<u>781,647</u>	<u>803,055</u>
<b>Total assets</b>	<u>75,232</u>	<u>1,214,652</u>	<u>1,289,884</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable -			
Trade	13,236	-	13,236
Unearned revenue	14,140	-	14,140
Accrued liabilities	299	-	299
Current portion of long-term debt	-	-	-
Total current liabilities	<u>27,675</u>	<u>-</u>	<u>27,675</u>
<b>Noncurrent liabilities</b>			
Capital leases	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>27,675</u>	<u>-</u>	<u>27,675</u>
<b>Net Position</b>			
Investments in capital assets	21,408	781,647	803,055
Unrestricted	<u>26,149</u>	<u>433,005</u>	<u>459,154</u>
<b>Total Net Position</b>	<u>\$ 47,557</u>	<u>\$ 1,214,652</u>	<u>\$ 1,262,209</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Solid Waste Management</u>	<u>Stormwater Management</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Refuse collection	\$ 379,170	\$ -	\$ 379,170
Dumpster collection	138,892	-	138,892
Stormwater fees	-	147,276	147,276
Miscellaneous	-	-	-
Total operating revenues	<u>518,062</u>	<u>147,276</u>	<u>665,338</u>
<b>OPERATING EXPENSES</b>			
Purchased products / services	480,494	-	480,494
Personal services and benefits	15,664	-	15,664
Purchased / contracted services	1,536	48,547	50,083
Supplies	1,277	-	1,277
Depreciation and amortization	11,955	20,406	32,361
Bad debt expense	1,400	-	1,400
Other	25,085	-	25,085
Total operating expenses	<u>537,411</u>	<u>68,953</u>	<u>606,364</u>
Operating income (loss)	<u>(19,349)</u>	<u>78,323</u>	<u>58,974</u>
<b>Non-operating revenues and (expenses)</b>			
Loss on sale of capital asset	<u>(10,102)</u>	<u>-</u>	<u>(10,102)</u>
Total non-operating revenues (expenses)	<u>(10,102)</u>	<u>-</u>	<u>(10,102)</u>
Income before transfers and capital contributions	(29,451)	78,323	48,872
Capital contributions	-	6,723	6,723
Transfers	<u>(1,650)</u>	<u>-</u>	<u>(1,650)</u>
CHANGE IN NET POSITION	(31,101)	85,046	53,945
NET POSITION - BEGINNING	<u>78,658</u>	<u>1,129,606</u>	<u>1,208,264</u>
NET POSITION - ENDING	<u>\$ 47,557</u>	<u>\$ 1,214,652</u>	<u>\$ 1,262,209</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Solid Waste Management</u>	<u>Stormwater Management</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers and users	\$ 512,371	\$ 138,609	\$ 650,980
Cash paid to suppliers for goods	(500,212)	(48,547)	(548,759)
Cash paid to employees	(11,709)	-	(11,709)
Net cash provided from operating activities	<u>450</u>	<u>90,062</u>	<u>90,512</u>
<b>Cash flows from investing activities:</b>			
Interest received	-	-	-
(Purchase) / redemption of investments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from non-capital financing activities:</b>			
Transfers	(1,650)	-	(1,650)
Change in due to/from other funds	<u>-</u>	<u>(20,129)</u>	<u>(20,129)</u>
Net cash flows from non-capital financing activities	<u>(1,650)</u>	<u>(20,129)</u>	<u>(21,779)</u>
<b>Cash flows from capital financing activities:</b>			
Purchases / construction of capital assets	-	(76,656)	(76,656)
Capital contributions	-	6,723	6,723
Principal payments on long-term debt	-	-	-
Proceeds from sale of capital assets	1,200	-	1,200
Interest paid	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows from capital financing activities	<u>1,200</u>	<u>(69,933)</u>	<u>(68,733)</u>
Net cash flows	-	-	-
Cash and cash equivalents - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED  
 BY OPERATING ACTIVITIES**

	<u>Solid Waste Management</u>	<u>Stormwater Management</u>	<u>Total</u>
<b>Operating income (loss)</b>	<u>\$ (19,349)</u>	<u>\$ 78,323</u>	<u>\$ 58,974</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	11,955	20,406	32,361
(Increase) decrease in -			
Accounts receivable	(7,933)	(8,667)	(16,600)
Increase (Decrease) in -			
Accounts payable	13,236	-	13,236
Unearned revenues	2,242	-	2,242
Customer deposits	-	-	-
Accrued liabilities	<u>299</u>	<u>-</u>	<u>299</u>
Total adjustments	<u>19,799</u>	<u>11,739</u>	<u>31,538</u>
<b>Net cash from operating activities</b>	<u>\$ 450</u>	<u>\$ 90,062</u>	<u>\$ 90,512</u>
<b>Non-cash transactions -</b>			
Increase (decrease) in fair value of investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Basis of Presentation**

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

**B. The Reporting Entity**

The City of Stone Mountain, Georgia (the "City") is a municipal corporation governed by an elected mayor and a six member council. The City provides the following services: police, highways and streets, sanitation, stormwater, parks and recreation, promotion and development and general and administrative services. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City. Using the above criteria the City of Stone Mountain Downtown Development Authority is a component unit of the City because of the significance of its operational and financial relationship with the City and is therefore included in the City's reporting entity. The City Council appoints all members of the Development Authority's Board of Directors and pays from the City's budget operational expenditures related to the Authority.

**Discretely Presented Component Unit –**

The component unit column in the Government-Wide Financial Statements includes the financial data of City of Stone Mountain, Georgia Downtown Development Authority. This component unit is reported in a separate column to emphasize that it is legally separate from the City. The City of Stone Mountain, Georgia Downtown Development Authority was organized to develop and promote commerce, industry and general welfare within the City. The City appoints the Authority's board members and provides significant funding for the Authority's operational expenditures within the City's budget. The Authority does not issue separate financial statements.

(See Independent Auditor's Report)



**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**C. Basic Financial Statements—Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide Statement of Net Position, presents the financial condition of the governmental and business-type activities of the City at year end. The statement is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The City does not allocate indirect cost. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

The net costs (by function) are normally covered by general revenues (property, sales or use taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

**D. Basic Financial Statements-Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The various funds are grouped, in the financial statements in this report, into the following fund types:

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**

**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**D. Basic Financial Statements-Fund Financial Statements – (Continued)**

**Governmental Fund Types** – Governmental fund are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects Fund** – This fund is used to account for the acquisition and construction of major capital assets, other than those financed by proprietary funds, that are financed with state and federal financial assistance.

**Proprietary Fund Type** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary fund is classified as an enterprise fund. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City's major enterprise funds are as follows:

**Solid Waste Management Enterprise Fund** - The Solid Waste Management Enterprise Fund is used to account for the revenues generated from the charges for sanitation and recycling services provided to the residential and commercial users of the City.

**Stormwater Management Fund** – This fund was created during the fiscal year ended December 31, 2005, to account for revenues generated from the charges for stormwater services provided to the citizens of Stone Mountain.

**E. Measurement Focus**

**Government-wide Financial Statements** – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**E. Measurement Focus – Continued**

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

**F. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual**

Government-wide financial statements are presented on the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Those revenues susceptible to accrual are taxes, state and federal grants, fines, interest revenue and charges for services. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, penalties and miscellaneous revenues which are recorded as revenues when received in cash. Those revenues that are measurable but are not collected within 60 days after year end are recorded as unavailable revenues.

**G. Cash and Cash Equivalents**

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

**H. Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory, if any, in the General Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used, rather than in the period purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**I. Prepaid Expenses**

Payments made to vendors for service that will benefit periods beyond December 31, 2012 are recorded as prepaid items and are expensed during the period benefited.

**J. Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during fiscal year ended December 31, 2012. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30-40 years
Furniture and equipment	7-10 years
Vehicles	5-10 years
Infrastructure	40-50 years

The City only reports infrastructure assets purchased subsequent to December 31, 2003.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**L. Revenues**

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**M. Expenditures**

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**N. Compensated Absences**

The City accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**O. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**P. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

**Q. Contributions of Capital**

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**R. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**S. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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 / expenditures) until then. The government has no items that qualify for reporting in this category as of December 31, 2012.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, probation fines, and intergovernmental revenues.

**T. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City's government-wide statement of net position reports \$17,914 in restricted net position, of which \$3,886 is restricted by enabling legislation.

**U. Fund Balance – Governmental Funds**

As of December 31, 2012, fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent either because they are in 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 constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – amounts that can be used only for specific purposes determined by a formal action of City of Stone Mountain's Council. Stone Mountain's Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council prior to end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

**Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes through passage of a resolution. Unlike commitments, assignments generally only exist temporarily and do not normally have to have an additional action taken for their removal.

**Unassigned** – all other spendable amounts.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**U. Fund Balance – Governmental Funds, (Continued)**

As of December 31, 2012, fund balances are composed of the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable -				
Prepaid items	\$ 14,667	\$ -	\$ -	\$ 14,667
Restricted -				
Police activities	-	-	3,886	3,886
Economic development	-	-	14,028	14,028
Unassigned	<u>(272,746)</u>	<u>-</u>	<u>-</u>	<u>(272,746)</u>
Total	<u>\$ (258,079)</u>	<u>\$ -</u>	<u>\$ 17,914</u>	<u>\$ (240,165)</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

**V. Budgets and Budgetary Accounting**

The City Council adopts an annual budget for all governmental fund types. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of an ordinance. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

**2. CASH AND INVESTMENTS**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's financial policies require all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits. As of December 31, 2012, all of the government's bank balance of \$162,556 was insured by the Federal Deposit Insurance Corporation.

(See Independent Auditor's Report).

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**2. CASH AND INVESTMENTS, (Continued)**

In accordance with state law, the City of Stone mountain can invest in: 1. Obligations issued by the U.S. Government, any state, any political subdivision of the State of Georgia, or Local Government Investment Pool established by state law; 2. Prime bankers' acceptances; and 3. Repurchase agreements.

**3. PROPERTY TAX**

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1<sup>st</sup> each year. Property taxes for fiscal year 2012, based upon the assessed value as of January 1, 2012, were levied on July 9, 2012. Taxes are due in equal installments on July 1 and October 1 of each year. Tax liens may be issued on March 1 or after the due date, whichever occurs later. The City of Stone Mountain uses the services of the DeKalb County Tax Commissioner to bill and collect its property taxes.

**4. RECEIVABLES**

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

**Governmental Funds**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Taxes	\$ 415,981	\$ -	\$ -	\$ 415,981
Fines	510,040	-	-	510,040
Intergovernmental	9,966	45,747	17,510	73,223
Accounts	<u>13,347</u>	<u>-</u>	<u>-</u>	<u>13,347</u>
Gross Receivables	949,334	45,747	17,510	1,012,591
Less: Allowance for Uncollectible	<u>(306,000)</u>	<u>-</u>	<u>-</u>	<u>(306,000)</u>
Net Total Receivables	<u>\$ 643,334</u>	<u>\$ 45,747</u>	<u>\$ 17,510</u>	<u>\$ 706,591</u>

**Proprietary Funds**

	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Total</u>
Accounts	\$ 71,224	\$ 36,111	\$ 107,335
Intergovernmental Grants	<u>-</u>	<u>-</u>	<u>-</u>
Gross Receivable	71,224	36,111	107,335
Less: Allowance for Uncollectible	<u>(17,400)</u>	<u>-</u>	<u>\$ (17,400)</u>
Net Total Receivables	<u>\$ 53,824</u>	<u>\$ 36,111</u>	<u>\$ 89,935</u>

(See Independent Auditor's Report)



**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**5. INTERGOVERNMENTAL REVENUES AND RECEIVABLES**

**Governmental Funds –**

Intergovernmental revenues for the year ended December 31, 2012 consist of the following:

Atlanta Regional Commission - LCI Update	\$ 34,400
MARTA - Transportation improvements	156,292
DeKalb County - Economic development	197,841
Total Intergovernmental Revenue	<u>\$ 388,533</u>

Intergovernmental receivables as of December 31, 2012 consist of the following:

State of Georgia, Dept of Transportation - Transportation improvements	\$ 45,747
Atlanta Regional Commission - LCI Update	9,966
DeKalb County - Economic development	17,510
Total Intergovernmental Receivable	<u>\$ 73,223</u>

**Proprietary Funds –**

In September 2009 North Georgia received torrential rains amounting to approximately 15 to 18 inches in a one to two day period. The severe rain lead to massive flooding and resulted in the loss of many homes and other buildings and significant damage to infrastructure, i.e. roads, bridges, utility systems etc...

The City of Stone Mountain did incur a significant amount of damage to its roads, streets and drainage facilities. The total cost of the damage to the City amounted to approximately \$475,000. The Federal Emergency Management Agency and the Georgia Emergency Management Agency has provided financial assistance to the City to help finance the cost of the damages. The City has requested reimbursements of \$393,728 and has received \$386,685 prior to January 1, 2012. No additional amounts are due from FEMA and GEMA as of December 31, 2012

During 2012, the City received \$6,723 from the U. S. Department of Agriculture, Natural Resources Conservation Services, for stream bank restoration and debris and sedimentation removal due to damage also caused by the 2009 flood.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**6. INTER-FUND TRANSACTIONS**

Individual fund interfund receivable and payable balances at December 31, 2012 were as follows:

Payable From	Payable To		
	General	Stormwater Management	Total
General	\$ -	\$ 396,894	\$ 396,894
Nonmajor	-	-	-
Total	<u>\$ -</u>	<u>\$ 396,894</u>	<u>\$ 396,894</u>

Individual interfund transfers for the year ended December 31, 2012 were as follows:

Transfer From	Transfers To			
	General	Capital Projects	Nonmajor	Total
General	\$ -	\$ 16,522	\$ 4,585	\$ 21,107
Nonmajor	1,582	-	-	1,582
Solid Waste	1,650	-	-	1,650
Total	<u>\$ 3,232</u>	<u>\$ 16,522</u>	<u>\$ 4,585</u>	<u>\$ 24,339</u>

The City uses only one operating bank account for all the City's deposits and disbursements purposes. All monies collected for other funds and all expenditures for other funds are made through the General Fund operating bank account. The net amount for each fund is recorded as either a transfer in or out or a due to or from the General Fund. The transfers from the General Fund to the other funds are made to supplement the operations of the other funds. The amount payable to the Stormwater Fund from the General Fund is due to the net cash flows of the Stormwater Fund and is expected to be repaid to the Stormwater Fund in future years.

**7. COMMITMENTS AND CONTINGENCIES**

The City is a defendant in several lawsuits. Although the outcomes of these matters are not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has several significant transportation improvement projects in progress as of December 31, 2012. The projects consist of streetscapes, sidewalks, traffic signals and other street improvements. Total cost of the project is expected to be approximately \$2,450,000. The projects are to be financed through Transportation Enhancement Grants and contributions from the Metro Atlanta Rapid Transit Authority (MARTA). Cost incurred through December 31, 2012 for these projects total approximately \$290,000. The City is also beginning to make improvements to the old train depot. Total estimated cost for this project is \$294,000. The City is financing this project through grants and \$58,000 from other City sources.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**8. PROPERTY, PLANT AND EQUIPMENT**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 471,774	\$ -	\$ -	\$ 471,774
Construction in progress	2,050,205	343,833	(1,844,945)	549,093
Total	<u>2,521,979</u>	<u>343,833</u>	<u>(1,844,945)</u>	<u>1,020,867</u>
Capital assets being depreciated:				
Buildings & improvements	287,967	1,819,561	-	2,107,528
Infrastructure	2,065,664	25,385	-	2,091,049
Vehicles, including related equipment	618,048	-	-	618,048
Furniture and other equipment	808,283	59,785	-	868,068
Total capital assets being depreciated	<u>3,779,962</u>	<u>1,904,731</u>	<u>-</u>	<u>5,684,693</u>
Less accumulated depreciation for:				
Buildings & improvements	82,825	34,162	-	116,987
Infrastructure	54,957	52,065	-	107,022
Vehicles, including related equipment	424,707	60,767	-	485,474
Furniture and other equipment	540,949	64,540	-	605,489
Total accumulated depreciation	<u>1,103,438</u>	<u>211,534</u>	<u>-</u>	<u>1,314,972</u>
Total capital assets being depreciated, net	<u>2,676,524</u>	<u>1,693,197</u>	<u>-</u>	<u>4,369,721</u>
Governmental capital assets, net	<u>\$ 5,198,503</u>	<u>\$ 2,037,030</u>	<u>\$ (1,844,945)</u>	<u>\$ 5,390,588</u>

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

Administrative	\$ 56,350
Police	84,867
Highways and Streets	66,800
Parks	1,057
Cemetery	<u>2,460</u>
Total depreciation expense	<u>\$ 211,534</u>

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**8. PROPERTY, PLANT AND EQUIPMENT, (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Vehicles, including related equipment	\$ 68,481	\$ -	\$ -	\$ 68,481
Machinery and equipment	46,716	-	(23,586)	23,130
Infrastructure	766,441	76,656	-	843,097
Total capital assets being depreciated	<u>881,638</u>	<u>76,656</u>	<u>(23,586)</u>	<u>934,708</u>
Less accumulated depreciation for:				
Vehicles, including related equipment	53,562	7,775	-	61,337
Machinery and equipment	16,971	4,180	(12,284)	8,867
Infrastructure	41,043	20,406	-	61,449
Total accumulated depreciation	<u>111,576</u>	<u>32,361</u>	<u>(12,284)</u>	<u>131,653</u>
Business-Type Activities capital assets, net	<u>\$ 770,062</u>	<u>\$ 44,295</u>	<u>\$ (11,302)</u>	<u>\$ 803,055</u>

Depreciation expense was charged to functions/programs of the proprietary funds as follows:

Solid Waste Management	\$ 11,955
Stormwater Management	<u>20,406</u>
Total depreciation expense	<u>\$ 32,361</u>

**9. LONG-TERM DEBT**

**Changes in General Long-Term Debt**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<b>Governmental Activities</b>					
Capital leases - equipment	\$ 123,502	\$ 99,123	\$ (66,609)	\$ 156,016	\$ 57,284
Capital leases - facilities	1,525,000	-	(49,846)	1,475,154	51,969
Accrued compensated absences	66,010	80,984	(82,448)	64,546	10,000
Total Governmental Activities	<u>\$ 1,714,512</u>	<u>\$ 180,107</u>	<u>\$ (198,903)</u>	<u>\$ 1,695,716</u>	<u>\$ 119,253</u>

(See Independent Auditor's Report

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**9. LONG-TERM DEBT, (Continued)**

The General Fund is used to liquidate all governmental activity long-term debt.

The Solid Waste Management Fund is used to liquidate all business-type activity long-term debt.

The City has entered into various lease-purchase and security agreements with a private corporation for vehicles and related equipment and machinery and equipment with an original cost of \$124,279 and \$141,820 respectively. Since the City intends to continue to abide by the terms of the lease agreements and eventually own the equipment, the equipment and the related liability were recorded at the present value of the future payments due under the lease. The interest rates under the terms of the lease agreements range between 3.03% and 4.86%.

In February 2011 the City entered into a lease purchase agreement with the Georgia Municipal Association to construct a building to be used as the new City administration facilities. The total obligation under the capital lease agreement amounted to \$1,525,000 with interest at 4.26%. The land and building are securing the debt.

Annual repayment requirements under the capital lease agreements are as follows:

F/Y/E December 31	Capital Leases - Equipment		Capital Leases - Facilities		Total
	Principal	Interest	Principal	Interest	
2013	\$ 57,284	\$ 4,086	\$ 51,969	\$ 62,842	\$ 176,181
2014	46,114	2,343	54,182	60,628	163,267
2015	25,363	1,185	56,491	58,319	141,358
2016	20,854	536	58,898	55,913	136,201
2017	6,401	38	61,407	53,404	121,250
2018	-	-	64,023	50,788	114,811
2019	-	-	66,750	48,061	114,811
2020	-	-	69,594	45,217	114,811
2021	-	-	72,558	42,252	114,810
2022	-	-	75,649	39,161	114,810
2023	-	-	78,872	35,939	114,811
2024	-	-	82,232	32,579	114,811
2025	-	-	85,735	29,076	114,811
2026	-	-	89,387	25,423	114,810
2027	-	-	93,195	21,615	114,810
2028	-	-	97,165	17,645	114,810
2029	-	-	101,306	13,506	114,812
2030	-	-	105,621	9,191	114,812
2031	-	-	110,120	4,691	114,811
	<u>\$ 156,016</u>	<u>\$ 8,188</u>	<u>\$ 1,475,154</u>	<u>\$ 706,250</u>	<u>\$ 2,345,608</u>

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**10. UNAVAILABLE AND UNEARNED REVENUES**

Unavailable revenues as of December 31, 2012, reported in the Governmental Fund's balance sheet, consisted of the following revenue items which had been earned and were measurable but were not received within 60 days after year end and therefore were not considered available:

Property Taxes	\$ 97,111
Grants	55,713
Fines and Forfeitures	180,829
Amounts received but not yet earned as of December 31, 2012:	
Reported in Governmental Fund's balance sheet and Statement of Net Position:	
Occupation Taxes and Business Licenses	<u>14,840</u>
Total	<u>\$ 348,493</u>

**11. RISK MANAGEMENT**

The City of Stone Mountain is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City did not experience any significant reductions in insurance coverage from the prior year. The City did not experience any settlements which exceeded insurance coverage for its past three fiscal years..

Coverages are as follow:

Coverage Description - Property:	
Buildings and contents - (Blanket)	\$ 5,782,214
Automobile physical damage	Per application
Coverage Description - Casualty:	
Comprehensive general liability	\$ 2,000,000
Automobile liability	\$ 2,000,000
Errors and omissions (Public Officials)	\$ 2,000,000
Employee benefits liability	\$ 2,000,000
Law enforcement liability	\$ 2,000,000
Coverage Description - Crime:	
Blanket bond - employees required to be bonded	\$ 500,000
Blanket bond - all other employees	\$ 500,000
Depositors forgery	\$ 500,000
Money and securities - loss inside and outside premises	\$ 250,000
Deductible:	
All coverages are subject to a per occurrence deductible of	\$1,000 to \$2,50

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**12. HOTEL / MOTEL TAX**

The City levies a 5% hotel/motel tax in accordance with the provisions of OCGA 48-13-51. In order to comply with the expenditures provisions of this code section, the City expends 40% of monies collected under this provision for tourism and promotional purposes by contracting with the Stone Mountain Visitor's Center. During the year ended December 31, 2012, the City collected hotel/motel taxes in the amount of \$146 and expended 100% for tourism under the Visitor's Center contract.

**13. JOINT VENTURE**

Under Georgia law, the city, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). Membership in a regional development center (RDC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The ARC Board membership includes the chief elected official of each county, one representative for all the cities in a member county and 15 citizen representatives. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from:

Atlanta Regional Commission  
3715 Northside Parkway  
Building 200, Suite 300  
Atlanta, Georgia 30327

**14. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all employees, permits deferral of a portion of their salary until future years. Participation is optional. These plans are not reported in the City's Agency Fund.

**15. DOWNTOWN DEVELOPMENT AUTHORITY – NOTE PAYABLE**

In December 2010 the City's General Fund loaned the Downtown Development Authority \$175,000 for the purpose of purchasing a building located in the downtown area. The land and building cost approximately \$156,700 and is being used by the Authority as its operating facility and is also renting a portion of the building to local businesses.

In February 2010 the Downtown Development Authority borrowed \$200,000 from a financial institution. The loan proceeds were used to refinance the City's General Fund loan of \$175,000 and to pay loan closing costs. The loan has interest at 6.05% and is due in equal annual installments of \$20,660 until February 2026. The land and building are security under the note agreement. As part of the loan agreement, the City has covenanted to levy an annual tax (not exceeding three mills per dollar upon the assessed value of the taxable property of the City) beginning with the calendar year 2011, and from year to year thereafter, on all taxable property located within the boundaries of the City, to produce in each calendar year revenues sufficient to fulfill the City's obligations hereunder, from which revenues there shall be appropriated sums sufficient to pay in full when due all of the obligations herein contracted to be paid by the City.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**15. DOWNTOWN DEVELOPMENT AUTHORITY – NOTE PAYABLE, (Continued)**

Annual repayment requirements under the debt agreement are as follow:

<u>F/Y/E</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2013	9,078	11,582
2014	9,627	11,033
2015	10,209	10,450
2016	10,827	9,833
2017	11,482	9,178
2018	12,177	8,483
2019	12,913	7,746
2020	13,695	6,965
2021	14,523	6,139
2022	15,402	5,258
2023	16,334	4,326
2024	17,322	3,338
2025	18,370	2,290
2026	19,489	1,179
	<u>\$ 191,448</u>	<u>\$ 97,800</u>

**16. EMPLOYEE BENEFIT PLANS**

**A. Plan Description**

The City's defined benefit pension plan, City of Stone Mountain's Retirement Plan (SRP), provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by the City Council. SRP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303.

**B. Funding Policy**

SRP members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 9.69% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

(See Independent Auditor's Report)



**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**16. EMPLOYEE BENEFIT PLANS-(Continued)**

**C. Annual Pension Cost**

For the fiscal year, the City's annual pension cost of \$131,575 for SRP was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.5% plus age and service based merit increases per year. Both (a) and (b) included an inflation component of 3.5%. The actuarial of SRP assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. SRP's unfunded actuarial accrued liability is being amortized (closed level dollar method) over a 30-year period from 1981 and current changes in the unfunded actuarial liability over 15 years for actuarial gains and losses, 20-years for plan provision and 30 years for actuarial assumptions and cost methods. The remaining amortization period at December 31, 2012 was 3 years. Those amortization periods, if applicable, are closed for this plan year. The actuarial accrued liability as of July 1, 2011 was \$2,044,402. Plan provisions and actuarial assumptions are the same as those used in previous valuations.

**D. Trend Information**

Annual trend information required by generally accepted accounting principles is present on page 41 and reveals the progress made in accumulating sufficient assets to pay benefits when due.

**Three-Year Trend Information for SRP**

Actuarial Report Date	Calendar Year Expense	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
7/1/2011	2012	\$ 131,575	100.0%	\$ -
7/1/2010	2011	\$ 138,350	100.0%	\$ -
10/1/2009	2010	\$ 152,346	100.0%	\$ -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ 2,366,590	\$ 2,329,492	\$ (37,098)	101.6%	\$ 1,497,599	-2.5%
7/1/2011	\$ 2,134,840	\$ 2,044,402	\$ (90,438)	104.4%	\$ 1,334,568	-6.8%
7/1/2010	\$ 1,908,589	\$ 1,831,012	\$ (77,577)	104.2%	\$ 1,431,481	-5.4%

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**17. PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2012 the City adopted Governmental Accounting Standard Board's Statements No. 63 *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* and No. 65 *Items Previously Reported as Assets and Liabilities*. These Statements provide guidance for reporting deferred outflows of resources and deferred inflows of resources balances which are distinguished from assets and liabilities. The Statements change the terminology of the residual of all other elements presented in a statement of financial position to *net position* from net assets. The Statements provide guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities, along with defining items previously reported as assets and liabilities.

As a result of the adoption of the Statements, the City was required to make a prior period adjustment to its previously reported Net Assets (Net Position) since debt issuance cost is no longer considered an asset. The Statements changed the reporting requirement for debt issuance costs so that these cost are now recognized as an expense in the period incurred. The City made the following prior period adjustment as a result of the adoption of these Statements:

	Governmental Activities
Net Position (Net Assets) -	
Beginning of the year	\$ 4,123,746
Adjustment to write-off debt issuance cost, net of accumulated amortization	<u>(19,712)</u>
Beginning of the year, adjusted	<u>\$ 4,104,034</u>

**18. SHORT TERM BORROWINGS**

During the year ended December 31, 2012 the City entered into two tax anticipation note obligations for operating purposes of \$850,000 at a local financial institution. The borrowing, with a variable interest rate equal to 30-day LIBOR plus 1.9%, matured on December 31, 2012. Total short-term borrowings interest incurred and expended for the year ended December 31, 2012 was \$12,740.

The following is a summary of the City's short-term borrowings for the year ended December 31, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
Tax anticipation note	<u>\$ -</u>	<u>\$ 850,000</u>	<u>\$ (850,000)</u>	<u>\$ -</u>

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**19. SUBSEQUENT EVENTS**

In January 2013, the City issued a tax anticipation note for operating purposes of \$975,000 at a local financial institution. The note is actually a line of credit and the balance as of April 19, 2013 amounted to \$370,827. The borrowing, with a variable interest rate of LIBOR plus 1.5949%, matures on December 31, 2013.

**20. RECURRING FINANCIAL DEFICITS**

The City has suffered significant losses in its General Fund over the last six years. Total losses over the last six years have amounted to \$2,552,945. This situation has resulted in the City's General Fund having a fund balance deficit of \$258,079, including an unassigned fund balance deficit of \$272,746. As a result the City has incurred significant cash flow problems.

In November 2012 the Mayor and Council specifically directed the new City Manager to bring financial losses under control. In December 2012 the Mayor and Council adopted a budget for fiscal year 2013 that reduced revenue estimates by \$258,331 over previous budget proposals. Reductions in work force, reductions in employee benefits, and employee furloughs have been implemented as of March 2013 to offset the lower revenue estimates. An increase in the ad valorem tax rate from 18.8 mils to 19.8 mils was assumed in the adopted budget to raise revenue to meet anticipated increases in expenditures.

The City Manager has proposed an increase in the ad valorem tax rate that will equal the negative general fund balance of \$258,079. Assuming no change in the taxable digest, the increase in the ad valorem tax rate to eliminate the negative fund balance is estimated to be 3.5 mils. The total ad valorem tax rate for fiscal year 2013 is estimated to be 23.3 mils. An additional increase in the ad valorem tax rate will be necessary if budget projections are not met during the first five months of the fiscal year.

**21. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures, as a part of the combined statements - overview, of certain information concerning individual funds including-

- A. Deficit fund balances or net position balances of individual funds – As of December 31, 2012 the General Fund of the City had a deficit fund balance of \$258,079. The actions taken by Mayor and Council to alleviate this deficit are discussed in Note 20.
- B. Excess of expenditures over appropriations in individual funds – The City had no funds that incurred material excesses (if over 5 percent and greater than \$5,000) of expenditures over appropriations at the department level ( the legal level of control).
- C. The City has created a Tax Allocation District #1 (TAD) which centers on the City's Main Street commercial core, select commercial and residential areas and a 50-acre tract of newly incorporated, underdeveloped land. As taxable property is redeveloped and therefore improved, any property tax revenue increase above the base year value within the TAD is deposited into a special fund to pay for redevelopment costs within the TAD. The 2008 base year taxable value within the TAD was \$9,681,680. Subsequent years' taxable values inside the TAD have decreased. Therefore, no taxes were realized that were required to be deposited into a special fund as of December 31, 2012.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
ANALYSIS OF PENSION PLAN FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ 2,366,590	\$ 2,329,492	\$ (37,098)	101.6%	\$ 1,497,599	-2.5%
7/1/2011	\$ 2,134,840	\$ 2,044,402	\$ (90,438)	104.4%	\$ 1,334,568	-6.8%
7/1/2010	\$ 1,908,589	\$ 1,831,012	\$ (77,577)	104.2%	\$ 1,431,481	-5.4%
10/1/2009	\$ 1,710,744	\$ 1,926,004	\$ 215,260	88.8%	\$ 1,431,979	15.0%
11/1/2008	\$ 1,643,577	\$ 1,738,906	\$ 95,329	94.5%	\$ 1,287,889	7.4%
11/1/2007	\$ 1,493,518	\$ 1,488,626	\$ (4,892)	100.3%	\$ 1,149,047	-0.4%
11/1/2006	\$ 1,344,920	\$ 1,261,157	\$ (83,763)	106.6%	\$ 1,052,073	-8.0%
11/1/2005	\$ 1,229,705	\$ 1,135,767	\$ (93,938)	108.3%	\$ 771,160	-12.2%
11/1/2004	\$ 1,120,801	\$ 1,082,080	\$ (38,721)	103.6%	\$ 944,923	-4.1%
11/1/2003	\$ 1,024,228	\$ 1,007,232	\$ (16,996)	101.7%	\$ 831,880	-2.0%

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## **NONMAJOR FUNDS**

**CITY OF STONE MOUNTAIN, GEORGIA  
DECEMBER 31, 2011  
NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Cemetery Fund** - The Cemetery Fund is used to account for revenues from cemetery related services and contributions.

**Police Asset Forfeiture Fund** - To account for the assets confiscated from investigations into illegal drug activities. These assets are legally restricted to expenditures for law enforcement purposes.

**Hotel / Motel Tax Fund** - This fund is used by the City to account for proceeds from the City's Hotel / Motel Tax and the required 40% payment to a non-profit organization for promotional services.

**Artists Micro-Enterprise Fund** - To account for the proceeds from grants and other specific sources related to the Micro-Enterprise Program sponsored by the City to enhance economic development.

**CITY OF STONE MOUNTAIN, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

		Special Revenue			
		Cemetery	Police	Hotel /	Artists
		Fund	Asset	Motel	Micro-
			Forfeiture	Fund	Enterprise
			Fund		Fund
					Total
<b>Assets</b>					
Cash	\$ -	\$ 3,886	\$ -	\$ 13,928	\$ 17,814
Taxes receivable	-	-	-	-	-
Grant receivable	-	-	-	17,510	17,510
Deposits	-	-	-	10,040	10,040
	<u>\$ -</u>	<u>\$ 3,886</u>	<u>\$ -</u>	<u>\$ 41,478</u>	<u>\$ 45,364</u>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 27,450	\$ 27,450
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,450</u>	<u>27,450</u>
Fund Equity					
Restricted -					
Police Services	-	3,886	-	-	3,886
Economic Development	-	-	-	14,028	14,028
Unassigned	-	-	-	-	-
Total Equity	<u>-</u>	<u>3,886</u>	<u>-</u>	<u>14,028</u>	<u>17,914</u>
Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 3,886</u>	<u>\$ -</u>	<u>\$ 41,478</u>	<u>\$ 45,364</u>



**CITY OF STONE MOUNTAIN, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Revenue				
	Cemetery	Police Asset Forfeiture	Hotel / Motel	Artists Micro- Enterprise	Total
	Fund	Fund	Fund	Fund	
Revenues:					
Cemetery lot sales	\$ 6,200	\$ -	\$ -	\$ -	\$ 6,200
Taxes	-	-	146	-	146
Intergovernmental	-	-	-	197,841	197,841
Fines and forfeitures	-	-	-	-	-
Other	5,000	-	9,000	13,566	27,566
Total Revenue	11,200	-	9,146	211,407	231,753
Expenditures;					
Current:					
Salaries and benefits	2,396	-	-	-	2,396
Purchased/contracted services	7,222	-	13,731	144,052	165,005
Supplies	-	-	-	37,254	37,254
Total Expenditures	9,618	-	13,731	181,306	204,655
Excess (deficiency) of revenues over expenditures	1,582	-	(4,585)	30,101	27,098
Other financing sources (uses)					
Transfers in (out)	(1,582)	-	4,585	-	3,003
Net Change in Fund Balances	-	-	-	30,101	30,101
Fund Balance-Beginning of Year	-	3,886	-	(16,073)	(12,187)
Fund Balance-End of Year	\$ -	\$ 3,886	\$ -	\$ 14,028	\$ 17,914

## **GENERAL FUND**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF STONE MOUNTAIN, GEORGIA  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash	\$ 108,588	\$ 521,746
Receivables -		
Property taxes	204,204	78,461
Franchise taxes	170,925	178,286
Other taxes	40,852	41,261
Fines, net of allowance for bad debts of \$306,000 in 2012 and 386,000 in 2011	204,040	226,568
Intergovernmental	9,966	-
Miscellaneous	13,347	13,347
Due from other funds	-	-
Due from DDA	-	-
Prepaid expenses	14,667	16,088
Total assets	<u>\$ 766,589</u>	<u>\$ 1,075,757</u>
 <b>Liabilities</b>		
Accounts payable	\$ 228,275	\$ 333,979
Accrued liabilities	96,753	102,360
Due to other funds	396,894	376,765
Unearned revenues	14,840	7,600
Total liabilities	<u>736,762</u>	<u>820,704</u>
 <b>Deferred Inflows of Resources</b>		
Unavailable revenues	<u>287,906</u>	<u>241,900</u>
 <b>Fund Balance (Deficit)</b>		
Nonspendable - prepaid items	14,667	16,088
Unassigned	<u>(272,746)</u>	<u>(2,935)</u>
Total fund balance (deficit)	<u>(258,079)</u>	<u>13,153</u>
 Total liabilities, deferred inflows of resources and fund balance (deficit)	 <u>\$ 766,589</u>	 <u>\$ 1,075,757</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the years ended December 31, 2012 and 2011**

	2012	2011
<b>Revenues:</b>		
Taxes	\$ 1,925,902	\$ 1,698,667
Business licenses and permits	71,306	60,090
Intergovernmental	34,400	-
Service fees	8,739	10,934
Fines and forfeitures	747,706	937,332
Interest	164	648
Rents	9,800	10,475
Miscellaneous	18,110	29,586
<b>Total revenues</b>	<u>2,816,127</u>	<u>2,747,732</u>
<b>Expenditures:</b>		
Current-		
Governing Body	37,791	38,898
General Government	227,912	185,833
Financial Administration	307,659	331,208
Government Buildings	28,150	19,518
Municipal Court	338,564	384,083
Public Safety	1,272,664	1,430,951
Highways and Streets	375,022	389,026
Culture and Recreation	163,738	159,765
Economic Development	122,303	97,396
Community Development	8,902	52,643
Capital Outlay	-	-
Debt service -		
Principal	116,455	57,910
Interest	70,324	4,928
<b>Total expenditures</b>	<u>3,069,484</u>	<u>3,152,159</u>
Excess (deficiency) of revenues over expenditures	<u>(253,357)</u>	<u>(404,427)</u>
Other financing sources (uses)		
Capital lease proceeds	-	77,367
Transfers (net)	(17,875)	(352,097)
<b>Total other financing sources (uses)</b>	<u>(17,875)</u>	<u>(274,730)</u>
Net change in fund balance	(271,232)	(679,157)
Fund Balance-Beginning of Year	13,153	692,310
Fund Balance-End of Year	<u>\$ (258,079)</u>	<u>\$ 13,153</u>

(See accompanying notes to the financial statements.)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULES OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual amounts for the year ended December 31, 2011)**

	2012			2011
	Final Budget	Actual	Variance	Actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property	\$ 1,477,143	\$ 1,137,916	\$ (339,227)	\$ 949,696
Utility franchise	232,800	244,972	12,172	255,459
Host tax	90,000	65,909	(24,091)	65,215
Alcoholic beverage	15,000	35,452	20,452	29,632
Insurance premium	275,000	289,056	14,056	272,138
Motor vehicle	55,000	84,983	29,983	59,680
Intangible taxes	7,000	19,380	12,380	10,249
Business and occupational	48,200	46,333	(1,867)	54,446
Other taxes	2,000	1,901	(99)	2,152
Total taxes	<u>2,202,143</u>	<u>1,925,902</u>	<u>(276,241)</u>	<u>1,698,667</u>
<b>Business Licenses and Permits</b>	<u>31,400</u>	<u>71,306</u>	<u>39,906</u>	<u>60,090</u>
<b>Service Fees</b>				
Police services	8,500	8,134	(366)	8,529
Miscellaneous	<u>2,700</u>	<u>605</u>	<u>(2,095)</u>	<u>2,405</u>
Total service fees	<u>11,200</u>	<u>8,739</u>	<u>(2,461)</u>	<u>10,934</u>
<b>Fines and Forfeitures</b>	<u>933,100</u>	<u>747,706</u>	<u>(185,394)</u>	<u>937,332</u>
<b>Rents</b>	<u>7,350</u>	<u>9,800</u>	<u>2,450</u>	<u>10,475</u>
<b>Interest Earned</b>	<u>3,500</u>	<u>164</u>	<u>(3,336)</u>	<u>648</u>
<b>Intergovernmental</b>	<u>64,000</u>	<u>34,400</u>	<u>(29,600)</u>	<u>-</u>
<b>Miscellaneous</b>				
Other	<u>13,400</u>	<u>18,110</u>	<u>4,710</u>	<u>29,586</u>
Total	<u>13,400</u>	<u>18,110</u>	<u>4,710</u>	<u>29,586</u>
<b>Total Revenues</b>	<u>\$ 3,266,093</u>	<u>\$ 2,816,127</u>	<u>\$ (449,966)</u>	<u>\$ 2,747,732</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual totals for the year ended December 31, 2011)**

	2012			2011
	Final Budget	Actual	Variance	Actual
<b>Expenditures</b>				
<b>Governing Body</b>				
Personal services and benefits	\$ 36,266	\$ 35,900	\$ 366	\$ 35,218
Purchased / contracted services	6,381	1,218	5,163	3,232
Supplies	905	673	232	448
Total operating	43,552	37,791	5,761	38,898
Total Governing Body	43,552	37,791	5,761	38,898
<b>General Government</b>				
Personal services and benefits	11,000	13,359	(2,359)	3,256
Purchased / contracted services	186,560	179,506	7,054	150,537
Supplies	15,530	7,042	8,488	12,048
Other	13,414	28,005	(14,591)	19,992
Total operating	226,504	227,912	(1,408)	185,833
Capital outlay	-	-	-	-
Total General Government	226,504	227,912	(1,408)	185,833
<b>Financial Administration</b>				
Personal services and benefits	278,500	249,745	28,755	277,195
Purchased / contracted services	41,950	47,414	(5,464)	45,653
Supplies	13,250	10,500	2,750	8,360
Total operating	333,700	307,659	26,041	331,208
Capital outlay	1,300	-	1,300	-
Total Financial Administration	335,000	307,659	27,341	331,208

Continued

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual totals for the year ended December 31, 2011)**

	2012			2011
	Final Budget	Actual	Variance	Actual
<b>Government Buildings</b>				
Purchased / contracted services	\$ 13,020	\$ 13,081	\$ (61)	\$ 8,118
Supplies	12,500	15,069	(2,569)	11,400
Total operating	25,520	28,150	(2,630)	19,518
Capital outlay	-	-	-	-
Total Government Buildings	25,520	28,150	(2,630)	19,518
<b>Municipal Court</b>				
Personal services and benefits	140,175	140,829	(654)	134,338
Purchased / contracted services	56,560	42,901	13,659	48,651
Supplies	2,610	1,247	1,363	2,182
Payments to others	218,300	153,587	64,713	198,912
Total operating	417,645	338,564	79,081	384,083
Capital outlay	-	-	-	-
Total Municipal Court	417,645	338,564	79,081	384,083
<b>Public Safety</b>				
Police				
Personal services and benefits	1,052,660	1,112,029	(59,369)	1,177,678
Purchased / contracted services	88,470	84,906	3,564	102,048
Supplies	76,175	75,729	446	73,857
Total operating	1,217,305	1,272,664	(55,359)	1,353,583
Capital outlay	-	-	-	77,368
Total Public Safety	1,217,305	1,272,664	(55,359)	1,430,951

Continued

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual totals for the year ended December 31, 2011)**

	2012			2011
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>Highways and Streets</b>				
Personal services and benefits	\$ 245,580	\$ 237,254	\$ 8,326	\$ 222,375
Purchased / contracted services	61,618	15,291	46,327	36,927
Supplies	<u>137,597</u>	<u>122,477</u>	<u>15,120</u>	<u>129,724</u>
Total operating	<u>444,795</u>	<u>375,022</u>	<u>69,773</u>	<u>389,026</u>
Capital outlay	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
Total Highways and Streets	<u>447,295</u>	<u>375,022</u>	<u>72,273</u>	<u>389,026</u>
<b>Culture and Recreation</b>				
Personal services and benefits	137,950	141,373	(3,423)	134,227
Purchased / contracted services	19,400	16,614	2,786	17,773
Supplies	<u>13,900</u>	<u>5,751</u>	<u>8,149</u>	<u>7,765</u>
Total operating	<u>171,250</u>	<u>163,738</u>	<u>7,512</u>	<u>159,765</u>
Capital outlay	<u>2,200</u>	<u>-</u>	<u>2,200</u>	<u>-</u>
Total Recreation	<u>173,450</u>	<u>163,738</u>	<u>9,712</u>	<u>159,765</u>

Continued



**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual totals for the year ended December 31, 2011)**

	2012			2011
	Final Budget	Actual	Variance	Actual
<b>Economic Development</b>				
Personal services and benefits	\$ 57,580	\$ 56,076	\$ 1,504	\$ 57,257
Purchased / contracted services	96,995	63,392	33,603	37,320
Supplies	4,151	2,835	1,316	2,819
Total operating	158,726	122,303	36,423	97,396
Capital outlay	-	-	-	-
Total Economic Development	158,726	122,303	36,423	97,396
<b>Community Development</b>				
Personal services and benefits	26,721	8,406	18,315	52,442
Purchased / contracted services	3,000	496	2,504	201
Total Community Development	29,721	8,902	20,819	52,643
<b>Debt Service</b>				
Principal	127,230	116,455	10,775	57,910
Interest	70,146	70,324	(178)	4,928
Total Debt Service	197,376	186,779	10,597	62,838
Total Expenditures	\$ 3,272,094	\$ 3,069,484	\$ 202,610	\$ 3,152,159

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## **SPECIAL REVENUE FUNDS**

**Cemetery Fund** - The Cemetery Fund is used to account for revenues from cemetery related services and contributions.

**Police Asset Forfeiture Fund** - To account for the assets confiscated from investigations into illegal drug activities. These assets are legally restricted to expenditures for law enforcement purposes.

**Hotel / Motel Tax Fund** - This fund is used by the City to account for proceeds from the City's Hotel / Motel Tax and the required 40% payment to a non-profit organization for promotional services.

**Artists Micro-Enterprise Fund** - This fund is used to account for the proceeds from grants and other specific sources related to the Micro-Enterprise Program sponsored by the City to enhance economic development.

**CITY OF STONE MOUNTAIN, GEORGIA  
CEMETERY FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011**

<b>Assets</b>	<u>2012</u>	<u>2011</u>
Due from other funds	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>		
Liabilities	\$ -	\$ -
Fund balance		
Restricted for cemetery up-keep	-	-
Total fund balance	<u>\$ -</u>	<u>\$ -</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**CEMETERY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual amounts for the year ended December 31, 2011)**

	2012			2011
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Cemetery lot sales	\$ 1,500	\$ 6,200	\$ 4,700	\$ 2,850
Gifts	5,000	5,000	-	5,300
<b>Total Revenues</b>	<u>6,500</u>	<u>11,200</u>	<u>4,700</u>	<u>8,150</u>
<b>Expenditures</b>				
Current				
Salaries and benefits	3,650	2,396	1,254	-
Purchased/contracted services	2,850	7,222	(4,372)	14,785
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>6,500</u>	<u>9,618</u>	<u>(3,118)</u>	<u>14,785</u>
Excess of revenues over (under) expenditures	-	1,582	1,582	(6,635)
Other financing sources (uses)				
Transfers	-	(1,582)	(1,582)	6,635
Net change in fund balance	-	-	-	-
Fund Balance-Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance-End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF STONE MOUNTAIN, GEORGIA  
POLICE ASSET FORFEITURE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011**

<b>Assets</b>	<u>2012</u>	<u>2011</u>
Cash	\$ 3,886	\$ 3,886
Total assets	<u>\$ 3,886</u>	<u>\$ 3,886</u>
<b>Liabilities and Fund Balance</b>		
Liabilities		
Due to other funds	<u>-</u>	<u>-</u>
Fund balance:		
Restricted for police budget enhancement	<u>3,886</u>	<u>3,886</u>
Total liabilities and fund balance	<u>\$ 3,886</u>	<u>\$ 3,886</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**POLICE ASSET FORFEITURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual amounts for the year ended December 31, 2011)**

	2012			2011
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Forfeitures	\$ 4,000	\$ -	\$ (4,000)	\$ -
Other	-	-	-	-
Total Revenues	4,000	-	(4,000)	-
<b>Expenditures</b>				
Current -				
Supplies	800	-	800	-
Capital outlay-				
Machinery and equipment	3,200	-	3,200	-
Total Expenditures	4,000	-	4,000	-
Excess (deficiency) of				
Revenues over Expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balance-Beginning				
of Year	-	3,886	3,886	3,886
Fund Balance-End of Year	\$ -	\$ 3,886	\$ 3,886	\$ 3,886

**CITY OF STONE MOUNTAIN, GEORGIA  
HOTEL / MOTEL TAX FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Taxes receivable	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>		
Liabilities	\$ -	\$ -
Fund balance - Restricted for Tourism and Promotion	-	-
Total Liabilities and Equity	<u>\$ -</u>	<u>\$ -</u>



**CITY OF STONE MOUNTAIN, GEORGIA**  
**HOTEL / MOTEL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual amounts for the year ended December 31, 2011)**

	2012			2011
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Hotel / Motel tax	\$ 1,500	\$ 146	\$ (1,354)	\$ 1,003
Contributions from SMMA	9,000	9,000	-	9,000
Total Revenues	10,500	9,146	(1,354)	10,003
<b>Expenditures</b>				
Current -				
Tourism and Promotion	14,000	13,731	269	19,971
Total Expenditures	14,000	13,731	269	19,971
Excess (deficiency) of Revenues over Expenditures	(3,500)	(4,585)	(1,085)	(9,968)
Other financing sources (uses)				
Transfers in (out)	3,500	4,585	1,085	8,618
Net change in fund balance	-	-	-	(1,350)
Fund Balance-Beginning of Year	-	-	-	1,350
Fund balance-end of Year	\$ -	\$ -	\$ -	\$ -

**CITY OF STONE MOUNTAIN, GEORGIA  
ARTISTS MICROENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 2012**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash	\$ 13,928	\$ 1,446
Grant receivable	17,510	24,880
Deposits	<u>10,040</u>	<u>10,040</u>
Total Assets	<u>\$ 41,478</u>	<u>\$ 36,366</u>
 <b>Liabilities</b>		
Accounts payable	\$ 27,450	\$ 27,559
Accrued liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>27,450</u>	<u>27,559</u>
 <b>Deferred Inflows of Resources</b>		
Unavailable revenues	<u>-</u>	<u>24,880</u>
 <b>Fund Balance -</b>		
Unassigned	<u>14,028</u>	<u>(16,073)</u>
Total liabilities, deferred inflows of revenues and fund balance	<u>\$ 41,478</u>	<u>\$ 36,366</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**ARTISTS MICROENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual amounts for the year ended December 31, 2011)**

	2012			2011
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Intergovernmental	\$ 256,460	\$ 197,841	\$ (58,619)	\$ 157,480
Rents	4,200	3,700	(500)	2,875
Commissions	3,000	9,094	6,094	9,170
Miscellaneous	-	772	772	705
			-	
Total Revenues	<u>263,660</u>	<u>211,407</u>	<u>(52,253)</u>	<u>170,230</u>
<b>Expenditures</b>				
Current -				
Purchased / Contracted Services	199,100	144,052	55,048	184,050
Supplies	<u>64,560</u>	<u>37,254</u>	<u>27,306</u>	<u>30,327</u>
Total Expenditures	<u>263,660</u>	<u>181,306</u>	<u>82,354</u>	<u>214,377</u>
Excess (deficiency) of Revenues over Expenditures	-	30,101	30,101	(44,147)
Other Financing Sources (Uses)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,819</u>
Net change in fund balance	-	30,101	30,101	(36,328)
Fund balance - beginning	<u>(16,073)</u>	<u>(16,073)</u>	<u>-</u>	<u>20,255</u>
Fund balance - ending	<u>\$ (16,073)</u>	<u>\$ 14,028</u>	<u>\$ 30,101</u>	<u>\$ (16,073)</u>

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## **Capital Project Funds**

**Capital Projects Fund** - This fund is used to account for the acquisition and construction of capital facilities and equipment, other than those financed by proprietary funds, that are financed with state and federal financial assistance.

**CITY OF STONE MOUNTAIN, GEORGIA  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash	\$ -	\$ 298,178
Grant receivable	<u>45,747</u>	<u>435,691</u>
Total Assets	<u>\$ 45,747</u>	<u>\$ 733,869</u>
 <b>Liabilities</b>		
Accounts payable	\$ -	\$ 326,396
Accrued liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>326,396</u>
 <b>Deferred Inflows of Resources</b>		
Unavailable revenues	<u>45,747</u>	<u>255,692</u>
 <b>Fund balance -</b>		
Restricted for capital outlay	-	151,781
Unassigned	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>151,781</u>
 <b>Total Liabilities, Deferred Inflows of resources and Fund Balance</b>	 <u>\$ -</u>	 <u>\$ 478,177</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2012**  
**(With comparative actual amounts for the year ended December 31, 2011)**

		2012		2011
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Intergovernmental	\$ 502,328	\$ 156,292	\$ (346,036)	\$ 510,655
Interest	-	55	55	1,217
Taxes	<u>66,757</u>	<u>-</u>	<u>(66,757)</u>	<u>-</u>
Total Revenues	<u>569,085</u>	<u>156,347</u>	<u>(412,738)</u>	<u>511,872</u>
<b>Expenditures</b>				
Capital Outlay				
Highways and Streets	333,785	172,722	161,063	204,552
General Government Buildings	294,125	251,051	43,074	1,807,417
Debt Service				
Debt Issue Cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,569</u>
Total Expenditures	<u>627,910</u>	<u>423,773</u>	<u>204,137</u>	<u>2,032,538</u>
Excess (deficiency) of Revenues over Expenditures	(58,825)	(267,426)	(208,601)	(1,520,666)
Other Financing Sources (Uses)				
Capital Lease Proceeds	-	99,123	99,123	1,525,000
Transfers	<u>58,825</u>	<u>16,522</u>	<u>(42,303)</u>	<u>301,229</u>
Net change in fund balance	-	(151,781)	(151,781)	305,563
Fund balance-Beginning of Year	<u>151,781</u>	<u>151,781</u>	<u>-</u>	<u>(153,782)</u>
Fund balance-end of Year	<u>\$ 151,781</u>	<u>\$ -</u>	<u>\$ (151,781)</u>	<u>\$ 151,781</u>

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## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

**The Solid Waste Fund** is used to account for activities connected with the collection and disposal of solid waste within the City of Stone Mountain. The fund was created in order to comply with the State of Georgia Financial Reporting requirements.

**The Stormwater Management Fund** is used to account for activities related to solving existing flooding problems and prevent future flood damage, maintaining and improving the system of stormwater management infrastructure and preserving and protecting the beneficial functions of natural drainage systems.

**CITY OF STONE MOUNTAIN, GEORGIA  
SOLID WASTE ENTERPRISE FUND  
COMPARATIVE STATEMENT OF NET POSITION  
DECEMBER 31, 2012 AND 2011**

<b>Assets</b>	<u>2012</u>	<u>2011</u>
<b>Current assets</b>		
Accounts receivable		
Sanitation	\$ 47,321	\$ 33,818
Dumpsters	6,503	12,073
Grant	<u>-</u>	<u>-</u>
Total current assets	<u>53,824</u>	<u>45,891</u>
<b>Noncurrent assets</b>		
Capital assets		
Automobiles	68,481	68,481
Machinery and equipment	23,130	46,716
Accumulated depreciation	<u>(70,203)</u>	<u>(70,532)</u>
Capital assets (net of depreciation)	<u>21,408</u>	<u>44,665</u>
Total noncurrent assets	<u>21,408</u>	<u>44,665</u>
 Total assets	 <u>75,232</u>	 <u>90,556</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	13,236	-
Unearned revenue	14,140	11,898
Accrued liabilities	<u>299</u>	<u>-</u>
Current liabilities	<u>27,675</u>	<u>11,898</u>
Noncurrent liabilities		
Capital lease payable	<u>-</u>	<u>-</u>
Total noncurrent liabilities		
 Total liabilities	 <u>27,675</u>	 <u>11,898</u>
<b>Net Position</b>		
Invested in capital assets	21,408	44,665
Unrestricted	<u>26,149</u>	<u>33,993</u>
 Total net position	 <u>\$ 47,557</u>	 <u>\$ 78,658</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the years ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Refuse collection	\$ 379,170	\$ 362,132
Dumpster collection	138,892	135,417
Miscellaneous	<u>-</u>	<u>-</u>
Total operating revenues	<u>518,062</u>	<u>497,549</u>
OPERATING EXPENSES:		
Purchased products and services		
Landfill fees	716	1,681
Dumpster collection	128,195	120,209
Sanitation expense	351,583	338,595
Personal services and benefits	15,664	17,908
Purchased / contracted services	1,536	1,536
Supplies	1,277	1,053
Depreciation	11,955	12,446
Bad debt expense	1,400	2,000
Other	<u>25,085</u>	<u>-</u>
Total operating expenses	<u>537,411</u>	<u>495,428</u>
Operating income	<u>(19,349)</u>	<u>2,121</u>
NONOPERATING INCOME/(EXPENSES)		
Loss on sale of capital assets	<u>(10,102)</u>	<u>-</u>
Total nonoperating income/(expense)	<u>(10,102)</u>	<u>-</u>
Income before transfers and capital contributions	(29,451)	2,121
Capital contributions	-	-
Transfers in/(out)	<u>(1,650)</u>	<u>27,796</u>
Change in net position	(31,101)	29,917
NET POSITION, BEGINNING OF YEAR	<u>78,658</u>	<u>48,741</u>
NET POSITION, END OF YEAR	<u>\$ 47,557</u>	<u>\$ 78,658</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 512,371	\$ 493,237
Cash paid to suppliers	(500,212)	(508,303)
Cash paid to employees	<u>(11,709)</u>	<u>(12,730)</u>
Net cash provided by operating activities	<u>450</u>	<u>(27,796)</u>
Cash flows from capital financing activities:		
Proceeds from sales of capital assets	1,200	-
Purchase of capital assets	-	-
Principal paid on capital debt	<u>-</u>	<u>-</u>
Net cash provided by capital financing activities	<u>1,200</u>	<u>-</u>
Cash flows from non-capital financing activities:		
Transfers	<u>(1,650)</u>	<u>27,796</u>
Net cash provided by non-capital financing activities	<u>(1,650)</u>	<u>27,796</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents - Beginning of Year	<u>-</u>	<u>-</u>
Cash and cash equivalents - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**STATEMENTS OF CASH FLOWS**

	<u>2012</u>	<u>2011</u>
Operating income (loss)	\$ (19,349)	\$ 2,121
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,955	12,446
(Increase) decrease in receivables	(7,933)	(1,333)
Increase (decrease) in accounts payable	13,236	(38,051)
Increase (decrease) in unearned revenues	2,242	860
Increase (decrease) in customer deposits	-	(3,839)
Increase (decrease) in accrued liabilities	<u>299</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 450</u>	<u>\$ (27,796)</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STORMWATER MANAGEMENT FUND**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables, net -		
Accounts	\$ 36,111	\$ 27,444
Due from FEMA	-	-
Due from other funds	<u>396,894</u>	<u>376,765</u>
Total current assets	<u>433,005</u>	<u>404,209</u>
<b>Non-Current Assets</b>		
Capital assets -		
Infrastructure	843,097	766,441
Accumulated depreciation	<u>(61,450)</u>	<u>(41,044)</u>
Capital assets, net of depreciation	<u>781,647</u>	<u>725,397</u>
Total non-current assets	<u>781,647</u>	<u>725,397</u>
Total Assets	<u>1,214,652</u>	<u>1,129,606</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	<u>-</u>	<u>-</u>
Total current liabilities	<u>-</u>	<u>-</u>
<b>Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Investment in capital assets	781,647	725,397
Unrestricted	<u>433,005</u>	<u>404,209</u>
Total Net Position	<u>\$ 1,214,652</u>	<u>\$ 1,129,606</u>

**CITY OF STONE MOUNTAIN, GEORGIA  
STORMWATER MANAGEMENT FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 147,276	\$ 146,419
Total operating revenues	<u>147,276</u>	<u>146,419</u>
<b>OPERATING EXPENSES</b>		
Purchased/contracted services	48,547	32,035
Supplies	-	-
Depreciation	20,406	17,008
Other	-	7,043
Total operating expenses	<u>68,953</u>	<u>56,086</u>
Operating income (loss)	78,323	90,333
<b>Non-operating revenues and (expenses)</b>		
Interest income	<u>-</u>	<u>-</u>
Income before transfers and capital contributions	78,323	90,333
Capital contributions	6,723	50,423
Transfers	<u>-</u>	<u>-</u>
Change in net position	85,046	140,756
NET POSITION - BEGINNING	<u>1,129,606</u>	<u>988,850</u>
NET POSITION - ENDING	<u>\$ 1,214,652</u>	<u>\$ 1,129,606</u>

**CITY OF STONE MOUNTAIN, GEORGIA  
STORMWATER MANAGEMENT FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers and users	\$ 138,609	\$ 143,594
Cash paid to suppliers for goods	(48,547)	(39,078)
Cash paid to employees	<u>-</u>	<u>-</u>
Net cash provided from operating activities	<u>90,062</u>	<u>104,516</u>
<b>Cash flows from investing activities:</b>		
Interest income	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from non-capital financing activities:</b>		
Change in due to/from other funds	<u>(20,129)</u>	<u>(29,363)</u>
Net cash flows from non-capital financing activities	<u>(20,129)</u>	<u>(29,363)</u>
<b>Cash flows from capital financing activities:</b>		
Proceeds from capital contributions	6,723	82,291
Purchase of capital assets	<u>(76,656)</u>	<u>(157,444)</u>
Net cash flows from capital financing activities	<u>(69,933)</u>	<u>(75,153)</u>
Net cash flows	-	-
Cash and cash equivalents - beginning	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**CITY OF STONE MOUNTAIN, GEORGIA  
STORMWATER MANAGEMENT FUND  
STATEMENTS OF CASH FLOWS**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

	<u>2012</u>	<u>2011</u>
<b>Operating income (loss)</b>	<b>\$ 78,323</b>	<b>\$ 90,333</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	20,406	17,008
(Increase) decrease in receivables	(8,667)	(2,825)
Increase (decrease) in accounts payable	-	-
Total adjustments	<u>11,739</u>	<u>14,183</u>
<b>Net cash from operating activities</b>	<b>\$ 90,062</b>	<b>\$ 104,516</b>

**CITY OF STONE MOUNTAIN, GEORGIA  
DOWNTOWN DEVELOPMENT AUTHORITY  
BALANCE SHEET  
DECEMBER 31, 2012**

	<u>2012</u>
<b>Assets</b>	
Assets:	
Cash	\$ 14,319
Rents receivable	<u>16,620</u>
Total Assets	<u>\$ 30,939</u>
 <b>Liabilities and Fund Equity</b>	
Liabilities:	
Tenant deposits	\$ <u>1,025</u>
Total Liabilities	<u>1,025</u>
 Fund equity:	
Fund Balance - Unassigned	<u>29,914</u>
Total Fund Equity	<u>29,914</u>
Total Liabilities and Fund Equity	<u>\$ 30,939</u>

**CITY OF STONE MOUNTAIN, GEORGIA  
DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2012</u>
Revenues:	
Rents	\$ 35,870
Miscellaneous	<u>-</u>
Total Revenues	<u>35,870</u>
Expenditures:	
Purchased / contracted services	2,617
Supplies	2,200
Debt service -	
Principal	8,560
Interest	<u>12,100</u>
Total Expenditures	<u>25,477</u>
Excess of revenues over (under) expenditures	10,393
Other financing sources (uses):	
Proceeds from note issue	-
Proceeds from sale of asset	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Net change in fund balance	10,393
Fund Balance - Beginning of year	<u>19,521</u>
Fund Balance - End of year	<u>\$ 29,914</u>