

CITY OF MOUNTAIN PARK, GEORGIA

**FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

**CITY OF MOUNTAIN PARK, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mountain Park, Georgia, as of and for the year ended June 30, 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 from 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, each major fund, and the aggregate remaining fund information of the City of Mountain Park, Georgia, as of June 30, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mountain Park, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special purpose local option sales tax is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of the City of Mountain Park, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mountain Park, Georgia's internal control over financial reporting and compliance.

R.L. Jennings & Associates, PC

Ellijay, Georgia
December 4, 2015

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash, unrestricted	\$ 388,111	\$ 265,520	\$ 653,631
Cash, restricted	8,021	42,582	50,603
Accounts receivable, net of allowance	12,924	33,533	46,457
Due from other governments	194,581	-	194,581
Internal balances	1,122	(1,122)	-
Prepaid items	22,013	3,987	26,000
Inventories	-	18,000	18,000
Capital assets:			
Capital assets, not being depreciated	646,389	-	646,389
Capital assets, net of depreciation	537,158	716,129	1,253,287
Total assets	<u>1,810,319</u>	<u>1,078,629</u>	<u>2,888,948</u>
LIABILITIES			
Accounts payable	194,235	11,844	206,079
Accrued liabilities	17,051	-	17,051
Customer deposits	-	42,582	42,582
Unearned revenue	7,807	2,005	9,812
Long-term liabilities:			
Due within one year	8,407	-	8,407
Due in more than one year	27,097	-	27,097
Total liabilities	<u>254,597</u>	<u>56,431</u>	<u>311,028</u>
NET POSITION			
Net investment in capital assets	1,148,043	716,129	1,864,172
Restricted for capital projects	598	-	598
Unrestricted	407,081	306,069	713,150
Total net position	<u>\$ 1,555,722</u>	<u>\$ 1,022,198</u>	<u>\$ 2,577,920</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 151,756	\$ 90	\$ 42	\$ -	\$ (151,624)	\$ -	\$ (151,624)
Judicial	12,441	-	-	-	(12,441)	-	(12,441)
Public safety	79,351	6,361	-	-	(72,990)	-	(72,990)
Public works	53,553	-	-	1,161	(52,392)	-	(52,392)
Culture and recreation	71,753	30,694	-	182,492	141,433	-	141,433
Housing and development	32,815	8,685	-	-	(24,130)	-	(24,130)
Interest on long-term debt	1,338	-	-	-	(1,338)	-	(1,338)
Total governmental activities	403,007	45,830	42	183,653	(173,482)	-	(173,482)
Business-type activities:							
Water and Sewer	330,233	296,718	-	-	-	(33,515)	(33,515)
Total business-type activities	330,233	296,718	-	-	-	(33,515)	(33,515)
Total	\$ 733,240	\$ 342,548	\$ 42	\$ 183,653	(173,482)	(33,515)	(206,997)
General revenues							
Property taxes					237,849	-	237,849
Sales taxes					139,098	-	139,098
Franchise taxes					33,286	-	33,286
Business taxes					32,715	-	32,715
Unrestricted investment earnings					787	159	946
Miscellaneous					11,453	-	11,453
Transfer					150,000	(150,000)	-
Total general revenues and transfer					605,188	(149,841)	455,347
Change in net position					431,706	(183,356)	248,350
Net position, beginning of year, as restated					1,124,016	1,205,554	2,329,570
Net position, end of year					\$ 1,555,722	\$ 1,022,198	\$ 2,577,920

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

ASSETS	General Fund	Nonmajor Governmental Fund	Total
Cash	\$ 388,111	\$ 8,021	\$ 396,132
Property taxes receivable	5,796	-	5,796
Franchise taxes receivable	3,367	-	3,367
Accounts receivable	3,761	-	3,761
Due from other governments	194,581	-	194,581
Due from other funds	8,545	-	8,545
Prepaid items	22,013	-	22,013
Total assets	\$ 626,174	\$ 8,021	\$ 634,195
LIABILITIES			
Accounts payable	\$ 194,235	\$ -	\$ 194,235
Accrued liabilities	17,051	-	17,051
Due to other fund	-	7,423	7,423
Unearned revenues	7,807	-	7,807
Total liabilities	219,093	7,423	226,516
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	5,679	-	5,679
Total deferred inflows of resources	5,679	-	5,679
FUND BALANCES			
Nonspendable	22,013	-	22,013
Restricted for capital projects	-	598	598
Unassigned	379,389	-	379,389
Total fund balances	401,402	598	402,000
Total liabilities, deferred inflows of resources and fund balances	\$ 626,174	\$ 8,021	\$ 634,195

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF MOUNTAIN PARK, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total fund balances - governmental funds	\$	402,000
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the fund financial statements.		1,183,547
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		5,679
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements:		
Capital lease	\$	<u>(35,504)</u> <u>(35,504)</u>
Total net position - governmental activities	\$	<u>1,555,722</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Nonmajor Governmental Fund	Total
Revenues			
Property taxes	\$ 237,878	\$ -	\$ 237,878
Sales taxes	139,098	-	139,098
Franchise taxes	33,286	-	33,286
Business taxes	32,715	-	32,715
Licenses and permits	12,521	-	12,521
Intergovernmental	182,492	1,161	183,653
Charges for services	26,215	-	26,215
Fines and forfeitures	6,361	-	6,361
Interest revenue	787	-	787
Contributions from private sources	775	-	775
Other revenues	11,453	-	11,453
Total revenues	683,581	1,161	684,742
Expenditures			
Current:			
General government	149,816	-	149,816
Judicial	12,441	-	12,441
Public safety	64,486	-	64,486
Public works	33,150	-	33,150
Culture and recreation	42,063	-	42,063
Housing and development	32,815	-	32,815
Capital outlay:			
Public Works	39,396	7,986	47,382
Culture and recreation	411,688	-	411,688
Debt service:			
Principal	8,114	-	8,114
Interest	1,338	-	1,338
Total expenditures	795,307	7,986	803,293
Excess of revenues over (under) expenditures	(111,726)	(6,825)	(118,551)
Other financing sources (uses)			
Transfer in from Enterprise Fund	150,000	-	150,000
Total other financing sources (uses)	150,000	-	150,000
Net change in fund balances	38,274	(6,825)	31,449
Fund balances, beginning of year	363,128	7,423	370,551
Fund balances, end of year	\$ 401,402	\$ 598	\$ 402,000

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds **\$ 31,449**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capitalizable assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 459,070	
Depreciation expense	<u>(65,069)</u>	394,001

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. These primarily include recognition of unavailable deferred property taxes. (29)

The repayment of long-term debt consumes the current financial resources of governmental funds; however, such repayment is treated as the reduction of a liability in the Statement of Net Position. 8,114

Disposal of an asset reported in the Statement of Activities does not consume current financial resources and, therefore, is not reported in the governmental funds statements: (1,829)

Change in net position - governmental activities **\$ 431,706**

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 240,451	\$ 247,525	\$ 237,878	\$ (9,647)
Sales taxes	133,000	140,000	139,098	(902)
Franchise taxes	32,000	33,000	33,286	286
Business taxes	31,300	32,300	32,715	415
Licenses and permits	17,852	17,852	12,521	(5,331)
Intergovernmental	183,000	183,000	182,492	(508)
Charges for services	13,000	3,765	26,215	22,450
Fines and forfeitures	2,200	6,400	6,361	(39)
Interest revenue	2,400	2,400	787	(1,613)
Contributions from private sources	-	-	775	775
Other revenues	20,900	23,200	11,453	(11,747)
Total revenues	676,103	689,442	683,581	(5,861)
Expenditures				
General government:				
Legislative	15,400	15,500	14,500	1,000
Executive	61,012	64,184	61,528	2,656
General administration	85,519	84,219	73,788	10,431
Judicial:				
Municipal court	14,380	15,520	12,441	3,079
Public safety:				
Animal control	1,000	1,100	1,068	32
Police services	34,000	34,000	33,855	145
Fire and emergency	42,253	42,600	39,015	3,585
Public works:				
Roads and streets	19,595	19,250	8,770	10,480
Public facilities	82,149	67,949	63,776	4,173
Culture and recreation:				
Lakes, parks, and recreational activities	30,950	23,530	21,016	2,514
Recreational buildings and property	246,725	438,500	432,735	5,765
Housing and development:				
Building, zoning, and planning	43,120	33,090	32,815	275
Total expenditures	676,103	839,442	795,307	44,135
Excess of revenues over (under) expenditures	-	(150,000)	(111,726)	(49,996)
Other financing sources (uses)				
Transfer in from Enterprise Fund	-	150,000	150,000	-
Total other financing sources (uses)	-	150,000	150,000	-
Net change in fund balance	-	-	38,274	38,274
Fund balance, beginning of year	363,128	363,128	363,128	-
Fund balance, end of year	\$ 363,128	\$ 363,128	\$ 401,402	\$ 38,274

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise Fund
	Water and Sewer
	Fund
ASSETS	
Current assets:	
Cash, unrestricted	\$ 265,520
Cash, restricted	42,582
Accounts receivable, net of allowance	33,533
Inventories	18,000
Prepaid items	3,987
Total current assets	363,622
Noncurrent assets:	
Capital assets, net of depreciation	716,129
Total noncurrent assets	716,129
Total assets	1,079,751
LIABILITIES	
Current Liabilities:	
Accounts payable	11,844
Due to other fund	1,122
Customer deposits	42,582
Other	2,005
Total liabilities	57,553
NET POSITION	
Investment in capital assets	716,129
Unrestricted	306,069
Total net position	\$ 1,022,198

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Enterprise Fund
	Water and Sewer
	Fund
Operating Revenues:	
Water charges	\$ 137,003
Sewer charges	50,175
Sanitation charges	69,280
Meter service fees	16,033
Sewer permit fees	12,000
Late and reconnect fees	6,547
Other	5,680
Total operating revenues	296,718
Operating Expenses:	
Personal services	56,708
Operations:	
Sanitation services	46,986
Water purchases	93,358
Sewer treatment	23,113
Repairs and maintenance	41,679
Professional fees	16,028
Sewer permit expense	9,000
Other operating expenses	6,065
Bad debt expense	2,000
Depreciation	35,296
Total operating expenses	330,233
Operating income (loss)	(33,515)
Nonoperating Revenue:	
Interest revenue	159
Total nonoperating revenue	159
Income (loss) before transfer out	(33,356)
Transfer out to General Fund	(150,000)
Change in net position	(183,356)
Net position, beginning of year	1,205,554
Net position, end of year	\$ 1,022,198

The accompanying notes to financial statements are an integral part of this statement.

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Enterprise Fund
	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 308,996
Payments to suppliers and service providers	(225,149)
Payments to employees	(56,708)
Net cash provided by operating activities	27,139
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer to General Fund	(150,000)
Net cash used in noncapital financing activities	(150,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest revenue	159
Net cash provided by investing activities	159
Net decrease in cash	(122,702)
Cash, beginning of year	430,804
Cash, end of year	\$ 308,102
Cash, as shown on the Statement of Net Position:	
Cash, unrestricted	\$ 265,520
Cash, restricted	42,582
Total Cash	\$ 308,102
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (33,515)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	35,296
Bad debt expense	2,000
Change in assets and liabilities:	
Accounts receivable	8,114
Inventories	9,000
Prepaid	17
Accounts payable	2,760
Customer deposits	2,690
Due to other fund	1,303
Other	(526)
Net cash provided by operating activities	\$ 27,139

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Mountain Park, Georgia (“the City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting polices are described below.

A. Reporting Entity

The City was incorporated in 1927 and operates under a city council/mayor form of government. Policy making and legislative authority are vested in the mayor and a five member City Council elected at large. The City Clerk/Administrator is responsible for the daily operations of the City. The City provides basic services which include general government, judicial, public safety, public works, culture and recreation, and housing and development. In addition, it provides public utilities (water, sewer, and sanitation) for the incorporated and immediate surrounding areas.

In defining the reporting entity for financial reporting purposes and as required by accounting principles generally accepted in the United States of America, management has considered all potential component units. The criteria used for including an organization within the City’s reporting entity as a component unit, is financial accountability. Financial accountability is defined as appointment of a voting majority of the organization’s board and either the ability to impose will by the primary government or the possibility that the organization will provide a financial benefit or impose a financial burden on the primary government. As a result of applying these criteria, the City has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all activities of the City. For the most part, the effect of inter-fund activity has been removed from the government-wide statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities reports the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses and program revenues identifies the extent to which each program is self-financing or draws from the general revenues of the City.

The City's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City's funds are grouped into two broad fund categories and three generic fund types for financial statement presentation purposes. Governmental funds include the general fund and a capital projects fund. Proprietary funds include an enterprise fund. At present, the City operates a Special Purpose Local Option Sales Tax ("SPLOST") Fund, its only capital projects fund, and a water and sewer fund, its only enterprise fund.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for the City's governmental funds and proprietary fund.

The fund financial statements report detailed information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The focus of fund financial statements is on major governmental and enterprise funds rather than on fund types. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major funds:

- Governmental fund – The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Enterprise fund – The Water & Sewer Fund is used to account for revenues from user charges and the costs of providing water, sewer, and sanitation services to residents.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports a nonmajor capital projects fund. The purpose of this fund is to account for financial resources used to acquire, construct, and maintain capital projects for use by the City. Currently, the City's only capital projects fund is its SPLOST Fund.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government-wide net position should be reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position restricted for capital projects reflect the restrictions of their use.

Governmental fund financial statements, on the other hand, are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded in the accounting period in which a fund liability is incurred, as under accrual accounting. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering such services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer enterprise fund are charges for water, sewer and sanitation services provided to residents. Operating expenses of the enterprise fund include the costs of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

Amounts reported as cash by the City in the accompanying financial statements include cash on hand and on deposit with financial institutions.

State of Georgia statutes require all financial institution deposits and investments in excess of the federal depository insured amount to be fully collateralized by an equivalent amount of state or U.S. obligations. State of Georgia statutes authorize the City to invest in (1) U.S. Government obligations; (2) U.S. Government agency obligations; (3) obligations of the State of Georgia; (4) obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investor's Service, Inc.; (5) negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; (6) repurchase agreements when collateralized by U.S. Government or agency obligations; and (7) pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of the statement of cash flows for the enterprise fund type, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

The City had no investments at June 30, 2015.

E. Prepaid Items

Certain payments to vendors for services that will benefit future accounting periods are recorded as prepaid items in both government-wide and governmental fund financial statements. Prepaid items reported by governmental funds are also equally offset by fund balance classified as nonspendable, which indicates they do not constitute "available, spendable financial resources" even though they are a component of net current assets.

F. Inventories

Inventories consist of sewer taps and are stated at cost. Inventories are accounted for on the first-in, first-out (FIFO) method of accounting. The City maintains the inventory on a perpetual basis and makes any necessary adjustments at year end.

G. Capital Assets

Capital assets of governmental activities, which include land, buildings and improvements, vehicles and equipment, and infrastructure (such as roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Infrastructure assets acquired prior to July 1, 2004, have been capitalized as of December 31, 2007. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets acquired prior to June 30, 1980 are not reported.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are expensed as incurred.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and construction in progress are not depreciated. Other capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Infrastructure	20
Buildings and Improvements	10-50
Vehicles	5-12
Machinery and Equipment	3-12
Water System	35

H. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay the liability, typically the General Fund. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. There was no liability for compensated absences as of June 30, 2015.

I. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities of the City under governmental activities.

J. Interfund Transactions and Balances

Quasi-external transactions are accounted for as revenues and expenditures and are not eliminated. The City had no quasi-external transactions during the year.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Outstanding interfund balances at year end related to such reimbursements, as well as activity between funds representative of lending/borrowing arrangements, are reported as "due to/from other funds" in the governmental fund financial statements. All other interfund transactions are reported as transfers. At year end, all interfund balances outstanding and all transfers among governmental funds are eliminated in the government-wide statements.

CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receipts and/or payments to or from other governmental units, not included in the reporting entity of the City, are not reported as transfers, but rather according to the purpose for which the receipt or payment is made.

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items which qualify for reporting in this category.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under the *current financial resources measurement focus* and modified accrual accounting that qualifies for reporting in this category. Accordingly, the item, unavailable property taxes, is reported in the Governmental Funds Balance Sheet for property taxes levied in September, 2014 but which remain unavailable at June 30, 2015. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

L. Fund Balance

Fund balances of governmental funds are presented in various classifications that comprise a hierarchy which is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Descriptions and the City's policies with respect to these classifications are as follows:

Nonspendable – includes amounts that cannot be spent because they are either (a) not spendable in form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as nonspendable as these items are not resources in spendable form.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – includes amounts that are restricted to specific purposes by external sources (creditors, grantors, contributors or laws or regulations of other governments) or by constitutional provision or enabling legislation. The City’s capital projects fund is legally restricted to expenditures for specific purposes.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City’s highest level of decision-making authority. Commitments may be modified or rescinded only through adoption of a subsequent resolution.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the mayor or the finance director, under the supervision of the mayor, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year’s budget constitute assignments and are documented by adoption of the City’s annual operating budget. This classification also includes all remaining positive fund balance for all governmental funds other than the General Fund.

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

The City’s policy would be to use restricted fund balances first when expenditure is made for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Otherwise, it is the City’s policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are made for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

M. Net Position

Net position in financial reporting is based on the *economic resources measurement focus* and represents the difference between (a) total assets and deferred outflows of resources and (b) total liabilities and deferred inflows of resources. 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 is reported as restricted using the same definition as used for

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

restricted fund balance as described in the section above. The remaining portion of net position is reported as unrestricted.

The City's policy would be to use restricted net position first when expenditure is made for purposes for which both restricted and unrestricted net position is available.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

2. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The applicable statutes of the State of Georgia require the City to operate under an annual balanced budget adopted by resolution for all governmental funds. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Annual budgets are adopted for all funds. The budget is adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies. Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by department, which constitutes the legal level of control and the level at which expenditures may not legally exceed appropriations.

Budget revisions at the department level are subject to final review by the City Council. Amendments to the budget were made for the year to reflect greater than expected revenues and increased operating costs in certain departments.

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

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2. LEGAL COMPLIANCE – BUDGETS (CONCLUDED)

B. Excess of Expenditures over Appropriations

As shown in the accompanying budgetary comparison statement for the General Fund, departmental expenditures did not exceed appropriated budget amounts, as amended, during the year.

3. CASH DEPOSITS

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the City had no cash deposits that were exposed to custodial credit risk.

4. RECEIVABLES

The City of Mountain Park is located in both Cherokee and Fulton Counties. The City has approximately 20 parcels of land in Cherokee County and approximately 725 parcels of land in Fulton County. Assessed values are established by the Fulton and Cherokee Counties' Tax Assessor's offices and are calculated at 40% of the market value.

The City bills and collects its own property taxes for properties located in Cherokee County. Property taxes on Cherokee County properties were levied by the City on October 16, 2014, and were due on or before December 15, 2014, after which the account is assessed penalties and interest. Properties are subject to a lien for unpaid property taxes 90 days after the due date.

The City contracts with Fulton County to bill and collect property taxes for properties located in Fulton County. Taxes are generally levied at approximately July 1 of each year based on the assessed value of property as listed on the previous January 1 and are due on October 15 of each year. After the due date, interest is charged on unpaid taxes, with a 10% penalty being assessed in addition to interest charges as receivables become greater than 90 days delinquent. Unpaid property taxes attach as an enforceable lien on property as of January 1 of the following year.

The City's property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after year-end are reported as unavailable revenue.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

4. RECEIVABLES (CONCLUDED)

Receivables outstanding at June 30, 2015, for governmental funds are summarized as follows:

Receivables:	General Fund
Property taxes	\$ 5,796
Franchise taxes	3,367
Accounts	3,761
	\$ 12,924

Accounts receivable consist of payments due to the City as of June 30, 2015 for services rendered that were collected subsequent to year end; therefore, no allowance for uncollectible receivables was considered necessary.

Receivables outstanding at June 30, 2015, for the City's Water and Sewer Fund, an enterprise fund, are reported net of an allowance for doubtful accounts of \$2,000.

5. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, is as follows:

A. Due to/from Other Funds

Receivable Fund	Payable Fund	Amounts
General Fund	SPLOST Fund	\$ 7,423
General Fund	Water and Sewer Fund	1,122
		\$ 8,545

The outstanding balances between funds primarily result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers to/from Other Funds

During the year, the City transferred \$150,000 from the Water and Sewer Fund to the General Fund as additional cash was needed for construction of the new pool house and community center. See Note 7.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. DUE FROM OTHER GOVERNMENTS

Due from other governments consists of the following at June 30, 2015:

	<u>General Fund</u>
Georgia Department of Revenue - LOST	\$ 12,089
Community Development Block Grant (CDBG) (See Note 7)	182,492
Due from other governments	<u>\$ 194,581</u>

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$ 234,701	\$ -	-	\$ 234,701
Construction in progress	-	411,688	-	411,688
Total capital assets not depreciated	234,701	411,688	-	646,389
Capital assets depreciated:				
Infrastructure	6,441,964	8,656	-	6,450,620
Buildings and improvements	777,248	-	(43,600)	733,648
Vehicles and equipment	341,998	38,726	(2,445)	378,279
Total capital assets depreciated	7,561,210	47,382	(46,045)	7,562,547
Less accumulated depreciation for:				
Infrastructure	6,249,268	11,486	-	6,260,754
Buildings and improvements	471,448	32,488	(43,600)	460,336
Vehicles and equipment	283,820	21,095	(616)	304,299
Total accumulated depreciation	7,004,536	65,069	(44,216)	7,025,389
Total capital assets depreciated, net	556,674	(17,687)	(1,829)	537,158
Governmental activities capital assets, net	<u>\$ 791,375</u>	<u>\$ 394,001</u>	<u>(1,829)</u>	<u>\$ 1,183,547</u>

Construction in progress at June 30, 2015, consists of costs incurred for demolition and construction of a new pool house and community center. Construction was completed in July, 2015. The former pool house with a cost and accumulated depreciation of \$43,600 is included in disposals above.

Construction funding has been provided by CDBG funds amounting to \$182,492 from Fulton County, a transfer of \$150,000 from the Water and Sewer Fund and by General Fund reserves.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

7. CAPITAL ASSETS (CONCLUDED)

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets depreciated:				
Vehicles	\$ 6,017	\$ -	\$ -	\$ 6,017
Water System	1,252,284	-	-	1,252,284
Total capital assets depreciated	<u>1,258,301</u>	<u>-</u>	<u>-</u>	<u>1,258,301</u>
Less accumulated depreciation for:				
Vehicles	6,017	-	-	6,017
Water System	500,859	35,296	-	536,155
Total accumulated depreciation	<u>506,876</u>	<u>35,296</u>	<u>-</u>	<u>542,172</u>
Total capital assets depreciated, net	<u>751,425</u>	<u>(35,296)</u>	<u>-</u>	<u>716,129</u>
Business-type activities capital assets, net	<u>\$ 751,425</u>	<u>\$ (35,296)</u>	<u>\$ -</u>	<u>\$ 716,129</u>

Depreciation expense during the year, including amortization expense of \$4,920 on a fire rescue truck recorded under a capital lease, was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
General government	\$ 1,940
Public safety	14,865
Public works	20,403
Culture and recreation	27,861
Total depreciation expense - Government activities	<u>\$ 65,069</u>
 <u>Business-type Activities:</u>	
Water and Sewer	<u>\$ 35,296</u>

8. LONG-TERM DEBT

Capital Lease

The City entered into a lease agreement in fiscal year 2011 for financing the acquisition of a fire rescue truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments. Lease interest rate is 3.630%.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

8. LONG-TERM DEBT (CONCLUDED)

The total cost of the fire rescue truck was \$59,000. Such cost is included under governmental activities in the accompanying government-wide financial statements, net of accumulated amortization of \$22,137, in the amount of \$36,863. Future debt service requirements under the capital lease are as follows:

Fiscal Year Ended June 30	Total
2016	\$ 9,696
2017	9,696
2018	9,696
2019	9,696
Total minimum lease payments	38,784
Less: amount representing interest	3,280
Present value of minimum lease payments	\$ 35,504

The following is a summary of long-term debt activity for the year ended June 30, 2015:

Governmental Activities: Capital Lease				
Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
\$ 43,618	\$ -	\$ 8,114	\$ 35,504	\$ 8,407

9. FUND BALANCE

Fund balances of governmental funds presented in the accompanying governmental funds balance sheet are classified as follows:

Fund Balance Classifications	Purpose	Amount
General Fund Nonspendable	Prepaid items are not in spendable form	\$ 22,013
Nonmajor Fund Restricted	Fund balance is restricted for capital projects financed with SPLOST revenues	\$ 598

All remaining fund balance in the General Fund not reported as nonspendable, is classified as unassigned.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

10. EMPLOYEE RETIREMENT PLAN

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation in the plan is open to current employees. The City serves as plan administrator. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Investments are managed by the plan's trustee under one of the investment options, or a combination thereof. Accordingly, the assets and liabilities of the deferred compensation plan are not included in the accompanying financial statements. Under terms of the plan, the City matches 50% of employee contributions up to 6% of compensation. During the year ended June 30, 2015, employee contributions and the employer match were \$3,567 and \$1,719, respectively.

11. RISK MANAGEMENT

The City 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. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As a member of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverages in any of the past three years.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

12. JOINT VENTURE

The City, in conjunction with other cities and counties in the Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC). Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC Board membership includes the chief elected official of each county and appointed mayors from municipalities in the area. Georgia law also provides that the members are liable for any debts or obligations of the ARC (O.C.G.A. 50-8-39.1). Separate financial statements can be provided by contacting the ARC directly at:

Atlanta Regional Commission
40 Courtland Street, NE
Atlanta, GA 30303

13. COMMITMENTS AND CONTINGENCIES

The City has contracted with the City of Roswell for assistance with Public Safety services, including law enforcement, fire protection and emergency medical services, necessary for the protection of the citizens of the City of Mountain Park and their property. Under terms of the amended agreement dated April, 2009, the City shall pay to the City of Roswell the sum of \$33,855 annually. The agreement automatically renews annually for one year and may be terminated by either party with a notice at least ninety (90) days prior to the expiration of its term.

The City routinely enters into various other contracts and agreements in the ordinary course of business. Such commitments are not considered material to the accompanying financial statements.

There are no lawsuits pending or unasserted claims that would result in material liabilities to the City.

**CITY OF MOUNTAIN PARK, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

14. RESTRICTED ASSETS

Restrictions on cash in the government-wide Statement of Net Position at June 30, 2015, are as follows:

<u>Restrictions:</u>	<u>Governmental Activities</u>	<u>Business-type Activites</u>
Nonmajor Fund (SPLOST) -		
for public safety, streets and drainage	\$ 8,021	\$ -
Water and Sewer Fund - for customer deposits	-	42,582
Total restricted cash	<u>\$ 8,021</u>	<u>\$ 42,582</u>

15. PRIOR PERIOD RESTATEMENT

A restatement of beginning net position in the Statement of Activities was necessary to adjust for an overstatement of property taxes receivable in the prior year. The restatement affected net position as follows:

	<u>Governmental Activities</u>
Net position - June 30, 2014, as previously reported	\$ 1,152,793
Overstatement of property taxes receivable	<u>(28,777)</u>
Net position - June 30, 2014, as restated	<u>\$ 1,124,016</u>

A restatement of beginning fund balance – General Fund – was unnecessary since such prior year overstatement was offset by an equal amount of unavailable property taxes.

CITY OF MOUNTAIN PARK, GEORGIA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND
JUNE 30, 2015

	<u>Capital Projects SPLOST Fund</u>	<u>Total</u>
ASSETS		
Cash	\$ 8,021	\$ 8,021
Total assets	<u>\$ 8,021</u>	<u>\$ 8,021</u>
LIABILITIES AND FUND BALANCE		
Due to other fund	\$ 7,423	\$ 7,423
Fund Balance		
Restricted for capital projects	598	598
Total liabilities and fund balance	<u>\$ 8,021</u>	<u>\$ 8,021</u>

CITY OF MOUNTAIN PARK, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Capital Projects</u> <u>SPLOST Fund</u>	<u>Total</u>
Revenues		
Intergovernmental	\$ 1,161	\$ 1,161
Total revenues	<u>1,161</u>	<u>1,161</u>
Expenditures		
Capital outlay:		
Public works	7,986	7,986
Total expenditures	<u>7,986</u>	<u>7,986</u>
Net change in fund balance	(6,825)	(6,825)
Fund balance, beginning of year	<u>7,423</u>	<u>7,423</u>
Fund balance, end of year	<u>\$ 598</u>	<u>\$ 598</u>

CITY OF MOUNTAIN PARK, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project	Estimated Cost		Prior Years	Expenditures		Estimated % of Completion
	Original	Current		Current Year	Total	
Cherokee County/City of Mountain Park, Georgia						
SPLOST 2000 Projects:						
Roads, streets, and bridges	\$ 10,000	\$ 10,000	\$ -	\$ 7,423	\$ 7,423	74%
Public safety - fire hydrants	30,000	30,000	10,000	-	10,000	33%
Storm drainage facilities	60,000	60,000	18,665	-	18,665	31%
	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 28,665</u>	<u>\$ 7,423</u>	<u>\$ 36,088</u>	
SPLOST 2004 Projects:						
Public safety, streets and drainage	\$ 45,000	\$ 45,000	\$ 42,544	\$ -	\$ 42,544	95%
	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 42,544</u>	<u>\$ -</u>	<u>\$ 42,544</u>	
SPLOST 2010 Projects:						
Law enforcement, streets and drainage	\$ 6,264	\$ 6,264	\$ 2,899	\$ 563	\$ 3,462	55%
	<u>\$ 6,264</u>	<u>\$ 6,264</u>	<u>\$ 2,899</u>	<u>\$ 563</u>	<u>\$ 3,462</u>	

Note to Schedule -

The above schedule has been prepared using the modified accrual basis of accounting.

INTERNAL CONTROL AND COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mountain Park, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Mountain Park, Georgia's basic financial statements and have issued our report thereon dated December 4, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, and are identified as finding 2009-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mountain Park, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Mountain Park, Georgia's Response to Findings

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

Purpose of this Report

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

R & Jennings + Associates, PC

Ellijay, Georgia
December 4, 2015

**CITY OF MOUNTAIN PARK, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2009-1 Segregation of Duties

Condition/Cause: The size of the City's accounting and administrative staff precluded certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. Substantial duties relative to the cash receipt, cash disbursement, and bookkeeping processes are handled by individuals with overlapping responsibilities.

Criteria: Internal controls should be in place to provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business. Failure to properly segregate duties between recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Possible Effect: The lack of proper segregation of duties within the City provides greater risk of misappropriation of the City's assets.

Recommendation: The City should continue to review all duties of the City's accounting and administrative staff to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

Response: We concur with the finding. We will continue to review our operations to determine the most efficient and effective solution to properly monitor segregation of duties.