

**CITY OF STONE MOUNTAIN, GEORGIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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, 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

## 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 Schedule of Changes in the Pension Liability and Related Ratios on pages 49 - 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Stone Mountain, Georgia's basic financial statements for the year ended December 31, 2014, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stone Mountain, Georgia's basic financial statements as a whole. The individual fund financial statements related to the 2014 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

In accordance with Government Auditing Standards, we have also issued a report dated May 9, 2016 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 9, 2016

*James H. Whitaker, P.C.*  
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## **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, 2015. 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, 2015 by \$5,778,539. Of this amount unrestricted net position of \$1,391,175 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position decreased by \$109,735. Of this amount a decrease of \$166,402 was associated with governmental activities and an increase of \$56,667 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 balance of \$577,578, an increase of \$134,710 in comparison with the prior year. Of this amount \$280,886 is unassigned; \$7,337 is restricted for various specified activities; \$223,832 is assigned for the 2016 budget and \$65,523 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 \$288,024 or 9.4% of the General Fund expenditures.
- The City of Stone Mountain's total debt obligations (including accrued compensated absences) increased by the net of \$23,544. Principal payments were made on outstanding capital leases of \$123,674 while the City entered into new lease obligations amounting to \$184,738 for new police vehicles and related equipment. The City did implement GASB 68 during fiscal year 2015 which requires recognition of the City's "net pension liability, which was \$117,885 as of January 1, 2015 and \$127,990 at December 31, 2015.

### **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 non-major governmental funds. The governmental funds financial statements begin on page 15.

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 2015 budget. The budgetary comparison statements begin on page 20.

**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 26.

**Other information.** In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of a schedule of changes in pension liability and related ratios and combining and individual fund financial statements and schedules beginning on page 51.

### **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, 2015, the City's assets exceeded liabilities by \$5,778,539. The City's net position reflects its investment in capital assets (75.8 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 \$5,778,539, \$7,337 (0.1 percent) is restricted for various specified activities and \$1,391,175 (24.1 percent) is unrestricted.

City of Stone Mountain's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,073,099	\$ 1,184,406	\$ 638,859	\$ 560,318	\$ 1,711,958	\$ 1,744,724
Capital assets	5,146,032	5,362,075	810,859	832,426	5,956,891	6,194,501
Deferred outflows	191,563	-	-	-	191,563	-
Total assets	<u>6,410,694</u>	<u>6,546,481</u>	<u>1,449,718</u>	<u>1,392,744</u>	<u>7,860,412</u>	<u>7,939,225</u>
Current liabilities	266,048	435,399	14,263	13,956	280,311	449,355
Long-term liabilities	1,727,166	1,585,737	-	-	1,727,166	1,585,737
Deferred inflows	74,396	-	-	-	74,396	-
Total liabilities	<u>2,067,610</u>	<u>2,021,136</u>	<u>14,263</u>	<u>13,956</u>	<u>2,081,873</u>	<u>2,035,092</u>
Net position:						
Net investment in capital assets	3,569,168	3,846,276	810,859	832,426	4,380,027	4,678,702
Restricted	7,337	46,135	-	-	7,337	46,135
Unrestricted	<u>766,579</u>	<u>632,934</u>	<u>624,596</u>	<u>546,362</u>	<u>1,391,175</u>	<u>1,179,296</u>
Total net position	<u>\$ 4,343,084</u>	<u>\$ 4,525,345</u>	<u>\$ 1,435,455</u>	<u>\$ 1,378,788</u>	<u>\$ 5,778,539</u>	<u>\$ 5,904,133</u>

- (1) The net position for Governmental Activities was adjusted at the beginning of f/y 2015 as a result of the City implementing GASB Statements 68 which requires recognition of the City's Net Pension Liability and related deferred items. The adjustment resulted in a decrease in the net position of \$15,859 to \$4,509,486.

A portion of the net position (0.1 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position (\$1,391,175) 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.

**City of Stone Mountain's Change in Net Position  
For The Years Ended December 31, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues -						
Charges for services	\$ 510,612	\$ 789,575	\$ 669,449	\$ 668,645	\$ 1,180,061	\$ 1,458,220
Operating grants and contributions	26,053	32,478	-	-	26,053	32,478
Capital grants and contributions	66,574	276,886	-	-	66,574	276,886
General Revenues-						
Property taxes	1,586,113	1,418,179	-	-	1,586,113	1,418,179
Other taxes	843,061	817,957	-	-	843,061	817,957
Interest	3	157	-	-	3	157
Other	45,930	16,821	-	-	45,930	16,821
	<u>3,078,346</u>	<u>3,352,053</u>	<u>669,449</u>	<u>668,645</u>	<u>3,747,795</u>	<u>4,020,698</u>
<b>Expenses:</b>						
Governing body	32,971	33,581	-	-	32,971	33,581
General government	233,015	250,376	-	-	233,015	250,376
Financial administration	418,891	409,434	-	-	418,891	409,434
Government buildings	52,276	48,913	-	-	52,276	48,913
Municipal court and public safety	1,360,635	1,380,903	-	-	1,360,635	1,380,903
Highways and streets	805,156	516,841	-	-	805,156	516,841
Culture and recreation	175,798	138,425	-	-	175,798	138,425
Economic development	69,094	42,125	-	-	69,094	42,125
Tourism and promotion	27,218	26,704	-	-	27,218	26,704
Cemetery	14,847	10,566	-	-	14,847	10,566
Interest on long-term debt	63,035	62,199	-	-	63,035	62,199
Solid waste	-	-	512,770	514,964	512,770	514,964
Stormwater	-	-	91,824	109,860	91,824	109,860
	<u>3,252,936</u>	<u>2,920,067</u>	<u>604,594</u>	<u>624,824</u>	<u>3,857,530</u>	<u>3,544,891</u>
Increase (decrease) in net position before transfers	(174,590)	431,986	64,855	43,821	(109,735)	475,807
Transfers	<u>8,188</u>	<u>13,574</u>	<u>(8,188)</u>	<u>(13,574)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(166,402)	445,560	56,667	30,247	(109,735)	475,807
Net position - beginning of year	<u>4,509,486</u>	<u>4,079,785</u>	<u>1,378,788</u>	<u>1,348,541</u>	<u>5,888,274</u>	<u>5,428,326</u>
Net position - end of year	<u>\$ 4,343,084</u>	<u>\$ 4,525,345</u>	<u>\$ 1,435,455</u>	<u>\$ 1,378,788</u>	<u>\$ 5,778,539</u>	<u>\$ 5,904,133</u>

- (1) The net position for Governmental Activities was adjusted at the beginning of f/y 2015 as a result of the City implementing GASB Statements 68 which requires recognition of the City's Net Pension Liability and related deferred items. The adjustment resulted in a decrease in the net position of \$15,859 to \$4,509,486.

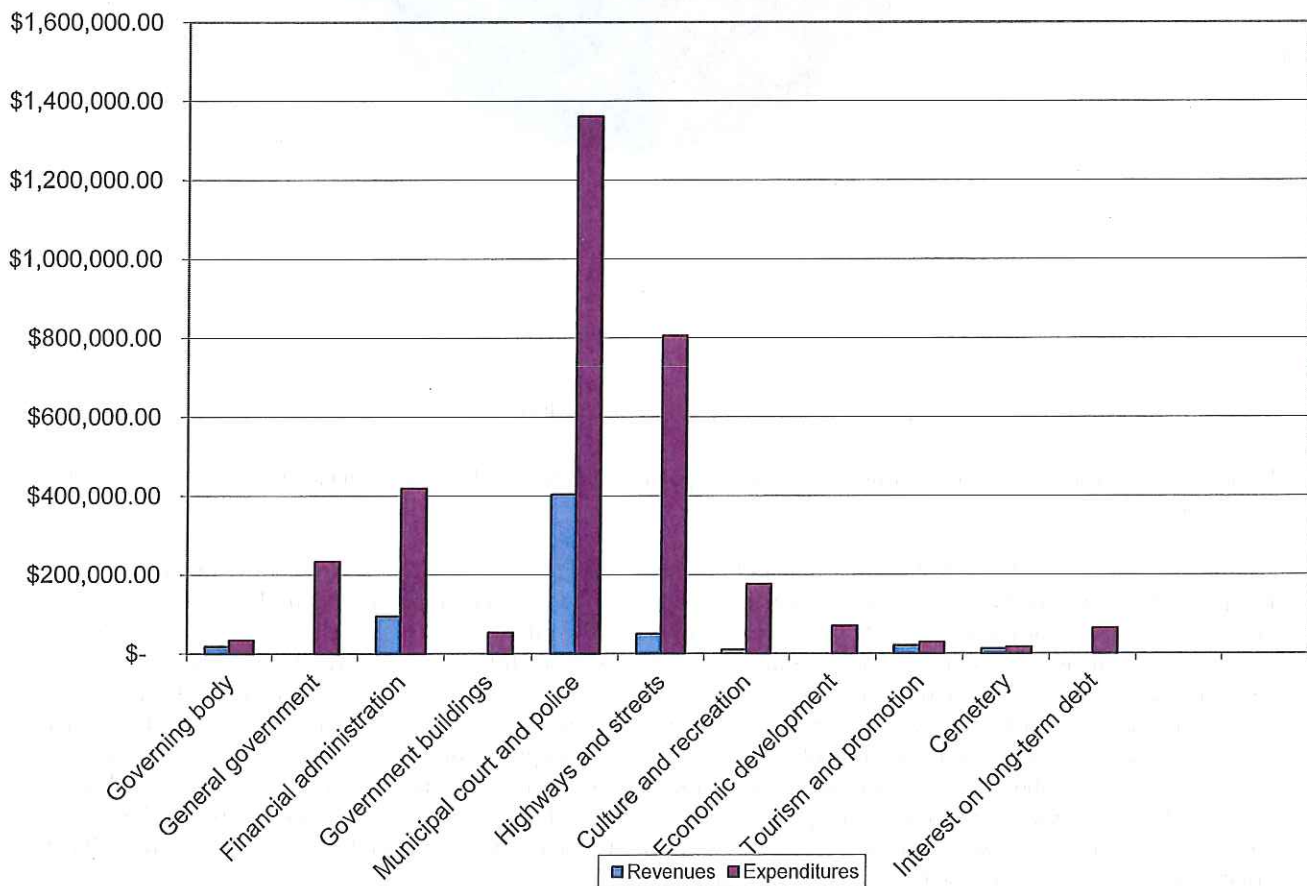
**Governmental activities.** Governmental activities decreased the City's net position by \$166,402. Key elements of this decrease are as follows:

- Total Governmental Activity revenue decreased by \$273,707 (8.2%). Although the ad valorem tax rate decreased from 22 mils to 20.9 mils, property tax revenue increased by \$167,934 due to an increase in the taxable digest for real property from \$59,955,556 to \$72,338,000 (20.6%). Other tax revenue increased by \$25,104 (3.1%) primarily due to an increase in insurance premium tax revenues of \$21,384 (6.8%). Total program revenue decreased by \$495,700 (45.1%). Charges for services decreased by \$278,963 (35.3%) due to a decrease in municipal court and police fine revenues of \$136,786 (21.3%) and a change in accounting for collections of fine fees due the state of Georgia from revenue to a liability. Total state fine fees were \$87,319 in 2015. Building permits were issued in 2014 for an eighty

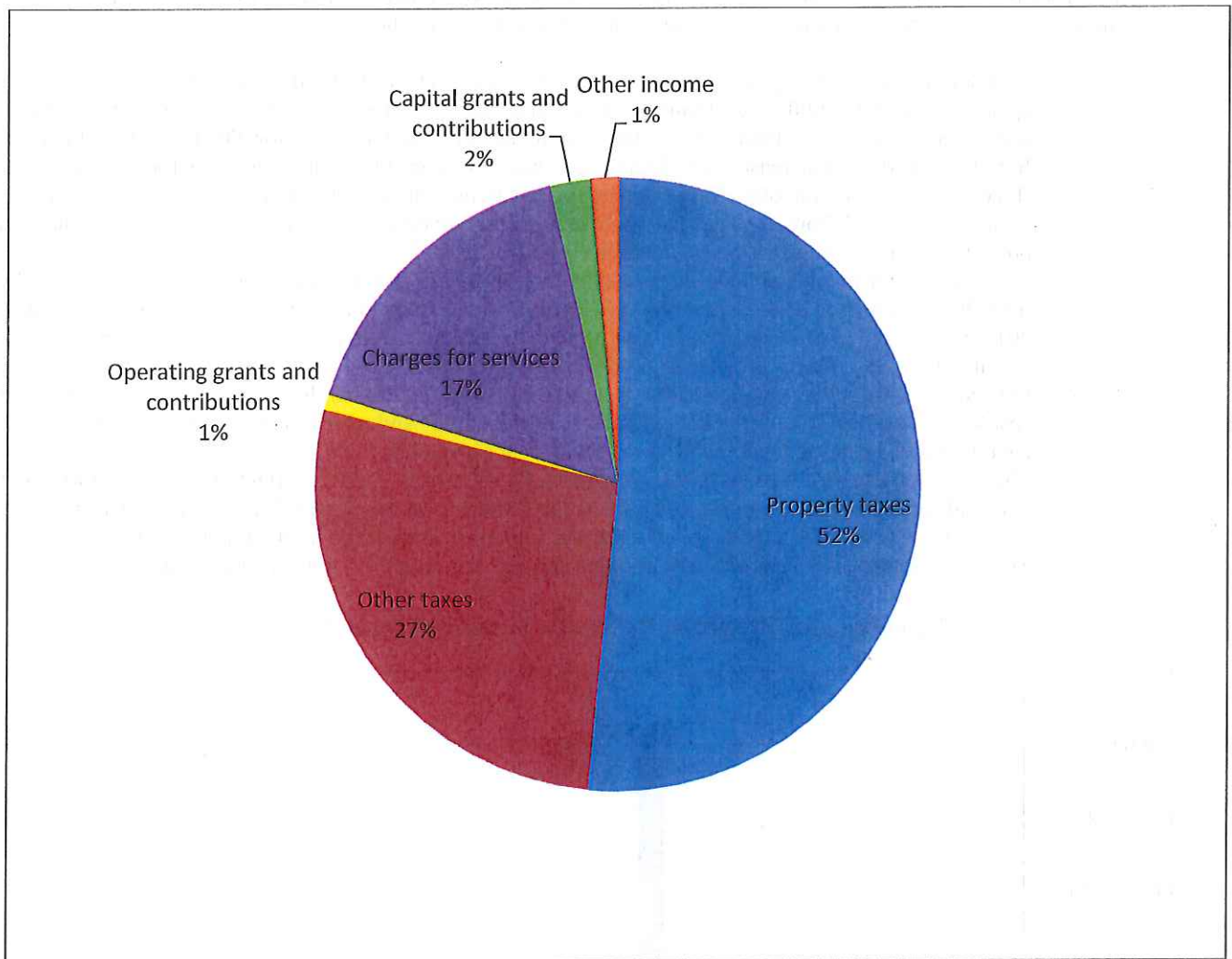
unit apartment complex that accounts for all of the decrease in fees of \$25,956. Capital grants and contributions decreased \$210,312 from \$276,886 to \$66,574 due to the completion of renovations to the historic train depot (\$195,993 in 2014).

- Total Governmental Activity expenses increased by \$332,869 (11.4%). Expenditures for group health insurance increased by \$12,591 (10.9%) and the cost allocated among all governmental activity groups. There were significant increases and decreases among the various governmental activities from the prior year:
  - Expenditures for highways and streets increased by \$288,315 (20.9%) due primarily to the write off of approximately \$330,000 of preliminary engineering and design work on two capital projects that were discontinued in 2015. Estimates of the cost to acquire right of way for the Five Way Intersection Improvement Project increased to \$675,875. Estimates of the cost for utility relocation for Streetscape Phase II increased to over \$400,000. There being no means to fund these cost increases, the city requested that the projects be moved from the regional transportation improvement program to the long range plan. The projects were removed from the capital projects budget in 2015.
  - Expenditures for municipal court decreased by \$97,417 (37.7%) due primarily to the change in accounting for collections of fine fees due the state of Georgia. Collections in the amount of \$87,319 for the state in 2015 were recorded as a liability. In past years the collections were recorded as revenue and payments as expenditures. State fine fees range from 10% to 20% per fine.
  - Expenditures for culture and recreation increased by \$37,373 (27.0%) due primarily to the reallocation of cost for personal services from highways and streets to culture and recreation of approximately \$19,565 and the repair of the parking lot at the historic rock gym at a cost of \$13,502.
  - The City increased its funding of the Downtown Development Authority (DDA) by \$26,969 to \$69,094. Personal services increased by \$17,640 due to the difference in funding twelve months in 2015 versus nine months in 2014 for one employee. The Farmer's Market, established in 2014, and the new Tunes by the Tracks, generated an estimated 5,600 in attendance and patronage for downtown businesses in 2015.

### Expenses and Program Revenues-Governmental Activities



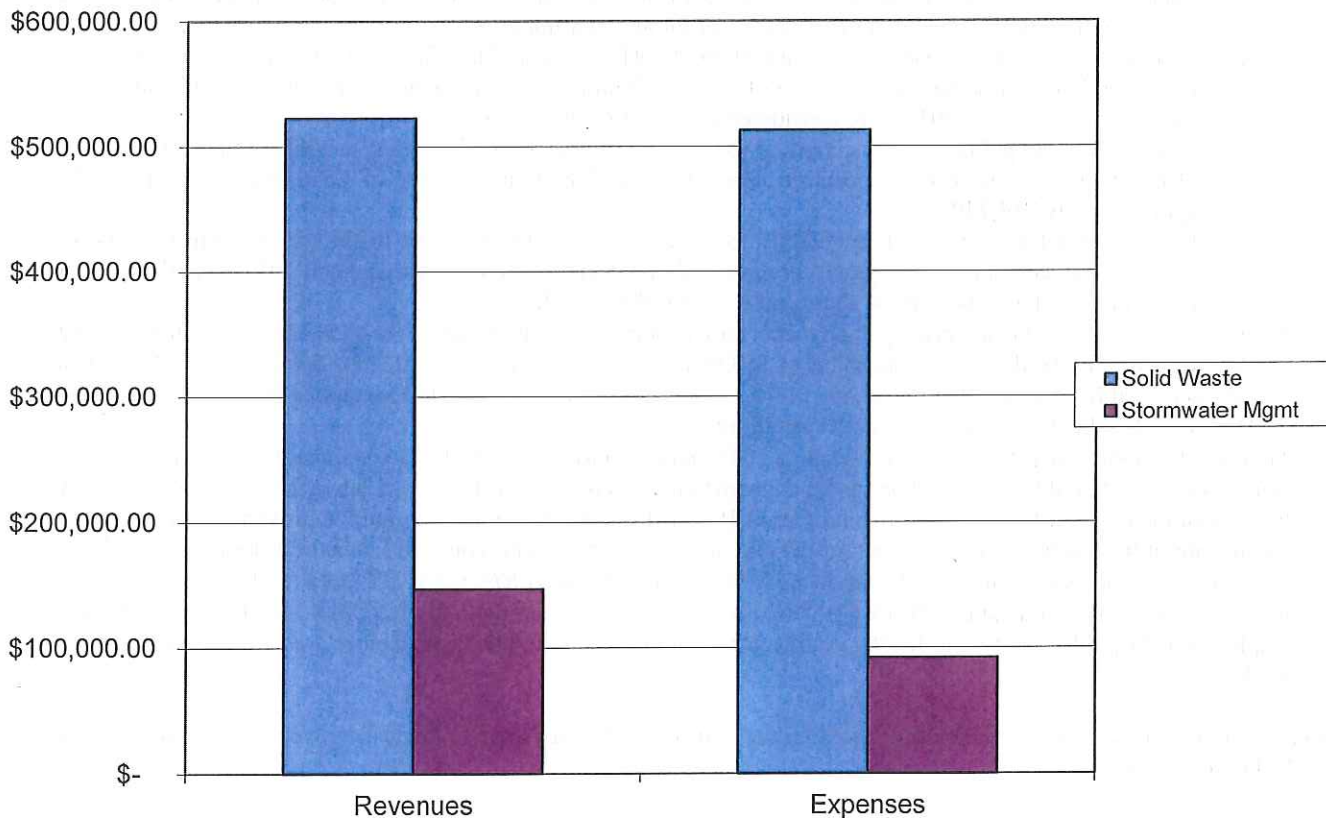
## REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



**Business-type activities.** Business type activities increased the City's net position by \$56,667.

- After a transfer to the General Fund of \$8,188 the net position of the Solid Waste Management Fund increased by \$1,731 to \$41,757.
- The net position of the Storm Water Management Fund increased by \$54,936 to \$1,393,698. Revenue in 2015 was down slightly from \$147,792 to \$146,760. Revenue is based upon a property digest that contains the amount of surface area contributing to storm water run-off (impervious surface). The rate charged to property owners for impervious surface has not changed since the inception of the storm water fund in 2005. New construction less demolitions has had a minimal effect on revenue over the past five years. Storm water expenditures decreased \$18,036 due primarily to the completion in 2014 of construction and engineering plans for the Rockborough project. The cost of personal services increased by \$6,641 due to the reallocation of worker's compensation premium from public works and an increase in part time labor. These two increases in cost for personal services were budgeted items. Additional work at a cost of \$8,844 was approved to clean up the Streetscape Phase I site contaminated by an underground gasoline tank. The City received notice from the Georgia Environmental Protection Division on February 25, 2016 that all the monitoring wells could be capped and the case closed.

### Business-Type Activities



### 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, 2015 the city's governmental funds reported a combined ending fund balance of \$577,578. Of this amount \$280,886 is unassigned fund balance. The remainder of fund balance is restricted to indicate that it is not available for new spending because \$7,337 is restricted for specified activities, \$223,832 is assigned for the 2016 budget and \$65,523 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 balance of \$288,024 while the total fund balance was \$577,379. Unassigned fund balance represents 9.4% of General Fund expenditures while total fund balance of \$577,379 represents 18.9% of General Fund expenditures.

During the current fiscal year the balance of the City's general fund increased by \$180,646. Other notable changes for 2015 compared to 2014 were as follows:

- General Fund revenues of \$3,033,173 for FY 2015 increased slightly over revenues of \$2,997,295 in FY 2014. However there were significant increases and decreases among categories of General Fund revenue:
  - Property tax revenue increased by \$167,934 due to an increase in the taxable digest for real property from \$59,955,556 to \$72,338,000 (20.6%).
  - Municipal Court fines and forfeitures decreased \$136,786 (21.3%). During the past three years fines and forfeitures have fallen well below the historical average of \$851,121 from 2006 through 2012.
  - Building permits decreased \$25,956 (30.7%) due to the completion of one large project.

- General Fund expenditures for FY 2015 were \$3,049,081. This was an increase of \$152,109 (5.2%) over FY 2014.
  - Capital outlay in FY 2015 increased from \$127,849 to \$207,621 (62.3%) for three new police cruisers, one truck for the office of code compliance and two trucks for public works. This substantially completes the purchase of vehicles scheduled for replacement for all departments.
  - Expenditures for municipal court decreased by \$97,417 (37.7%) due primarily to the change in accounting for collections of fine fees due the state of Georgia from revenue to a liability. Payments in the amount of \$87,319 to the state in 2015 were considered expenditures in prior years.
  - Expenditures for public safety increased by \$114,034 (10.9%) primarily due to the addition of one new patrol officer and one new records specialist. An across the board pay increase of 1.5% increased expense by approximately \$14,740.
  - Expenditures for culture and recreation increased by 36,708 (26.8%) due to the reallocation of costs for personal services from highways and streets to culture and recreation of approximately \$19,565 and the repair of the parking lot at the historic rock gym at a cost of \$13,332.
- The City's General Fund made principal payments on its capital leases long-term debt of \$123,673. Of this amount \$58,898 was for City Hall. Interest payments of \$63,994 were paid of which \$55,913 was for City Hall. Total debt service increased from \$180,395 to \$187,667 (4.0%). The debt service for City Hall accounted for 61.2% of the total debt service. Total debt was 6.2% of total expenditures.
- Transfers from the general fund to other funds in 2015 amounted to a net of \$20,423 compared to net transfers to the general fund in 2014 of \$30,384. Of particular concern to management is the large sum due to the Storm Water Utility Fund from the General Fund in the amount of \$553,103. Efforts should be made to fund improvements to the city's storm water infrastructure from the general fund over the next few years to reduce this balance as much as possible.
- Costs for personal services increased from \$1,730,950 in FY 2014 to \$1,873,185 in FY 2015 (8.2%). Pay rates were increased for the first time since 2011 by 1.5% for all employees. In addition to previously noted increases to new employment in public safety and health insurance premiums, one new part time laborer was employed by public works.

**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:

- Municipal fine revenue and other costs for Georgia fine fee payments were reduced by \$105,050 due to a change in accounting from revenue and expense to cash and liability. Georgia fine fees are mandated by law to be collected by the City and remitted to the State of Georgia. In 2015 the state fine fees totaled \$87,319.
- The General Fund budget for real property tax revenue was increased \$31,228 to recognize the increase in taxable assessments and was balanced by an increase in the general fund contribution to the capital projects fund for the construction of the sidewalk project on East Mountain Street and Second Street.
- An increase of \$59,370 was made to the budget for unassigned fund balance for transfer to the Capital Projects Fund budget for construction of the sidewalk project on East Mountain Street and Second Street.
- An increase of \$24,115 was made to the budget for unassigned fund balance to cover the increase in health insurance premiums in the employee benefits plan.

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

Notable results in actual revenue and expenditures compared to the final 2015 budget are:

- Total actual revenues of \$3,033,173 were 98.8% of the final amended budget estimate for revenue.
- Fines, Forfeitures and Court Cost revenue was \$55,484 (9.9%) less than the amended budget.
- Total actual expenditures of \$3,049,081 were 95.2% of the final amended budget estimate for expenditures
- Expenditures exceeded revenues by \$15,908.

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

**Capital assets.** The City's investment in capital assets at December 31, 2015 amounts to \$5,956,891 (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 \$167,000 for police cars and related equipment and \$92,000 for improvements to the train depot. The City also wrote-off approximately \$330,000 of engineering and planning cost associated with anticipated transportation improvement projects that management deemed not to be financially viable as of December 31, 2015. Additional information on the City's capital assets can be found in Note 8 beginning on page 36.

**Long-term debt.** At the end of the current fiscal year, the City had \$1,727,166 in outstanding debt consisting of the following:

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

	<u>Balance</u>
<b>Governmental Activities:</b>	
Capital leases - equipment	\$ 264,353
Capital leases - facilities	1,312,511
Net pension liability	127,990
Compensated absences	<u>22,312</u>
Total Governmental Activities	1,727,166
<b>Business-Type Activities:</b>	
Capital leases	<u>-</u>
 Total Outstanding Debt	 <u>\$ 1,727,166</u>

The City's total debt increased \$23,544. Additional information on the City's long-term debt can be found in note 9 on page 38 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 \$8,000,000, 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**

- No reliable estimate of unemployment is available for the City. It is assumed that the unemployment rate is within the range of rates for surrounding areas as reported by the Georgia Department of Labor and the U. S. Bureau of Labor Statistics for December 2015:
  - The unemployment rate for the United States was 5.0%.
  - The unemployment rate for the State of Georgia was 5.4%.
  - The unemployment rate for the twenty-eight county Metropolitan Statistical Area was 4.8%.
  - The unemployment rate for the ten county Atlanta region was 4.9%.
  - The unemployment rate for DeKalb County as of December 2015 was 5.1%
- According to the Bureau of Labor Statistics the consumer price index for all urban consumers increased 0.7% in the United States from December of 2014 to December of 2015 and 1.4% in Atlanta.
- The occupancy rate for properties in the central business district in 2015 was approximately 60%.
- The Housing Authority of DeKalb County completed construction of eighty new apartments for seniors ages 62+.

**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  
875 Main Street  
Stone Mountain, GA 30083

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Dev. Auth.
<b>Assets</b>				
Cash and cash equivalents	\$ 997,675	\$ 1,000	\$ 998,675	\$ 9,017
Receivables (net of allowance for uncollectibles)				
Taxes	391,486	-	391,486	-
Fines	155,821	-	155,821	-
Intergovernmental	-	-	-	-
Accounts	11,171	84,611	95,782	2,000
Due from other funds	(553,103)	553,103	-	-
Due from component unit	115	-	115	(115)
Prepaid items	65,523	145	65,668	-
Restricted assets -				
Cash	4,411	-	4,411	-
Non-depreciable capital assets	701,718	41,577	743,295	18,242
Depreciable capital assets	4,444,314	769,282	5,213,596	140,754
<b>Total Assets</b>	<u>6,219,131</u>	<u>1,449,718</u>	<u>7,668,849</u>	<u>169,898</u>
<b>Deferred Outflows</b>				
Deferred pension outflows	<u>191,563</u>	<u>-</u>	<u>191,563</u>	<u>-</u>
<b>Total Assets and Deferred Outflows</b>	<u>6,410,694</u>	<u>1,449,718</u>	<u>7,860,412</u>	<u>169,898</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Dev. Auth.
<b>Liabilities</b>				
Accounts Payable				
Operating	\$ 74,271	\$ -	\$ 74,271	\$ 378
Accrued Liabilities -				
Compensated absences	56,820	-	56,820	-
Wages	16,065	-	16,065	-
Customer deposits	-	3,272	3,272	1,000
Interest	47,760	-	47,760	-
Other	7,330	-	7,330	8,351
Unearned Revenue	63,802	10,991	74,793	-
Long-Term Liabilities -				
Due Within One Year	153,511	-	153,511	10,827
Due In More Than One Year	1,573,655	-	1,573,655	151,699
<b>Total Liabilities</b>	<u>1,993,214</u>	<u>14,263</u>	<u>2,007,477</u>	<u>172,255</u>
<b>Deferred Inflows</b>				
Deferred pension inflows	<u>74,396</u>	<u>-</u>	<u>74,396</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>2,067,610</u>	<u>14,263</u>	<u>2,081,873</u>	<u>172,255</u>
<b>Net Position</b>				
Net investment in capital assets	3,569,168	810,859	4,380,027	(3,530)
Restricted for -				
Police activities	1,297	-	1,297	-
Cemetery up-keep	6,040	-	6,040	-
Unrestricted	<u>766,579</u>	<u>624,596</u>	<u>1,391,175</u>	<u>1,173</u>
<b>Total Net Position</b>	<u>\$ 4,343,084</u>	<u>\$ 1,435,455</u>	<u>\$ 5,778,539</u>	<u>\$ (2,357)</u>

See accompanying notes to the basic financial statements.

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Governing Body	\$ 32,971	\$ -	\$ -	\$ 17,230
General Government	233,015	-	-	-
Financial Administration	418,891	90,810	3,555	-
Government Buildings	52,276	-	-	-
Municipal Court and Police	1,360,635	402,818	-	-
Highways and Streets	805,156	-	-	49,344
Culture and Recreation	175,798	9,025	-	-
Economic Development	69,094	-	-	-
Tourism and Promotion	27,218	4,959	14,453	-
Cemetery	14,847	3,000	8,045	-
Interest on Long-Term Debt	63,035	-	-	-
Total Governmental Activities	<u>3,252,936</u>	<u>510,612</u>	<u>26,053</u>	<u>66,574</u>
<b>Business-Type Activities</b>				
Solid Waste Management	512,770	522,689	-	-
Stormwater Management	91,824	146,760	-	-
Total Business-Type Activities	<u>604,594</u>	<u>669,449</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 3,857,530</u>	<u>\$ 1,180,061</u>	<u>\$ 26,053</u>	<u>\$ 66,574</u>
<b>Component Unit:</b>				
Downtown Development Authority	<u>\$ 119,746</u>	<u>\$ 44,330</u>	<u>\$ 75,178</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, Restated
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>
\$ (15,741)	\$ -	\$ (15,741)	\$ -
(233,015)	-	(233,015)	-
(324,526)	-	(324,526)	-
(52,276)	-	(52,276)	-
(957,817)	-	(957,817)	-
(755,812)	-	(755,812)	-
(166,773)	-	(166,773)	-
(69,094)	-	(69,094)	-
(7,806)	-	(7,806)	-
(3,802)	-	(3,802)	-
(63,035)	-	(63,035)	-
<u>(2,649,697)</u>	<u>-</u>	<u>(2,649,697)</u>	<u>-</u>
-	9,919	9,919	-
-	54,936	54,936	-
-	64,855	64,855	-
<u>(2,649,697)</u>	<u>64,855</u>	<u>(2,584,842)</u>	<u>-</u>
-	-	-	(238)
1,586,113	-	1,586,113	-
257,052	-	257,052	-
41,334	-	41,334	-
85,021	-	85,021	-
74,568	-	74,568	-
334,314	-	334,314	-
24,416	-	24,416	-
1,128	-	1,128	-
25,228	-	25,228	-
3	-	3	-
45,930	-	45,930	-
2,475,107	-	2,475,107	-
8,188	(8,188)	-	-
<u>2,483,295</u>	<u>(8,188)</u>	<u>2,475,107</u>	<u>-</u>
(166,402)	56,667	(109,735)	(238)
4,509,486	1,378,788	5,888,274	(2,119)
<u>\$ 4,343,084</u>	<u>\$ 1,435,455</u>	<u>\$ 5,778,539</u>	<u>\$ (2,357)</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 997,675	\$ -	\$ 4,411	\$ 1,002,086
Receivables -				
Taxes	391,486	-	-	391,486
Fines, net of allowance for bad debts of \$233,732	155,821	-	-	155,821
Miscellaneous	11,171	-	-	11,171
Due from other funds	1,256	-	6,040	7,296
Due from component unit	-	-	115	115
Prepaid items	65,523	-	-	65,523
Deposits	-	-	-	-
Total assets	<u>\$ 1,622,932</u>	<u>\$ -</u>	<u>\$ 10,566</u>	<u>\$ 1,633,498</u>
<b>Liabilities</b>				
Accounts payable	\$ 65,160	\$ 7,138	\$ 1,973	\$ 74,271
Accrued liabilities	80,215	-	-	80,215
Due to other funds	559,143	-	1,256	560,399
Unearned revenue	63,802	-	-	63,802
Total liabilities	<u>768,320</u>	<u>7,138</u>	<u>3,229</u>	<u>778,687</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	<u>277,233</u>	<u>-</u>	<u>-</u>	<u>277,233</u>
<b>Fund Balance</b>				
Nonspendable -				
Prepaid items	65,523	-	-	65,523
Restricted -				
Police services	-	-	1,297	1,297
Cemetery up-keep	-	-	6,040	6,040
Assigned - 2016 budget appropriations	223,832	-	-	223,832
Unassigned	288,024	(7,138)	-	280,886
Total fund balance (deficit)	<u>577,379</u>	<u>(7,138)</u>	<u>7,337</u>	<u>577,578</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	<u>\$ 1,622,932</u>	<u>\$ -</u>	<u>\$ 10,566</u>	<u>\$ 1,633,498</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 POSITION  
DECEMBER 31, 2015**

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

Total fund balances -- total governmental funds	\$ 577,578
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,146,032
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: Unavailable revenues	277,233
Deferred inflows and outflows related to the net pension liability is not a current asset or liability: Deferred outflows Deferred inflows	191,563 (74,396)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Capital leases Long-term portion of compensated absences Accrued interest payable Net pension liability	(1,576,864) (22,312) (47,760) <u>(127,990)</u>
Net position of governmental activities	<u>\$ 4,343,084</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, 2015**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 2,357,070	\$ -	\$ 1,128	\$ 2,358,198
Business licenses and permits	89,024	-	-	89,024
Intergovernmental	49,164	56,244	5,000	110,408
Service fees	5,749	-	-	5,749
Fines and forfeitures	505,891	-	2,730	508,621
Interest	3	-	-	3
Rents	9,025	-	-	9,025
Miscellaneous	17,247	-	25,456	42,703
<b>Total revenues</b>	<u>3,033,173</u>	<u>56,244</u>	<u>34,314</u>	<u>3,123,731</u>
<b>Expenditures:</b>				
Current:				
Governing Body	36,847	-	-	36,847
General Government	250,043	-	-	250,043
Financial Administration	331,681	-	-	331,681
Government Buildings	52,275	-	-	52,275
Municipal Court	160,786	-	-	160,786
Public Safety	1,156,914	-	4,617	1,161,531
Highways and Streets	422,553	-	-	422,553
Culture and Recreation	173,600	-	-	173,600
Economic Development	69,094	-	-	69,094
Tourism and Promotion	-	-	26,358	26,358
Cemetery	-	-	12,387	12,387
Capital outlay	207,621	120,883	860	329,364
Debt service				
Principal	123,673	-	-	123,673
Interest	63,994	-	-	63,994
Debt issue costs	-	-	-	-
<b>Total expenditures</b>	<u>3,049,081</u>	<u>120,883</u>	<u>44,222</u>	<u>3,214,186</u>
 Excess (deficiency) of Revenues over Expenditures	 <u>(15,908)</u>	 <u>(64,639)</u>	 <u>(9,908)</u>	 <u>(90,455)</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, 2015**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)				
Capital lease proceeds	\$ 184,738	\$ -	\$ -	\$ 184,738
Proceeds from disposition of assets	32,239	-	-	32,239
Transfers (net)	<u>(20,423)</u>	<u>21,932</u>	<u>6,679</u>	<u>8,188</u>
Total other financing sources (uses)	<u>196,554</u>	<u>21,932</u>	<u>6,679</u>	<u>225,165</u>
Net change in fund balance	180,646	(42,707)	(3,229)	134,710
Fund Balance-Beginning of Year	<u>396,733</u>	<u>35,569</u>	<u>10,566</u>	<u>442,868</u>
Fund Balance-End of Year	<u>\$ 577,379</u>	<u>\$ (7,138)</u>	<u>\$ 7,337</u>	<u>\$ 577,578</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, 2015**

Net change in fund balances -- total governmental funds	\$ 134,710
<p>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.</p>	
Capital outlays	327,040
Depreciation expense	(212,810)
<p>The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. This is the amount of net book value of assets sold during the current period.</p>	
	(330,273)
<p>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.</p>	
	(77,625)
<p>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 position. 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.</p>	
Long-term debt proceeds	(184,738)
Repayment of long term debt	123,673
<p>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.</p>	
Change in accrued interest payable	959
Change in accrued compensated absences	47,625
Change in net pension obligation and related deferred items	<u>5,037</u>
Change in net position of governmental activities.	<u>\$ (166,402)</u>

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, 2015**

	BUDGET AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
<b>Revenues:</b>				
Taxes	\$ 2,293,947	\$ 2,350,494	\$ 2,357,070	\$ 6,576
Business licenses and permits	75,618	84,397	89,024	4,627
Intergovernmental	50,264	58,264	49,164	(9,100)
Service fees	2,883	2,883	5,749	2,866
Fines and forfeitures	666,425	561,375	505,891	(55,484)
Interest	156	156	3	(153)
Rents	8,350	8,350	9,025	675
Miscellaneous	5,100	5,100	17,247	12,147
<b>Total revenues</b>	<u>3,102,743</u>	<u>3,071,019</u>	<u>3,033,173</u>	<u>(37,846)</u>
<b>Expenditures:</b>				
Current:				
Governing Body	38,851	38,851	36,847	2,004
General Government	261,388	261,256	250,043	11,213
Financial Administration	317,947	339,309	331,681	7,628
Government Buildings	48,111	62,454	52,275	10,179
Municipal Court	318,540	173,781	160,786	12,995
Public Safety	1,116,451	1,172,472	1,156,914	15,558
Highways and Streets	484,338	487,167	422,553	64,614
Culture and Recreation	165,762	181,169	173,600	7,569
Economic Development	87,248	88,369	69,094	19,275
Capital outlay	207,831	207,735	207,621	114
Debt service				
Principal	129,644	123,864	123,673	191
Interest	68,260	67,228	63,994	3,234
<b>Total expenditures</b>	<u>3,244,371</u>	<u>3,203,655</u>	<u>3,049,081</u>	<u>154,574</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, 2015**

	BUDGET AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
Excess (deficiency) of Revenues over Expenditures	\$ (141,628)	\$ (132,636)	\$ (15,908)	\$ 116,728
Other financing sources (uses)				
Capital Lease Proceeds	187,220	187,220	184,738	(2,482)
Proceeds from sale of capital assets	4,329	24,244	32,239	7,995
Transfers (net)	(49,921)	(78,828)	(20,423)	58,405
Total other financing sources (uses)	141,628	132,636	196,554	63,918
Net change in fund balance	-	-	180,646	180,646
Fund Balance-Beginning of Year	396,733	396,733	396,733	-
Fund Balance-End of Year	\$ 396,733	\$ 396,733	\$ 577,379	\$ 180,646

(See accompanying notes to the financial statements.)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2015**

	<u>Solid Waste Management</u>	<u>Stormwater Management</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ -	\$ 1,000	\$ 1,000
Receivables-			
Accounts	48,550	36,061	84,611
Due from other funds	-	553,103	553,103
Prepaid items	145	-	145
Total current assets	<u>48,695</u>	<u>590,164</u>	<u>638,859</u>
<b>Noncurrent assets</b>			
Capital assets			
Construction in progress	-	41,577	41,577
Autos and trucks	68,481	-	68,481
Machinery and equipment	23,130	-	23,130
Infrastructure	-	889,511	889,511
Accumulated depreciation	<u>(84,286)</u>	<u>(127,554)</u>	<u>(211,840)</u>
Capital assets (net of depreciation)	<u>7,325</u>	<u>803,534</u>	<u>810,859</u>
Total noncurrent assets	<u>7,325</u>	<u>803,534</u>	<u>810,859</u>
<b>Total assets</b>	<u>56,020</u>	<u>1,393,698</u>	<u>1,449,718</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable -			
Trade	-	-	-
Customer deposits	3,272	-	3,272
Unearned revenue	10,991	-	10,991
Accrued liabilities	-	-	-
Current portion of long-term debt	-	-	-
Total current liabilities	<u>14,263</u>	<u>-</u>	<u>14,263</u>
<b>Noncurrent liabilities</b>			
Capital leases	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>14,263</u>	<u>-</u>	<u>14,263</u>
<b>Net Position</b>			
Investments in capital assets	7,325	803,534	810,859
Unrestricted	<u>34,432</u>	<u>590,164</u>	<u>624,596</u>
Total Net Position	<u>\$ 41,757</u>	<u>\$ 1,393,698</u>	<u>\$ 1,435,455</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, 2015**

	Solid Waste Management	Stormwater Management	Total
<b>OPERATING REVENUES</b>			
Refuse collection	\$ 386,525	\$ -	\$ 386,525
Dumpster collection	131,215	-	131,215
Stormwater fees	-	146,760	146,760
Miscellaneous	4,949	-	4,949
Total operating revenues	<u>522,689</u>	<u>146,760</u>	<u>669,449</u>
<b>OPERATING EXPENSES</b>			
Purchased products / services	490,161	31,903	522,064
Personal services and benefits	15,878	37,683	53,561
Purchased / contracted services	1,536	-	1,536
Supplies	1,369	-	1,369
Depreciation and amortization	2,313	22,238	24,551
Bad debt expense	-	-	-
Other	1,513	-	1,513
Total operating expenses	<u>512,770</u>	<u>91,824</u>	<u>604,594</u>
Operating income (loss)	<u>9,919</u>	<u>54,936</u>	<u>64,855</u>
<b>Non-operating revenues and (expenses)</b>			
Loss on sale of capital asset	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income before transfers and capital contributions	9,919	54,936	64,855
Capital contributions	-	-	-
Transfers	<u>(8,188)</u>	<u>-</u>	<u>(8,188)</u>
CHANGE IN NET POSITION	1,731	54,936	56,667
NET POSITION - BEGINNING	<u>40,026</u>	<u>1,338,762</u>	<u>1,378,788</u>
NET POSITION - ENDING	<u>\$ 41,757</u>	<u>\$ 1,393,698</u>	<u>\$ 1,435,455</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, 2015**

	<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	\$ 518,645	\$ 141,265	\$ 659,910
Cash paid to suppliers for goods	(498,003)	(39,873)	(537,876)
Cash paid to employees	(12,454)	(29,713)	(42,167)
Net cash provided from operating activities	<u>8,188</u>	<u>71,679</u>	<u>79,867</u>
<b>Cash flows from investing activities:</b>			
Interest received	-	-	-
(Purchase) / redemption of investments	-	-	-
Net cash from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from non-capital financing activities:</b>			
Transfers	(8,188)	-	(8,188)
Change in due to/from other funds	-	(67,695)	(67,695)
Net cash flows from non-capital financing activities	<u>(8,188)</u>	<u>(67,695)</u>	<u>(75,883)</u>
<b>Cash flows from capital financing activities:</b>			
Purchases / construction of capital assets	-	(2,984)	(2,984)
Capital contributions	-	-	-
Principal payments on long-term debt	-	-	-
Proceeds from sale of capital assets	-	-	-
Interest paid	-	-	-
Net cash flows from capital financing activities	<u>-</u>	<u>(2,984)</u>	<u>(2,984)</u>
Net cash flows	-	1,000	1,000
Cash and cash equivalents - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</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>\$ 9,919</u>	<u>\$ 54,936</u>	<u>\$ 64,855</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	2,313	22,238	24,551
(Increase) decrease in -			
Accounts receivable	(4,351)	(5,495)	(9,846)
Prepays	-	-	-
Increase (Decrease) in -			
Accounts payable	-	-	-
Unearned revenues	66	-	66
Customer deposits	241	-	241
Accrued liabilities	-	-	-
<b>Total adjustments</b>	<u>(1,731)</u>	<u>16,743</u>	<u>15,012</u>
<b>Net cash from operating activities</b>	<u>\$ 8,188</u>	<u>\$ 71,679</u>	<u>\$ 79,867</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, 2015**

**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.

Governmental Accounting Standards Board Statement (GASB) No. 14, as amended by GASB No. 61 defines the reporting entity for determining which potential component units should be included in primary government's financial statements. Inclusion is based on organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit. 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 regardless of whether the organization has a separate elected or appointed governing board. Blended component units, although legally separate entities, are, in substance part of the government's operations and are reported with similar funds of the primary government. 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 Statement includes the financial data of the 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 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 is reported in three parts—net investment in capital assets; 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 it 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, 2015 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, 2015. 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):**

**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 City has one item that qualifies for reporting in this category as of December 31, 2015 which is deferred pension outflows recognized in the Statement of Net Position.

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. In addition, the City recognizes deferred pension inflows in its Statement of Net Position under governmental activities.

**T. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 \$7,337 in restricted net position, of which \$1,297 is restricted by enabling legislation.

**U. Fund Balance – Governmental Funds**

As of December 31, 2015 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):**

**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):**

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

As of December 31, 2015, fund balances are composed of the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable -				
Prepaid items	\$ 65,523	\$ -	\$ -	\$ 65,523
Restricted -				
Police activities	-	-	1,297	1,297
Cemetery up-keep	-	-	6,040	6,040
Capital projects	-	-	-	-
Assigned - for 2016 budget appropriations	223,832	-	-	223,832
Unassigned	<u>288,024</u>	<u>(7,138)</u>	<u>-</u>	<u>280,886</u>
 Total	 <u>\$ 577,379</u>	 <u>\$ (7,138)</u>	 <u>\$ 7,337</u>	 <u>\$ 577,578</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.

**W. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Stone Mountain Retirement Plan (SMRP) and additions to/deductions from SMRP's fiduciary net position have been determined on the same basis as they are reported in the SMRP. For this purpose, benefit payments (including refunds of employee contributions, if applicable) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(See Independent Auditor's Report)

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

**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, 2015, \$656,330 of the government's bank balance of \$910,742 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's agent in the City's name	656,330
Total	<u>\$ 656,330</u>

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 2015, based upon the assessed value as of January 1, 2015, were levied on June 22, 2015. 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	\$ 391,486	\$ -	\$ -	\$ 391,486
Fines	389,553	-	-	389,553
Intergovernmental	-	-	-	-
Accounts	<u>11,171</u>	<u>-</u>	<u>-</u>	<u>11,171</u>
Gross Receivables	792,210	-	-	792,210
Less: Allowance for Uncollectible	<u>(233,732)</u>	<u>-</u>	<u>-</u>	<u>(233,732)</u>
Net Total Receivables	<u>\$ 558,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,478</u>

**Proprietary Funds**

	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Total</u>
Accounts	\$ 65,050	\$ 36,061	\$ 101,111
Less: Allowance for Uncollectible	<u>(16,500)</u>	<u>-</u>	<u>\$ (16,500)</u>
Net Total Receivables	<u>\$ 48,550</u>	<u>\$ 36,061</u>	<u>\$ 84,611</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, 2015 consist of the following:

State of Georgia, Dept of Transportation - Local Maintenance Improvement Grant (LMIG)	\$ 49,164
State of Georgia, Dept of Transportation - Transportation improvements	39,007
MARTA - Transportation improvements	17,237
DeKalb Convention & Visitors Bureau	<u>5,000</u>
Total Intergovernmental Revenue	<u>\$ 110,408</u>

There were no intergovernmental receivables as of December 31, 2015.

**6. INTER-FUND TRANSACTIONS**

Individual fund interfund receivable and payable balances at December 31, 2015 were as follows:

Payable From	Payable To			
	General Fund	Non Major	Stormwater Management	Total
General	\$ -	\$ 6,040	\$ 553,103	\$ 559,143
Nonmajor	<u>1,256</u>	<u>-</u>	<u>-</u>	<u>1,256</u>
Total	<u>\$ 1,256</u>	<u>\$ 6,040</u>	<u>\$ 553,103</u>	<u>\$ 560,399</u>

Individual interfund transfers for the year ended December 31, 2015 were as follows:

Transfer From	Transfers To			
	General	Capital Projects	Nonmajor	Total
General	\$ -	\$ 21,932	\$ 6,679	\$ 28,611
Solid Waste	<u>8,188</u>	<u>-</u>	<u>-</u>	<u>8,188</u>
Total	<u>\$ 8,188</u>	<u>\$ 21,932</u>	<u>\$ 6,679</u>	<u>\$ 36,799</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.

(See Independent Auditor's Report)

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

**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 a significant transportation improvement project in progress as of December 31, 2015. The project consists of sidewalks and streetscapes in the downtown area. Total cost for this project is expected to be \$1,435,198. This project has qualified for Transportation Enhancement grants of \$670,000 and Marta grants of \$440,000.

**8. PROPERTY, PLANT AND EQUIPMENT**

Capital asset activity for the year ended December 31, 2015 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 (1)	<u>790,921</u>	<u>28,126</u>	<u>(589,103)</u>	<u>229,944</u>
Total	<u>1,262,695</u>	<u>28,126</u>	<u>(589,103)</u>	<u>701,718</u>
Capital assets being depreciated:				
Buildings & improvements	2,137,528	355,856	-	2,493,384
Infrastructure	2,091,049	-	-	2,091,049
Vehicles, including related equipment	500,658	167,055	(53,611)	614,102
Furniture and other equipment	<u>885,438</u>	<u>34,833</u>	<u>-</u>	<u>920,271</u>
Total capital assets being depreciated	<u>5,614,673</u>	<u>557,744</u>	<u>(53,611)</u>	<u>6,118,806</u>
Less accumulated depreciation for:				
Buildings & improvements	224,407	59,797	-	284,204
Infrastructure	211,574	52,276	-	263,850
Vehicles, including related equipment	354,898	49,563	(53,611)	350,850
Furniture and other equipment	<u>724,414</u>	<u>51,174</u>	<u>-</u>	<u>775,588</u>
Total accumulated depreciation	<u>1,515,293</u>	<u>212,810</u>	<u>(53,611)</u>	<u>1,674,492</u>
Total capital assets being depreciated, net	<u>4,099,380</u>	<u>344,934</u>	<u>-</u>	<u>4,444,314</u>
Governmental capital assets, net	<u>\$ 5,362,075</u>	<u>\$ 373,060</u>	<u>\$ (589,103)</u>	<u>\$ 5,146,032</u>

- (1) The City wrote off approximately \$330,000 of engineering and planning cost associated with anticipated transportation improvement projects that management deemed not to be financially viable as of December 31, 2015

(See Independent Auditor's Report

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

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

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

Administrative	\$ 83,585
Police	63,014
Highways and Streets	61,553
Parks	2,198
Cemetery	<u>2,460</u>
Total depreciation expense	<u>\$ 212,810</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 38,593</u>	<u>\$ 2,984</u>	<u>\$ -</u>	<u>\$ 41,577</u>
Capital assets being depreciated:				
Vehicles, including related equipment	68,481	-	-	68,481
Machinery and equipment	23,130	-	-	23,130
Infrastructure	<u>889,511</u>	<u>-</u>	<u>-</u>	<u>889,511</u>
Total capital assets being depreciated	<u>981,122</u>	<u>-</u>	<u>-</u>	<u>981,122</u>
Less accumulated depreciation for:				
Vehicles, including related equipment	68,481	-	-	68,481
Machinery and equipment	13,493	2,313	-	15,806
Infrastructure	<u>105,315</u>	<u>22,238</u>	<u>-</u>	<u>127,553</u>
Total accumulated depreciation	<u>187,289</u>	<u>24,551</u>	<u>-</u>	<u>211,840</u>
Total capital assets being depreciated, net	<u>793,833</u>	<u>(24,551)</u>	<u>-</u>	<u>769,282</u>
Business-Type capital assets, net	<u>\$ 832,426</u>	<u>\$ (21,567)</u>	<u>\$ -</u>	<u>\$ 810,859</u>

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

Solid Waste Management	\$ 2,313
Stormwater Management	<u>22,238</u>
Total depreciation expense	<u>\$ 24,551</u>

(See Independent Auditor's Report)

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

**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, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities</b>					
Capital leases - equipment	\$ 146,798	\$ 184,738	\$ (67,183)	\$ 264,353	\$ 94,613
Capital leases - facilities	1,369,002	-	(56,491)	1,312,511	58,898
Net pension liability	117,885	467,734	(457,629)	127,990	-
Accrued compensated absences	69,937	28,642	(76,267)	22,312	-
 Total Governmental Activities	 <u>\$ 1,703,622</u>	 <u>\$ 681,114</u>	 <u>\$ (657,570)</u>	 <u>\$ 1,727,166</u>	 <u>\$ 153,511</u>

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.

On August 2015 the City entered into two lease-purchase agreements with Georgia Municipal Association for vehicles and equipment with an original cost of \$184,738. In prior years the City had 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 \$130,300. 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 2.87% and 3.43%.

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.

(See Independent Auditor's Report)

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

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

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	
2016	\$ 94,613	\$ 6,712	\$ 58,898	\$ 55,913	\$ 216,136
2017	82,478	3,901	61,407	53,404	201,190
2018	58,074	1,665	64,023	50,788	174,550
2019	29,188	315	66,750	48,061	144,314
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	-	-	110,119	4,691	114,810
	<u>\$ 264,353</u>	<u>\$ 12,593</u>	<u>\$ 1,312,511</u>	<u>\$ 524,461</u>	<u>\$ 2,113,918</u>

Assets purchased under capital lease obligations are capitalized and depreciated in accordance with the City's capitalization policy. Depreciation expense for the year for assets under capital lease obligations amounted to \$77,525 and accumulated depreciation as of December 31, 2015 was \$216,892.

**10. UNAVAILABLE AND UNEARNED REVENUES**

Unavailable revenues as of December 31, 2015, 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	\$ 164,468
Fines and Forfeitures	112,765
Total Unavailable Revenues	<u>\$ 277,233</u>

Amounts received but not yet earned as of

December 31, 2015:

Reported in Governmental Fund's balance  
sheet and Statement of Net Position:

Grants	\$ 48,992
Occupation Taxes and Business Licenses	14,810
Total Unearned Revenues	<u>\$ 63,802</u>

(See Independent Auditor's Report)

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

**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)	\$ 6,082,107
Automobile physical damage	Per application

Coverage Description - Casualty:	
Comprehensive general liability	\$ 2,000,000
Automobile liability	\$ 1,000,000
Errors and omissions (Public Officials)	\$ 2,000,000
Employee benefits liability	\$ 1,000,000
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 \$5,000

**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, 2015, the City collected hotel/motel taxes in the amount of \$1,128 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 commission (RC) 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 RC. Separate financial statements may be obtained from:

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

(See Independent Auditor's Report)

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

**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.

Annual repayment requirements under the debt agreement are as follow:

<u>F/Y/E</u>		<u>Principal</u>	<u>Interest</u>
<u>December 31</u>			
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	6,137
2022		15,402	5,258
2023		16,334	4,326
2024		17,322	3,338
2025		18,370	2,290
2026		19,481	1,179
	\$	<u>162,526</u>	<u>\$ 64,733</u>

Subsequent Event –

In March 2016 the Downtown Development Authority sold the land and building that was securing the above-mentioned note and repaid the note in full with the proceeds from the sale.

(See Independent Auditor's Report)

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

**16. EMPLOYEE BENEFIT PLANS**

**Plan Description**

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Stone Mountain Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by State law, benefit provisions for Participants in GMEBS are established and amended by the respective employers. As authorized by the City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate immediately upon hiring. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.50% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Ten years of service is required for nonservice related disability benefits. Disability benefits are paid out at 20% of an employee's current salary. Death benefits are calculated using an actuarial reserve.

At July 1, 2015, the date of the most recent actuarial valuation, there were 73 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	8
Terminated vested participants not yet receiving benefits	32
Active employees - vested	21
Active employees - nonvested	<u>12</u>
Total	<u>73</u>

**Contributions**

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standard law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For fiscal year 2015, the actuarially determined contribution rate was 9.95% of covered payroll.

For fiscal year ended December 31, 2015, the City's recommended and actual contribution was \$119,180 which was actuarially determined and is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The amount of employer contributions recognized in the actuarial report date July 1, 2015 and recognized as an expense in the Government-Wide Statement of Activity was \$114,144.

(See Independent Auditor's Report)

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows and  
Deferred Outflows of Resources Related to Pensions**

At December 31, 2015, the City reported a liability of \$127,990 for its net pension liability. The net pension liability was measured as of March 31, 2015 and was determined by an actuarial valuation as of July 1, 2015. The changes in the Net Pension Liability for the year ended March 31, 2015 (the measurement date) were as follow:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at March 31, 2014	\$ 3,000,232	\$ 2,882,347	\$ 117,885
Changes for the year-			
Service cost	76,184	-	76,184
Interest	229,805	-	229,805
Differences between expected and actual experience	153,267	-	153,267
Contributions - Employer	-	131,821	(131,821)
Net investment income	-	281,624	(281,624)
Benefit payments, including refunds of employee contributions	(70,025)	(70,025)	-
Administrative expense	-	(8,478)	8,478
Other	(44,184)	-	(44,184)
Net Changes	<u>345,047</u>	<u>334,942</u>	<u>10,105</u>
Balance at March 31, 2015	<u>\$ 3,345,279</u>	<u>\$ 3,217,289</u>	<u>\$ 127,990</u>

Effective July 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits. As a result of this change, all Employees are now included in the valuation. This change has minimal impact on the Plan's liability.

(See Independent Auditor's Report)

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

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

For the year ended December 31, 2015, the City recognized pension expense and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Service cost	\$ 76,184
Interest on The Pension Liability (TPL)	229,805
Administrative expenses	8,478
Expected return on assets	(225,448)
Deferred Outflows -	
Contributions subsequent to the measurement date	-
Deferred Inflows -	
Expensed portion of current year period differences between expected and actual experience in TPL	51,089
Expensed portion of current year period assumption changes	(14,728)
Expensed portion of current year period differences between projected and actual investment earnings	<u>(11,236)</u>
Total expense	<u>\$ 114,144</u>

\$89,385 reported as deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

F/Y/E December 31,	Deferred Outflows	Deferred Inflows
✓ 2016	\$ 51,089	\$ (25,963)
✓ 2017	51,089	(25,963)
✓ 2018	-	(11,235)
✓ 2019	<u>-</u>	<u>(11,235)</u>
	<u>\$ 102,178</u>	<u>\$ (74,396)</u>

Outstanding balances of deferred outflows/inflows of resources related to pensions as of December 31, 2015 are as follow:

	Outflows	Inflows
Contributions subsequent to the measurement date	\$ 89,385	\$ -
Demographic	102,178	-
Investment	-	44,940
Assumption change	<u>-</u>	<u>29,456</u>
Total	<u>\$ 191,563</u>	<u>\$ 74,396</u>

(See Independent Auditor's Report)

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

**16. EMPLOYEE BENEFITS PLAN, (Continued)**

**Actuarial Assumptions**

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Actuarial Assumptions:**

Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	3.25%
Mortality Rates -	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward 2 years for males and 1 year for females
Disabled	RP-2000 Disabled Retiree Mortality Table - sex distinct rates
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Nominal Real Rate of Return</u>
Domestic equity	50.00%	5.95%	9.20%
International equity	15.00%	6.45%	9.70%
Fixed income	25.00%	1.55%	4.80%
Real estate	10.00%	3.75%	7.00%
Cash	0.00%		
Total	100.00%		

(See Independent Auditor's Report)

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

**16. EMPLOYEE BENEFITS PLAN, (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability  
To Changes in the Discount Rate*

The following presents the City's net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	\$ 634,552	\$ 127,990	\$(289,169)

**Pension Plan Net Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Stone Mountain Retirement Plan financial report.

**17. SHORT TERM BORROWINGS**

During the year ended December 31, 2015 the City entered into a tax anticipation note obligation for operating purposes of \$850,000 at a local financial institution with actual drawdowns under the agreement of \$662,535. The borrowing, with a variable interest rate equal to LIBOR plus 2.75% times 65%, matured on December 31, 2015. Total short-term borrowings interest incurred and expended for the year ended December 31, 2015 was \$5,322.

The following is a summary of the City's short-term borrowings for the year ended December 31, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Tax anticipation note	\$ -	\$ 662,535	\$ (662,535)	\$ -

**18. SUBSEQUENT EVENTS**

In January 2016, the City issued a tax anticipation note for operating purposes of \$795,000 at a local financial institution. The note and the balance as of May 9, 2015 amounted to \$795,000. The borrowing, with a variable interest rate of LIBOR plus 3.0% times 65%, matures on December 31, 2016.

(See Independent Auditor's Report)

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

**19. PRIOR PERIOD ADJUSTMENT**

The City implemented the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, for the City of Stone Mountain Retirement Plan (SMRP). This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement also requires enhanced note disclosures and schedules of required supplementary information that will be presented by pension plans that are within its scope.

The implementation of GASB Statement No. 68 had the following effect:

	<u>Governmental Activities</u>
Net position, December 31, 2014	\$ 4,525,345
Recognition of deferred pension outflows	102,026
Recognition of net pension liability	<u>(117,885)</u>
 Restated net position, December 31, 2014	 <u>\$ 4,509,486</u>

**20. 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, 2015 the Capital Projects Fund of the City had a deficit fund balance of \$7,138. Management expects to fund the deficit through future operating transfers.
- 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, 2015.

(See Independent Auditor's Report)

**CITY OF STONE MOUNTAIN, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

	Fiscal Year End									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total Pension Liability</b>										
Service cost	\$ 76,184									
Interest	229,805									
Differences between expected and actual experience	153,267									
Changes of assumptions	(44,184)									
Benefit payments	<u>(70,025)</u>									
Net changes in total pension liability	345,047									
Total pension liability - beginning	<u>3,000,232</u>									
Total pension liability - ending	<u>\$ 3,345,279</u>									
										(Historical information prior to implementation of GASB 67/68 is not required)
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 131,821									
Net investment income	281,624									
Benefit payments	(70,025)									
Administrative expense	(8,478)									
Other	-									
Net change in fiduciary net position	334,942									
Plan fiduciary net position - beginning	<u>2,882,347</u>									
Plan fiduciary net position - ending	<u>\$ 3,217,289</u>									
										(Historical information prior to implementation of GASB 67/68 is not required)
<b>Net Pension Liability</b>										
Net pension liability	\$ 127,990									
Plan's fiduciary net position as a percentage of the total pension liability	96.17%									
Covered-employee payroll	\$ 1,454,796									
Net pension liability as a percentage of covered payroll	8.80%									
										(Historical information prior to implementation of GASB 67/68 is not required)

CITY OF STONE MOUNTAIN, GEORGIA  
 SCHEDULE OF CONTRIBUTIONS  
 LAST 10 FISCAL YEARS

	Fiscal Year End									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contributions	119,180									
Contributions in relation to the actuarially determined contribution	(119,180)									
Contribution deficiency (excess)	-									
										(Historical information prior to implementation of GASB 67/68 is not required)
Covered-employee payroll	1,177,613									
Contributions as a percentage of covered- employee payroll	10.12%									

**CITY OF STONE MOUNTAIN, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 1**

Significant methods and assumptions used in calculating the actuarially determined calculations are as follow:

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	N/A
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

**Actuarial Assumptions:**

Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	3.25%
Mortality Rates - Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward 2 years for males and 1 year for females
Disabled	RP-2000 Disabled Retiree Mortality Table - sex distinct rates
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

No significant factors changed that significantly affected trends in the amounts reported such as changes in benefit terms, the size or composition of the population covered by the benefit terms, or assumptions used.

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**CITY OF STONE MOUNTAIN, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

		<b>Special Revenue</b>		
		Cemetery	Police Asset Forfeiture	Hotel / Motel
		Fund	Fund	Fund
				Total
<b>Assets</b>				
Cash	\$ -	\$ 4,411	\$ -	\$ 4,411
Taxes receivable	-	-	-	-
Grant receivable	-	-	-	-
Due from other funds	6,040	-	-	6,040
Due from component unit	-	-	115	115
Deposits	-	-	-	-
	<u>\$ 6,040</u>	<u>\$ 4,411</u>	<u>\$ 115</u>	<u>\$ 10,566</u>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	\$ 1,973	\$ -	\$ 1,973
Due to other funds	-	1,141	115	1,256
	<u>-</u>	<u>3,114</u>	<u>115</u>	<u>3,229</u>
Total Liabilities	-	3,114	115	3,229
Fund Balance				
Restricted -				
Police Services	-	1,297	-	1,297
Cemetery up-keep	6,040	-	-	6,040
Unassigned	-	-	-	-
	<u>6,040</u>	<u>1,297</u>	<u>-</u>	<u>7,337</u>
Total fund balance	6,040	1,297	-	7,337
Total liabilities and fund balance	<u>\$ 6,040</u>	<u>\$ 4,411</u>	<u>\$ 115</u>	<u>\$ 10,566</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, 2015**

	<u>Special Revenue</u>			
	Cemetery	Police	Hotel /	
	Fund	Asset	Motel	
	Fund	Forfeiture	Fund	Total
Revenues:				
Cemetery lot sales	\$ 3,000	\$ -	\$ -	\$ 3,000
Taxes	-	-	1,128	1,128
Intergovernmental	-	-	5,000	5,000
Fines and forfeitures	-	2,730	-	2,730
Other	8,045	-	14,411	22,456
Total Revenue	11,045	2,730	20,539	34,314
Expenditures;				
Current:				
Salaries and benefits	7,351	-	20,064	27,415
Purchased/contracted services	5,036	2,033	3,686	10,755
Supplies	-	2,584	1,568	4,152
Other	-	-	1,040	1,040
Capital outlay	-	-	860	860
Total Expenditures	12,387	4,617	27,218	44,222
Excess (deficiency) of revenues over expenditures	(1,342)	(1,887)	(6,679)	(9,908)
Other financing sources (uses)				
Transfers in (out)	-	-	6,679	6,679
Net Change in Fund Balances	(1,342)	(1,887)	-	(3,229)
Fund Balance-Beginning of Year	7,382	3,184	-	10,566
Fund Balance-End of Year	\$ 6,040	\$ 1,297	\$ -	\$ 7,337

**CITY OF STONE MOUNTAIN, GEORGIA  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash	\$ 997,675	\$ 949,961
Receivables -		
Property taxes	185,344	127,342
Franchise taxes	175,254	160,535
Other taxes	30,888	4,874
Fines, net of allowance for bad debts of \$233,732 in 2015 and 374,238 in 2014	155,821	249,492
Intergovernmental	-	-
Miscellaneous	11,171	2,450
Due from other funds	1,256	53,124
Due from component unit	-	-
Prepaid expenses	65,523	22,672
Total assets	<u>\$ 1,622,932</u>	<u>\$ 1,570,450</u>
 <b>Liabilities</b>		
Accounts payable	\$ 65,160	\$ 208,325
Accrued liabilities	80,215	89,814
Due to other funds	559,143	492,790
Unearned revenues	63,802	66,764
Total liabilities	<u>768,320</u>	<u>857,693</u>
 <b>Deferred Inflows of Resources</b>		
Unavailable revenues	<u>277,233</u>	<u>316,024</u>
 <b>Fund Balance (Deficit)</b>		
Nonspendable - prepaid items	65,523	22,672
Assigned - for 2016 budget appropriations	223,832	126,812
Unassigned	288,024	247,249
Total fund balance (deficit)	<u>577,379</u>	<u>396,733</u>
 Total liabilities, deferred inflows of resources and fund balance (deficit)	 <u>\$ 1,622,932</u>	 <u>\$ 1,570,450</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**For the years ended December 31, 2015 and 2014**

	2015	2014
<b>Revenues:</b>		
Taxes	\$ 2,357,070	\$ 2,182,254
Business licenses and permits	89,024	112,474
Intergovernmental	49,164	42,059
Service fees	5,749	2,621
Fines and forfeitures	505,891	642,677
Interest	3	157
Rents	9,025	8,500
Miscellaneous	17,247	6,553
<b>Total revenues</b>	<u>3,033,173</u>	<u>2,997,295</u>
<b>Expenditures:</b>		
Current-		
Governing Body	36,847	35,195
General Government	250,043	248,221
Financial Administration	331,681	343,281
Government Buildings	52,275	48,851
Municipal Court	160,786	258,203
Public Safety	1,156,914	1,042,880
Highways and Streets	422,553	433,080
Culture and Recreation	173,600	136,892
Economic Development	69,094	42,125
Community Development	-	-
Capital Outlay	207,621	127,849
Debt service -		
Principal	123,673	115,333
Interest	63,994	65,062
<b>Total expenditures</b>	<u>3,049,081</u>	<u>2,896,972</u>
Excess (deficiency) of revenues over expenditures	<u>(15,908)</u>	<u>100,323</u>
Other financing sources (uses)		
Capital lease proceeds	184,738	110,203
Proceeds from sale of capital assets	32,239	4,715
Transfers (net)	(20,423)	30,384
<b>Total other financing sources (uses)</b>	<u>196,554</u>	<u>145,302</u>
Net change in fund balance	180,646	245,625
Fund Balance-Beginning of Year	396,733	151,108
Fund Balance-End of Year	<u>\$ 577,379</u>	<u>\$ 396,733</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, 2015**  
**(With comparative actual amounts for the year ended December 31, 2014)**

	2015			2014
	Final Budget	Actual	Variance	Actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property	\$ 1,560,427	\$ 1,514,597	\$ (45,830)	\$ 1,440,069
Utility franchise	239,243	257,593	18,350	239,871
Host tax	65,700	74,568	8,868	-
Alcoholic beverage	23,689	24,415	726	32,947
Insurance premium	312,930	334,314	21,384	312,930
Motor vehicle	90,340	86,203	(4,137)	93,576
Intangible taxes	11,948	17,485	5,537	13,871
Business and occupational	41,457	41,334	(123)	40,882
Other taxes	4,760	6,561	1,801	8,108
Total taxes	<u>2,350,494</u>	<u>2,357,070</u>	<u>6,576</u>	<u>2,182,254</u>
<b>Business Licenses and Permits</b>	<u>84,397</u>	<u>89,024</u>	<u>4,627</u>	<u>112,474</u>
<b>Intergovernmental</b>	<u>58,264</u>	<u>49,164</u>	<u>(9,100)</u>	<u>42,059</u>
<b>Service Fees</b>				
Police services	2,159	3,963	1,804	1,749
Miscellaneous	724	1,786	1,062	872
Total service fees	<u>2,883</u>	<u>5,749</u>	<u>2,866</u>	<u>2,621</u>
<b>Fines and Forfeitures</b>	<u>561,375</u>	<u>505,891</u>	<u>(55,484)</u>	<u>642,677</u>
<b>Interest Earned</b>	<u>156</u>	<u>3</u>	<u>(153)</u>	<u>157</u>
<b>Rents</b>	<u>8,350</u>	<u>9,025</u>	<u>675</u>	<u>8,500</u>
<b>Miscellaneous</b>				
Other	5,100	17,247	12,147	6,553
Total	<u>5,100</u>	<u>17,247</u>	<u>12,147</u>	<u>6,553</u>
<b>Total Revenues</b>	<u>\$ 3,071,019</u>	<u>\$ 3,033,173</u>	<u>\$ (37,846)</u>	<u>\$ 2,997,295</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2015**  
**(With comparative actual totals for the year ended December 31, 2014)**

	2015			2014
	Final Budget	Actual	Variance	Actual
<b>Expenditures</b>				
<b>Governing Body</b>				
Personal services and benefits	\$ 36,191	\$ 35,617	\$ 574	\$ 34,243
Purchased / contracted services	2,290	1,090	1,200	945
Supplies	370	140	230	7
Total operating	38,851	36,847	2,004	35,195
Total Governing Body	38,851	36,847	2,004	35,195
<b>General Government</b>				
Personal services and benefits	119,184	119,180	4	125,681
Purchased / contracted services	121,697	110,321	11,376	113,372
Supplies	17,890	15,220	2,670	6,173
Other	2,485	5,322	(2,837)	2,995
Total operating	261,256	250,043	11,213	248,221
Capital outlay	-	-	-	-
Total General Government	261,256	250,043	11,213	248,221
<b>Financial Administration</b>				
Personal services and benefits	260,430	260,580	(150)	259,519
Purchased / contracted services	68,911	66,743	2,168	79,124
Supplies	6,860	4,108	2,752	4,638
Other	3,108	250	2,858	-
Total operating	339,309	331,681	7,628	343,281
Capital outlay	19,472	19,472	-	1,023
Total Financial Administration	358,781	351,153	7,628	344,304

Continued

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2015**  
**(With comparative actual totals for the year ended December 31, 2014)**

	2015			2014
	Final Budget	Actual	Variance	Actual
<b>Government Buildings</b>				
Purchased / contracted services	\$ 21,057	\$ 17,906	\$ 3,151	\$ 16,994
Supplies	37,877	34,369	3,508	31,857
Other	3,520	-	3,520	-
Total operating	62,454	52,275	10,179	48,851
Capital outlay	4,270	4,270	-	63
Total Government Buildings	66,724	56,545	10,179	48,914
<b>Municipal Court</b>				
Personal services and benefits	110,090	110,510	(420)	107,853
Purchased / contracted services	42,179	38,102	4,077	33,756
Supplies	3,256	2,475	781	3,080
Other costs	18,256	9,699	8,557	113,514
Total operating	173,781	160,786	12,995	258,203
Capital outlay	-	-	-	-
Total Municipal Court	173,781	160,786	12,995	258,203
<b>Public Safety</b>				
Police				
Personal services and benefits	1,017,876	1,019,976	(2,100)	908,326
Purchased / contracted services	86,773	80,559	6,214	76,147
Supplies	65,823	56,379	9,444	58,407
Other costs	2,000	-	2,000	-
Total operating	1,172,472	1,156,914	15,558	1,042,880
Capital outlay	140,978	140,570	408	115,093
Total Public Safety	1,313,450	1,297,484	15,966	1,157,973

Continued

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2015**  
**(With comparative actual totals for the year ended December 31, 2014)**

	2015			2014
	Final Budget	Actual	Variance	Actual
<b>Highways and Streets</b>				
Personal services and benefits	\$ 211,651	\$ 198,121	\$ 13,530	\$ 185,692
Purchased / contracted services	148,224	108,008	40,216	130,687
Supplies	125,200	116,424	8,776	116,701
Other costs	2,092	-	2,092	-
Total operating	487,167	422,553	64,614	433,080
Capital outlay	43,015	43,309	(294)	11,670
Total Highways and Streets	530,182	465,862	64,320	444,750
<b>Culture and Recreation</b>				
Personal services and benefits	129,571	129,201	370	109,636
Purchased / contracted services	41,256	38,859	2,397	21,674
Supplies	7,130	5,540	1,590	5,582
Other costs	3,212	-	3,212	-
Total operating	181,169	173,600	7,569	136,892
Capital outlay	-	-	-	-
Total Recreation	181,169	173,600	7,569	136,892

Continued

**CITY OF STONE MOUNTAIN, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the year ended December 31, 2015**  
**(With comparative actual totals for the year ended December 31, 2014)**

	2015			2014
	Final Budget	Actual	Variance	Actual
<b>Economic Development</b>				
Personal services and benefits	\$ -	\$ -	\$ -	\$ -
Purchased / contracted services	88,369	69,094	19,275	42,125
Supplies	-	-	-	-
Total operating	88,369	69,094	19,275	42,125
Capital outlay	-	-	-	-
Total Economic Development	88,369	69,094	19,275	42,125
<b>Community Development</b>				
Personal services and benefits	-	-	-	-
Purchased / contracted services	-	-	-	-
Other costs	-	-	-	-
Total Community Development	-	-	-	-
<b>Debt Service</b>				
Principal	123,864	123,673	191	115,333
Interest	67,228	63,994	3,234	65,062
Total Debt Service	191,092	187,667	3,425	180,395
Total Expenditures	\$ 3,203,655	\$ 3,049,081	\$ 154,574	\$ 2,896,972

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**CITY OF STONE MOUNTAIN, GEORGIA  
CEMETERY FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2015 AND 2014**

<b>Assets</b>	<u>2015</u>	<u>2014</u>
Due from other funds	\$ <u>6,040</u>	\$ <u>7,382</u>
Total Assets	\$ <u>6,040</u>	\$ <u>7,382</u>
<b>Liabilities and Fund Balance</b>		
Liabilities	\$ <u>-</u>	\$ <u>-</u>
Fund balance		
Restricted for cemetery up-keep	<u>6,040</u>	<u>7,382</u>
Total fund balance	\$ <u>6,040</u>	\$ <u>7,382</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, 2015**  
**(With comparative actual amounts for the year ended December 31, 2014)**

	2015			2014
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Cemetery lot sales	\$ 1,200	\$ 3,000	\$ 1,800	\$ 3,250
Contributions	8,000	8,045	45	8,150
Total Revenues	9,200	11,045	1,845	11,400
<b>Expenditures</b>				
Current				
Salaries and benefits	7,643	7,351	292	6,670
Purchased/contracted services	8,587	5,036	3,551	1,435
Other costs	840	-	840	-
Capital outlay	-	-	-	-
Total Expenditures	17,070	12,387	4,683	8,105
Excess of revenues over (under) expenditures	(7,870)	(1,342)	6,528	3,295
Other financing sources (uses)				
Transfers	7,870	-	(7,870)	-
Net change in fund balance	-	(1,342)	(1,342)	3,295
Fund Balance-Beginning of Year	7,382	7,382	-	4,087
Fund Balance-End of Year	\$ 7,382	\$ 6,040	\$ (1,342)	\$ 7,382

**CITY OF STONE MOUNTAIN, GEORGIA  
POLICE ASSET FORFEITURE FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2015 AND 2014**

<b>Assets</b>	<u>2015</u>	<u>2014</u>
Cash	\$ 4,411	\$ 3,184
Total assets	<u>\$ 4,411</u>	<u>\$ 3,184</u>
 <b>Liabilities and Fund Balance</b>		
Liabilities		
Accounts Payable	\$ 1,973	\$ -
Due to other funds	<u>1,141</u>	<u>-</u>
Total liabilities	<u>3,114</u>	<u>-</u>
Fund balance:		
Restricted for police budget enhancement	<u>1,297</u>	<u>3,184</u>
Total liabilities and fund balance	<u>\$ 4,411</u>	<u>\$ 3,184</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, 2015**  
**(With comparative actual amounts for the year ended December 31, 2014)**

	2015			2014
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Forfeitures	\$ 2,730	\$ 2,730	\$ -	\$ -
Other	-	-	-	-
Total Revenues	2,730	2,730	-	-
<b>Expenditures</b>				
Current -				
Supplies	2,537	2,584	(47)	-
Purchased/contracted services	1,408	2,033	(625)	500
Other costs	1,174	-	1,174	-
Capital outlay-				
Machinery and equipment	-	-	-	-
Total Expenditures	5,119	4,617	502	500
Excess (deficiency) of Revenues over Expenditures	(2,389)	(1,887)	502	(500)
Other financing sources (uses)				
Transfers in (out)	2,389	-	(2,389)	-
Net change in fund balance	-	(1,887)	(1,887)	(500)
Fund Balance-Beginning of Year	3,184	3,184	-	3,684
Fund Balance-End of Year	\$ 3,184	\$ 1,297	\$ (1,887)	\$ 3,184

**CITY OF STONE MOUNTAIN, GEORGIA  
HOTEL / MOTEL TAX FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Taxes receivable	\$ -	\$ -
Due from component unit	<u>115</u>	<u>607</u>
 Total Assets	 <u>\$ 115</u>	 <u>\$ 607</u>
 <b>Liabilities and Fund Balance</b>		
 Due to other funds	 <u>115</u>	 <u>607</u>
Fund balance - Restricted for Tourism and Promotion	<u>-</u>	<u>-</u>
 Total Liabilities and Equity	 <u>\$ 115</u>	 <u>\$ 607</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, 2015**  
**(With comparative actual amounts for the year ended December 31, 2014)**

	2015			2014
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Hotel / Motel tax	\$ 175	\$ 1,128	\$ 953	\$ 357
Event revenue	4,599	4,599	-	5,444
Intergovernmental	5,000	5,000	-	5,000
Contributions-private source	360	360	-	-
Contributions from MSSM	-	-	-	4,737
Contributions from SMMA	9,000	9,452	452	9,000
Total Revenues	19,134	20,539	1,405	24,538
<b>Expenditures</b>				
Current -				
Tourism and Promotion	29,913	26,358	3,555	26,704
Capital outlay	832	860	(28)	-
Total Expenditures	30,745	27,218	3,527	26,704
Excess (deficiency) of Revenues over Expenditures	(11,611)	(6,679)	4,932	(2,166)
Other financing sources (uses)				
Transfers in (out)	11,611	6,679	(4,932)	2,166
Net change in fund balance	-	-	-	-
Fund Balance-Beginning of Year	-	-	-	-
Fund balance-end of Year	\$ -	\$ -	\$ -	\$ -

**CITY OF STONE MOUNTAIN, GEORGIA  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash	\$ -	\$ -
Receivables -		
Other taxes	-	16,470
Grant	-	132,227
Due from other funds	-	-
	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 148,697</u>
 <b>Liabilities</b>		
Accounts payable	\$ 7,138	\$ 21,777
Accrued liabilities	-	-
Due to other funds	-	52,517
Total Liabilities	<u>7,138</u>	<u>74,294</u>
 <b>Deferred Inflows of Resources</b>		
Unavailable revenues	-	38,834
 <b>Fund balance -</b>		
Restricted for capital outlay		35,569
Unassigned	(7,138)	-
	<u>(7,138)</u>	<u>-</u>
Total Fund Balance	<u>(7,138)</u>	<u>35,569</u>
 <b>Total Liabilities, Deferred Inflows of resources and Fund Balance</b>	 <u>\$ -</u>	 <u>\$ 148,697</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, 2015**  
**(With comparative actual amounts for the year ended December 31, 2014)**

	2015			2014
	Budget	Actual	Variance	Actual
<b>Revenues</b>				
Intergovernmental	\$ 1,070,106	\$ 56,244	\$ (1,013,862)	\$ 195,993
Interest	-	-	-	-
Taxes	-	-	-	74,874
Total Revenues	1,070,106	56,244	(1,013,862)	270,867
<b>Expenditures</b>				
Capital Outlay				
Highways and Streets	1,122,072	28,126	1,093,946	34,034
General Government Buildings	119,479	92,757	26,722	226,746
Debt Service				
Debt Issue Cost	-	-	-	-
Total Expenditures	1,241,551	120,883	1,120,668	260,780
Excess (deficiency) of				
Revenues over				
Expenditures	(171,445)	(64,639)	106,806	10,087
Other Financing Sources (Uses)				
Capital Lease Proceeds	-	-	-	-
Transfers	171,445	21,932	(149,513)	(18,976)
Net change in fund balance	-	(42,707)	(42,707)	(8,889)
Fund balance-Beginning of Year	35,569	35,569	-	44,458
Fund balance-end of Year	\$ 35,569	\$ (7,138)	\$ (42,707)	\$ 35,569

**CITY OF STONE MOUNTAIN, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015 AND 2014**

<b>Assets</b>	<u>2015</u>	<u>2014</u>
<b>Current assets</b>		
Accounts receivable		
Sanitation	\$ 40,290	\$ 35,635
Dumpsters	8,260	8,564
Due from General Fund	-	-
Prepaid items	<u>145</u>	<u>145</u>
Total current assets	<u>48,695</u>	<u>44,344</u>
<b>Noncurrent assets</b>		
Capital assets		
Automobiles	68,481	68,481
Machinery and equipment	23,130	23,130
Accumulated depreciation	<u>(84,286)</u>	<u>(81,973)</u>
Capital assets (net of depreciation)	<u>7,325</u>	<u>9,638</u>
Total noncurrent assets	<u>7,325</u>	<u>9,638</u>
 Total assets	 <u>56,020</u>	 <u>53,982</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	-	-
Customer deposits	3,272	3,031
Unearned revenue	10,991	10,925
Accrued liabilities	<u>-</u>	<u>-</u>
Current liabilities	<u>14,263</u>	<u>13,956</u>
Noncurrent liabilities		
Capital lease payable	<u>-</u>	<u>-</u>
Total noncurrent liabilities		
 Total liabilities	 <u>14,263</u>	 <u>13,956</u>
<b>Net Position</b>		
Investment in capital assets	7,325	9,638
Unrestricted	<u>34,432</u>	<u>30,388</u>
 Total net position	 <u>\$ 41,757</u>	 <u>\$ 40,026</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, 2015 and 2014**

	2015	2014
OPERATING REVENUES:		
Refuse collection	\$ 386,525	\$ 381,536
Dumpster collection	131,215	139,277
Miscellaneous	4,949	40
	<u>522,689</u>	<u>520,853</u>
Total operating revenues		
OPERATING EXPENSES:		
Purchased products and services		
Landfill fees	1,710	1,054
Dumpster collection	113,577	124,633
Sanitation expense	374,874	360,000
Personal services and benefits	15,878	20,389
Purchased / contracted services	1,536	1,536
Supplies	1,369	1,505
Depreciation	2,313	3,484
Bad debt expense	-	-
Other	1,513	2,363
	<u>512,770</u>	<u>514,964</u>
Total operating expenses		
Operating income	<u>9,919</u>	<u>5,889</u>
NONOPERATING INCOME/(EXPENSES)		
Loss on sale of capital assets	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Total nonoperating income/(expense)		
Income before transfers and capital contributions	9,919	5,889
Capital contributions	-	-
Transfers in/(out)	<u>(8,188)</u>	<u>(13,574)</u>
Change in net position	1,731	(7,685)
NET POSITION, BEGINNING OF YEAR	<u>40,026</u>	<u>47,711</u>
NET POSITION, END OF YEAR	<u>\$ 41,757</u>	<u>\$ 40,026</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 518,645	\$ 525,054
Cash paid to suppliers	(498,003)	(493,040)
Cash paid to employees	<u>(12,454)</u>	<u>(18,440)</u>
Net cash provided by operating activities	<u>8,188</u>	<u>13,574</u>
Cash flows from capital financing activities:		
Proceeds from sales of capital assets	-	-
Purchase of capital assets	-	-
Principal paid on capital debt	<u>-</u>	<u>-</u>
Net cash provided by capital financing activities	<u>-</u>	<u>-</u>
Cash flows from non-capital financing activities:		
Transfers	<u>(8,188)</u>	<u>(13,574)</u>
Net cash provided by non-capital financing activities	<u>(8,188)</u>	<u>(13,574)</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>

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

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

	<u>2015</u>	<u>2014</u>
Operating income (loss)	\$ 9,919	\$ 5,889
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,313	3,484
(Increase) decrease in receivables	(4,351)	761
(Increase) decrease in prepaids	-	-
Increase (decrease) in accounts payable	-	-
Increase (decrease) in unearned revenues	66	409
Increase (decrease) in customer deposits	241	3,031
Increase (decrease) in accrued liabilities	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 8,188</u>	<u>\$ 13,574</u>

**CITY OF STONE MOUNTAIN, GEORGIA**  
**STORMWATER MANAGEMENT FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,000	\$ -
Receivables, net -		
Accounts	36,061	30,566
Due from other funds	553,103	485,408
Total current assets	<u>590,164</u>	<u>515,974</u>
<b>Non-Current Assets</b>		
Capital assets -		
Construction in progress	41,577	38,593
Infrastructure	889,511	889,511
Accumulated depreciation	<u>(127,554)</u>	<u>(105,316)</u>
Capital assets, net of depreciation	<u>803,534</u>	<u>822,788</u>
Total non-current assets	<u>803,534</u>	<u>822,788</u>
Total Assets	<u>1,393,698</u>	<u>1,338,762</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	803,534	822,788
Unrestricted	<u>590,164</u>	<u>515,974</u>
Total Net Position	<u>\$ 1,393,698</u>	<u>\$ 1,338,762</u>

**CITY OF STONE MOUNTAIN, GEORGIA  
STORMWATER MANAGEMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 146,760	\$ 147,792
Total operating revenues	<u>146,760</u>	<u>147,792</u>
<b>OPERATING EXPENSES</b>		
Personal services and benefits	37,683	31,222
Purchased/contracted services	31,903	56,400
Supplies	-	-
Depreciation	22,238	22,238
Other	<u>-</u>	<u>-</u>
Total operating expenses	<u>91,824</u>	<u>109,860</u>
Operating income (loss)	54,936	37,932
<b>Non-operating revenues and (expenses)</b>		
Interest income	<u>-</u>	<u>-</u>
Income before transfers and capital contributions	54,936	37,932
Capital contributions	-	-
Transfers	<u>-</u>	<u>-</u>
Change in net position	54,936	37,932
NET POSITION - BEGINNING	<u>1,338,762</u>	<u>1,300,830</u>
NET POSITION - ENDING	<u>\$ 1,393,698</u>	<u>\$ 1,338,762</u>

**CITY OF STONE MOUNTAIN, GEORGIA  
STORMWATER MANAGEMENT FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers and users	\$ 141,265	\$ 156,083
Cash paid to suppliers for goods	(39,873)	(60,736)
Cash paid to employees	<u>(29,713)</u>	<u>(26,886)</u>
Net cash provided from operating activities	<u>71,679</u>	<u>68,461</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>(67,695)</u>	<u>(29,868)</u>
Net cash flows from non-capital financing activities	<u>(67,695)</u>	<u>(29,868)</u>
<b>Cash flows from capital financing activities:</b>		
Proceeds from capital contributions	-	-
Purchase of capital assets	<u>(2,984)</u>	<u>(38,593)</u>
Net cash flows from capital financing activities	<u>(2,984)</u>	<u>(38,593)</u>
Net cash flows	1,000	-
Cash and cash equivalents - beginning	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ 1,000</u></u>	<u><u>\$ -</u></u>

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

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

	<u>2015</u>	<u>2014</u>
<b>Operating income (loss)</b>	<b>\$ 54,936</b>	<b>\$ 37,932</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	22,238	22,238
(Increase) decrease in receivables	(5,495)	8,291
Increase (decrease) in accounts payable	-	-
Total adjustments	<u>16,743</u>	<u>30,529</u>
<b>Net cash from operating activities</b>	<b>\$ 71,679</b>	<b>\$ 68,461</b>

**CITY OF STONE MOUNTAIN, GEORGIA  
DOWNTOWN DEVELOPMENT AUTHORITY  
COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2015 AND 2014**

<b>Assets</b>	<u><b>2015</b></u>	<u><b>2014</b></u>
Assets:		
Cash	\$ 9,017	\$ 22,695
Receivables		
Rents	-	1,735
Miscellaneous	<u>2,000</u>	<u>-</u>
Total Assets	<u><u>\$ 11,017</u></u>	<u><u>\$ 24,430</u></u>
<b>Liabilities and Fund Equity</b>		
Liabilities:		
Accounts payable	\$ 378	\$ 620
Due to primary government	115	607
Tenant deposits	<u>1,000</u>	<u>1,025</u>
Total Liabilities	<u>1,493</u>	<u>2,252</u>
Fund equity:		
Fund Balance - Unassigned	<u>9,524</u>	<u>22,178</u>
Total Fund Equity	<u>9,524</u>	<u>22,178</u>
Total Liabilities and Fund Equity	<u><u>\$ 11,017</u></u>	<u><u>\$ 24,430</u></u>

**CITY OF STONE MOUNTAIN, GEORGIA  
DOWNTOWN DEVELOPMENT AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Revenues:		
Rents	\$ 27,650	\$ 26,750
Event fees	16,134	14,656
Contributions -		
City	69,094	42,125
Other	500	3,184
Miscellaneous	<u>6,130</u>	<u>9,864</u>
Total Revenues	<u>119,508</u>	<u>96,579</u>
Expenditures:		
Personal services and benefits	61,233	43,593
Purchased / contracted services	17,003	18,655
Supplies	5,526	4,392
Other	735	-
Events	26,022	22,347
Capital outlay	983	-
Debt service -		
Principal	10,209	9,626
Interest	<u>10,451</u>	<u>11,033</u>
Total Expenditures	<u>132,162</u>	<u>109,646</u>
Excess of revenues over (under) expenditures	(12,654)	(13,067)
Other financing sources (uses):		
Proceeds from note issue	-	-
Proceeds from sale of asset	-	-
Transfer (net)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net change in fund balance	(12,654)	(13,067)
Fund Balance - Beginning of year	<u>22,178</u>	<u>35,245</u>
Fund Balance - End of year	<u>\$ 9,524</u>	<u>\$ 22,178</u>