CITY OF PINE LAKE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

JAMES L. WHITAKER, P.C.

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078

CITY OF PINE LAKE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Pine Lake, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of City of Pine Lake, Georgia (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly , in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City of Pine Lake, Georgia, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparisons for the General Fund and the McAllister Environmental 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 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The individual fund 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 individual fund budgetary schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 13, 2013 on our consideration of City of Pine Lake, 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 Pine Lake, Georgia's internal control over financial reporting and compliance.

James L. Whitaker, P. C.

Snellville, Georgia
June 13, 2013

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CITY OF PINE LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The assets of the City of Pine Lake exceeded its liabilities at December 31, 2012 by $2,562,041. Of this amount unrestricted net position of $229,258 may be used to meet the government's ongoing obligations to citizens and creditors.

- The total net position increased by $82,182. Of this amount an increase of $74,438 was associated with governmental activities and an increase of $7,744 was associated with business-type activities. The significant increase in governmental activities net position was directly related to the receipt of a grant from FEMA / GEMA for the purchase of land that was damaged from flooding.

- As of the close of the current fiscal year, the City of Pine Lake's governmental funds reported combined ending fund balances of $529,833 a decrease of $163,488 in comparison with the prior year's fund balances. Of this amount $343,560 is restricted for capital projects specified in the HOST agreement, revenue bond ordinance and federal and state financial assistance agreements; $93,894 is restricted for environmental projects; and $11,479 is nonspendable and in the form of prepaid expenses and the City had an unassigned fund balance of $80,900.

- The City of Pine Lake's total debt obligations consisted of the DDA's 2009 revenue bonds in the amount of $868,232. The City made $719,019 in principal payments during 2012 which included the pay-off of a loan from the Georgia Environmental Finance Authority that was received during 2012 in the amount of $680,196.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Pine Lake's basic financial statements. The City of Pine Lake'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 Pine Lake'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. (For example, stormwater fees are recognized as income when they are billed but the payments will be received in the future. Expenses are recognized when incurred but may be paid sometime in the future.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (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 Pine Lake include general government, sanitation, public safety and courts, public improvements, and parks and recreation. The business-type activity of the City is Stormwater management.

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 Pine Lake 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 four major governmental funds. The City's major governmental funds are the General Fund, the McAllister Environmental Fund, Revenue Bond Fund and the Grant 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 each major fund. The governmental funds financial statements begin on page 14.

The City of Pine Lake adopts an annual budget for its General Fund and the McAllister Environmental Special Revenue Fund. The annual budget for solid waste management is developed as part of the General Fund. Pine Lake sets a fee for solid waste management that is augmented with other funds to account for the additional recycling fees and composting. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the FY 12 budget. The budgetary comparison statements begin on page 18.

Proprietary funds. The City of Pine Lake maintains one enterprise fund (a component of proprietary funds) to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Stormwater Utility.

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 Stormwater Utility.

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 24.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of individual fund financial statements beginning on page 43.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2012, the City's assets exceeded its liabilities by $2,562,041, largely due to a large investment into capital assets. The City's total capital assets increased by $196,215 (or 7.6%) from 2011 to 2012 (to $2,763,561). Capital assets are used to provide services to citizens and they are not available for future spending. Of the total net position of $2,562,041, $437,454 (17.1 percent) is restricted for environmental and capital outlay purposes. The City had unrestricted net position of $229,258 or 8.9%.

City of Pine Lake's Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	*2011	2012	2011	2012	2011
Current and other assets	$ 613,974	$ 862,554	$ 114,314	$ 106,570	$ 728,288	$ 969,124
Capital assets	2,763,561	2,567,346	-	-	2,763,561	2,567,346
Total assets	3,377,535	3,429,900	114,314	106,570	3,491,849	3,536,470
Current liabilities	61,576	149,556	-	-	61,576	149,556
Long-term liabilities	868,232	907,055	-	-	868,232	907,055
Total liabilities	929,808	1,056,611	-	-	929,808	1,056,611
Net position:						
Invested in capital assets, net of related debt	1,895,329	1,660,291	-	-	1,895,329	1,660,291
Restricted	437,454	617,839	-	-	437,454	617,839
Unrestricted	114,944	95,159	114,314	106,570	229,258	201,729
Total net position	$ 2,447,727	$ 2,373,289	$ 114,314	$ 106,570	$ 2,562,041	$ 2,479,859

* Due to the City's implementation of GASB Statements 63 and 65, a prior period adjustment was made in the amount of $27,500 to remove deferred bond cost from assets.

A portion of the net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position of $229,258 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 Pine Lake is able to report positive balances in all three categories of net position.

Governmental activities. Governmental activities increased the City's net position by $74,438 or 3.1%. Key elements of this increase are as follows:

City of Pine Lake's Change in Net Position
For The Years Ended December 31, 2012 and 2011

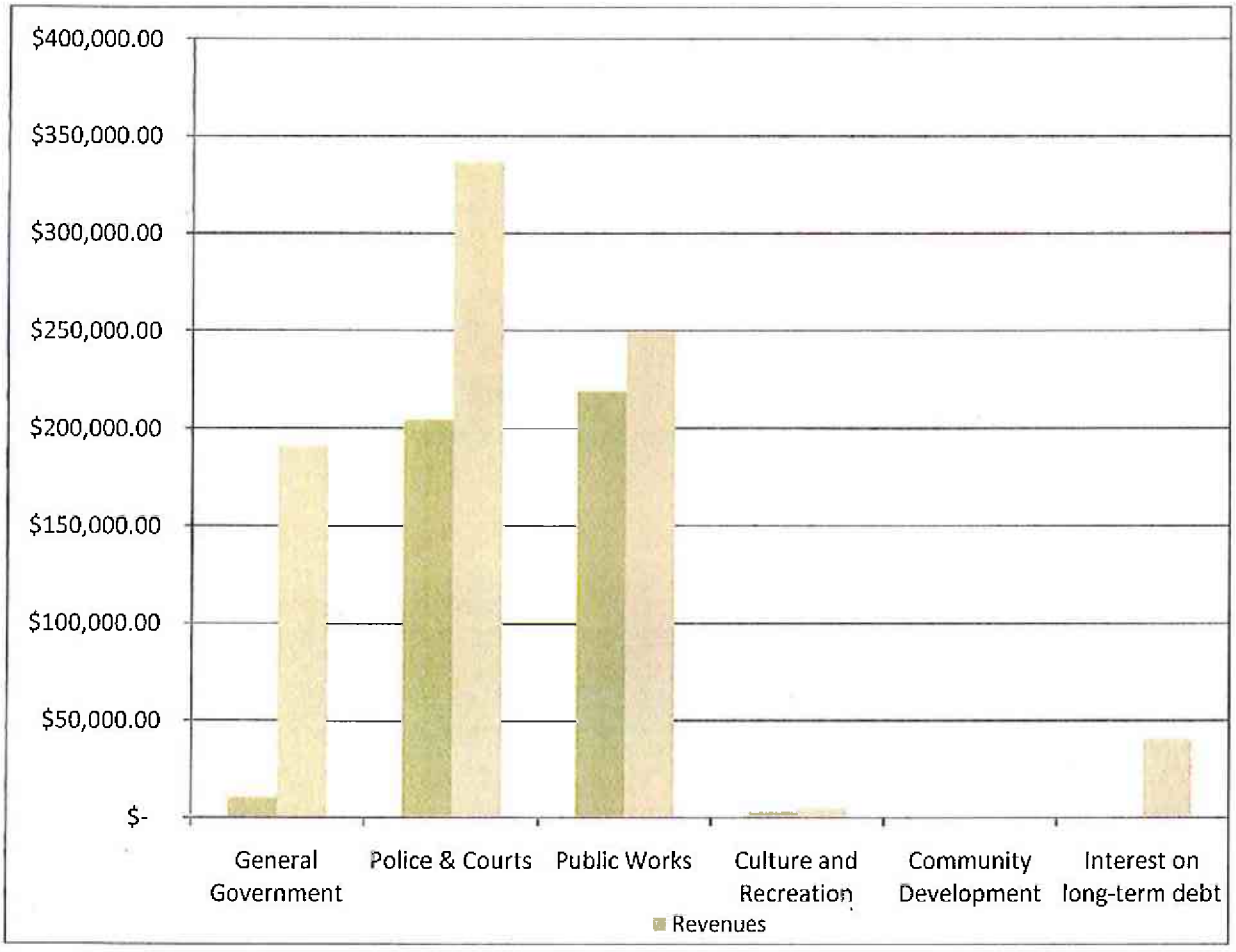
	Governmental Activities		Business-type Activities		Total	
	2012	*2011	2012	2011	2012	2011
Revenues:						
Program Revenues -						
Charges for services	$ 335,260	$ 377,266	$ 38,204	$ 37,933	$ 373,464	$ 415,199
Operating grants and contributions	-	1,000	-	-	-	1,000
Capital grants and contributions	101,000	1,497,500	-	-	101,000	1,497,500
General Revenues-						
Property taxes	315,897	347,081	-	-	315,897	347,081
Franchise taxes	35,010	36,539	-	-	35,010	36,539
Insurance premium taxes	36,369	34,240	-	-	36,369	34,240
Other taxes	68,158	68,445	-	-	68,158	68,445
Interest	1,642	1,543	-	-	1,642	1,543
Other	3,409	3,185	-	-	3,409	3,185
	896,745	2,366,799	38,204	37,933	934,949	2,404,732
Expenses:						
General government	190,982	209,542	-	-	190,982	209,542
Police and courts	336,501	382,629	-	-	336,501	382,629
Public works	249,312	210,150	-	-	249,312	210,150
Culture and recreation	4,791	7,448	-	-	4,791	7,448
Community development	-	53	-	-	-	53
Interest on long-term debt	40,721	43,215	-	-	40,721	43,215
Stormwater	-	-	30,460	23,583	30,460	23,583
	822,307	853,037	30,460	23,583	852,767	876,620
Increase (decrease) in net position before transfers	74,438	1,513,762	7,744	14,350	82,182	1,528,112
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	74,438	1,513,762	7,744	14,350	82,182	1,528,112
Net position - beginning	2,373,289	859,527	106,570	92,220	2,479,859	951,747
Net position - ending	$ 2,447,727	$ 2,373,289	$ 114,314	$ 106,570	$ 2,562,041	$ 2,479,859

- Total revenues decreased by 62.1% in 2012. The decrease is mainly due to the reduction of significant grants received from the Georgia Environmental Finance Authority in the amount of $687,500 and from DeKalb County in the amount of $810,000 during 2011 for improvements to Snapfinger Creek and other related projects.

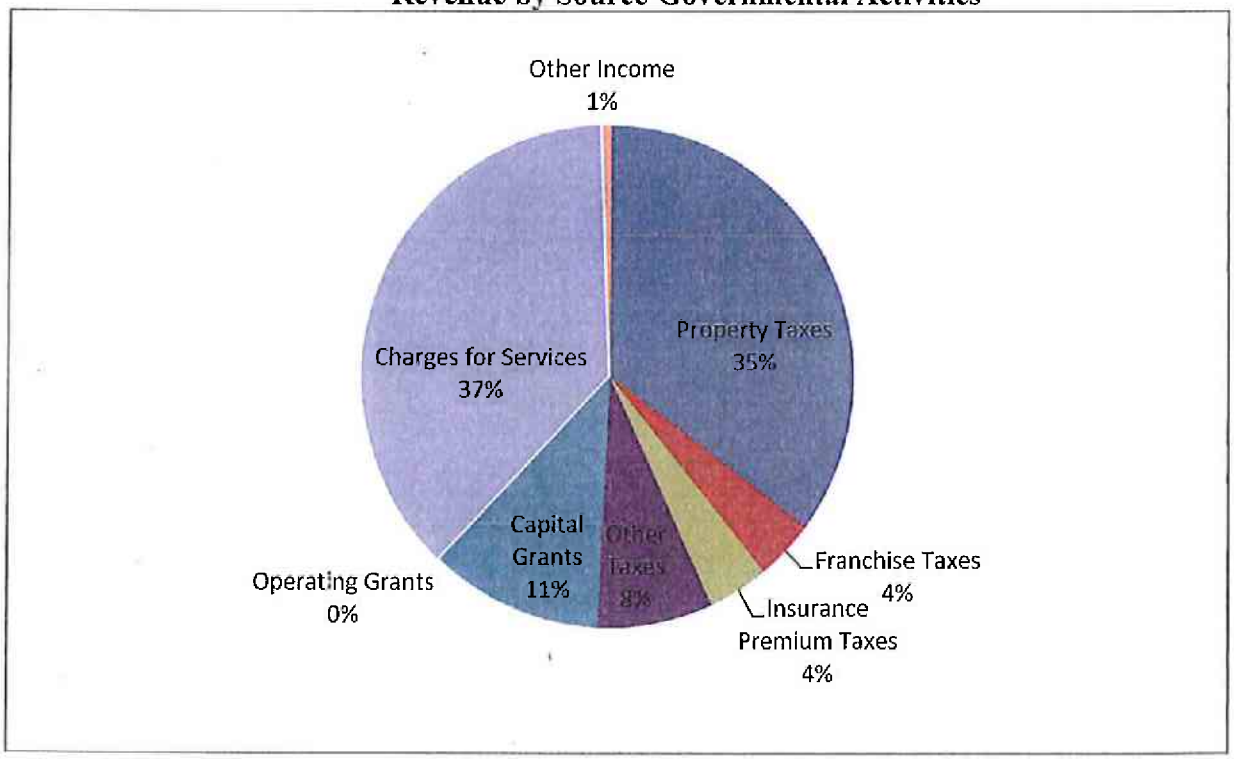
- Following settlement of a decade-long lawsuit between DeKalb County and its municipalities, the Homestead Option Sales Tax (HOST) distributions began in 2011. HOST is a countywide one-cent sales tax to offset property taxes that was approved by voters in 1997. This money is to be used for capital improvements. The 2012 HOST receipts totaled $20,267.

- The total cost of Governmental Activities decreased a total of $30,730 (or 3.6%) from $853,037 for 2011 to $822,307 for 2012. Virtually every governmental function's expenses decreased due to cutbacks that were deemed necessary by the Mayor and Council due to reductions in operating revenues.

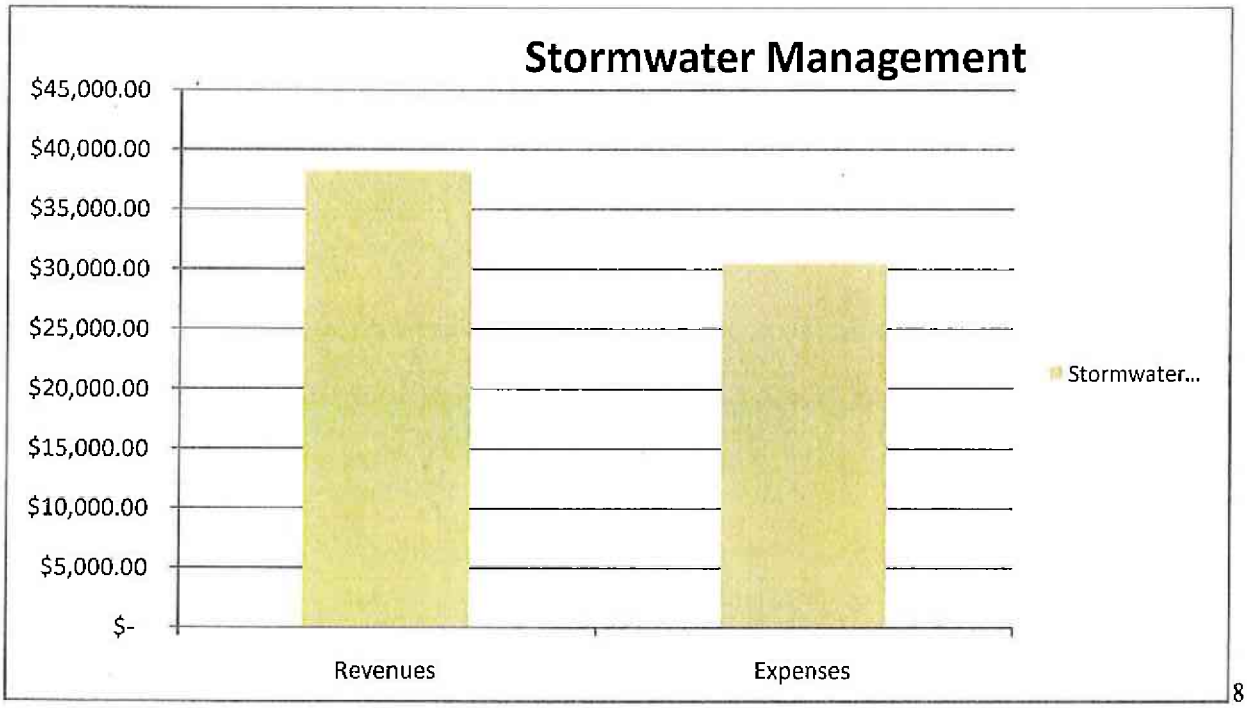
Expenses and Program Revenues-Governmental Activities



Revenue by Source-Governmental Activities



Business-type activities: The stormwater utility received $38,204 from impervious surface fees and showed $30,460 in expenses. Revenues of this fund are used for the maintenance and upkeep of the City's stormwater infrastructure and state mandated testing requirements.



Financial Analysis of the Government's Funds

As noted earlier, the City of Pine Lake used 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, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2012 the City's governmental funds reported combined ending fund balances of $529,833. Of this amount, the City had an unassigned fund balance of $80,900 The remainder of fund balance is restricted to indicate that it is not available for new spending because $343,560 is restricted for capital projects under the HOST tax, bond issue and grant agreements; $93,894 is restricted for environmental purposes and $11,479 is nonspendable and in the form of prepaid expenses.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, the General Fund had an unassigned fund balance of $80,900 while the total fund balance totaled $141,100. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.7% of the total general fund expenditures, while total fund balance represents 17.0% of that same amount.

During the current fiscal year the fund balance of the City's general fund increased by $65,618. As mentioned earlier the City began receiving its share of the HOST tax during 2011 which has helped the City to improve it financial position. At the same time the General Fund's expenditures have remained constant due to the planned reductions in departmental expenditures which were necessitated because of the reductions in operating revenues.

The McAllister Environmental Special Revenue Fund is used to account for the bequest of Dr. Ann Dunn McAllister. The bequest received during 2010 of $115,500 is to be used to support work for the growth and preservation of the natural environment as a bird-friendly habitat. Expenditures incurred during 2012 in this fund amounted to approximately $24,000 and included approximately $21,000 for the City's portion of the property purchased under the FEMA / GEMA grant.

The Revenue Bond Capital Project Fund was created during 2010 to properly account for the proceeds from the 2009 Downtown Development Authority revenue bonds. The City created this fund during 2010 by transferring the remaining related assets as of December 31, 2009 of $684,784 to the fund. The Fund expended $15,209 during 2012 on projects authorized under the bond ordinance which included design services for the City's beach house.

The Grant Capital Project Fund was created during 2012 to account for the proceeds from federal and state grants and other financial assistance that are to be used for capital improvements. The City received grants from DeKalb County in the amount of $810,000 and from the Georgia Environmental Finance Authority in the amount of $687,500 for improvements to Snapfinger Creek and other related projects during 2011. Total project expenditures incurred during 2012 amounted to $188,044.

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 General Fund expenditures for FY 2012 were $730,077 (net of intergovernmental grants) compared to the final budget amount of $844,763. Minor changes to the budget were made during the year which included moving various departmental expenditure amounts from one line item to another. However, the overall budget amounts did not change for the year.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets at December 31, 2012 amounts to $2,763,561 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles, equipment, and parks. Major additions to capital assets during the year included Snapfinger Creek improvements in the amount of $184,000. Additional information on the City's capital assets can be found in Note 7 on page 35 of this report.

Long-term debt. At the end of the current fiscal year, the City had $868,232 in outstanding debt consisting of the following:

CITY OF PINE LAKE'S OUTSTANDING DEBT

	Balance
Governmental Activities:	
Revenue Bonds	$ 868,232
Capital Lease Obligation	-
Total Long-Term Debt	$ 868,232

The City's total debt decreased by $38,823 which is mainly due to normal debt service payments.. Additional information on the City's long-term debt can be found in note 8 on page 36 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 Pine Lake is approximately $1,300,000 which is significantly in excess of the City of Pine Lake's outstanding general obligation debt.

Status of the City of Pine Lake's Economy

- Residential and commercial property values continued to decreased for the 2012 and 2013 digest due to the current economic downturn. The decrease for 2013 is approximately 18.9% from 2012.
- Permitting has shown signs of increasing with the majority of the permits being issued for remodeling activities for residential properties.

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

Requests for Information

This financial report is designed to provide a general overview of the City of Pine Lake'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 (404) 292-4250 or at the following address:

City of Pine Lake
P.O. Box 1325
Pine Lake, GA 30072

CITY OF PINE LAKE, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Dev. Auth.
Assets				
Cash and Cash Equivalents	$ 206,557	$ 64,261	$ 270,818	$ -
Receivables, net				
Taxes	72,523	-	72,523	-
Accounts	11,505	5,836	17,341	-
Internal balances	(44,217)	44,217	-	-
Due from Primary Government	-	-	-	875,388
Prepaid Items	11,479	-	11,479	-
Restricted Assets -				
Cash	356,127	-	356,127	-
Non-Depreciable Capital Assets	128,233	-	128,233	-
Depreciable Capital Assets, Net	2,635,328	-	2,635,328	-
Total Assets	3,377,535	114,314	3,491,849	875,388

See accompanying notes to the basic financial statements.

Continued

CITY OF PINE LAKE, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Dev. Auth.
Liabilities				
Accounts payable	$ 38,590	$ -	$ 38,590	$ -
Accrued liabilities -				
Salaries and wages	15,830	-	15,830	-
Interest	7,156	-	7,156	7,156
Long-Term Liabilities -				
Due Within One Year	38,246	-	38,246	38,246
Due In More Than One Year	829,986	-	829,986	829,986
Total Liabilities	929,808	-	929,808	875,388
Net Position				
Invested in Capital Assets, Net of Related Debt	1,895,329	-	1,895,329	-
Restricted for -				
Environmental projects	93,894	-	93,894	-
Capital outlay	343,560	-	343,560	-
Unrestricted	114,944	114,314	229,258	-
Total Net Position	$ 2,447,727	$ 114,314	$ 2,562,041	$ -

See accompanying notes to the basic financial statements.

Concluded

CITY OF PINE LAKE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 190,982	$ 10,050	$ -	$ -
Police and Courts	336,501	204,226	-	-
Public Works	249,312	118,029	-	101,000
Culture and Recreation	4,791	2,955	-	-
Community Development	-	-	-	-
Interest	40,721	-	-	-
Total Governmental Activities	822,307	335,260	-	101,000
Business-Type Activities:				
Stormwater Management	30,460	38,204	-	-
Total Business-Type Activities	30,460	38,204	-	-
Total Primary Government	$ 852,767	$ 373,464	$ -	$ 101,000
Component Unit:				
Downtown Development Authority	$ 40,327	$ -	$ -	$ -

General Revenues:
Taxes:
Property
Franchise
Intangible
Motor vehicle
Insurance premium
Alcohol beverage
Occupational
Real estate transfer
Host tax
Investment earnings
Other
Total General Revenues
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, adjusted

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Dev. Auth.
$ (180,932)	$ -	$ (180,932)	$ -
(132,275)	-	(132,275)	-
(30,283)	-	(30,283)	-
(1,836)	-	(1,836)	-
-	-	-	-
(40,721)	-	(40,721)	-
(386,047)	-	(386,047)	-
-	7,744	7,744	-
-	7,744	7,744	-
(386,047)	7,744	(378,303)	-
-	-	-	(40,327)
315,897	-	315,897	-
35,010	-	35,010	-
4,692	-	4,692	-
22,352	-	22,352	-
36,369	-	36,369	-
14,034	-	14,034	-
5,742	-	5,742	-
1,071	-	1,071	-
20,267	-	20,267	-
1,642	-	1,642	40,327
3,409	-	3,409	-
460,485	-	460,485	40,327
-	-	-	-
460,485	-	460,485	40,327
74,438	7,744	82,182	-
2,373,289	106,570	2,479,859	-
$ 2,447,727	$ 114,314	$ 2,562,041	$ -

CITY OF PINE LAKE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Special Revenue McAllister Environmental Fund	Capital Projects Revenue Bond Fund	Capital Projects Grant Fund	Total Governmental Funds
ASSETS					
Cash	$ 206,557	$ -	$ -	$ -	$ 206,557
Receivables-					
Accounts	11,505	-	-	-	11,505
Taxes	72,523	-	-	-	72,523
Due from other funds	117	-	51,562	-	51,679
Prepaid items	11,479	-	-	-	11,479
Cash - restricted	-	112,850	189,958	53,319	356,127
Total assets	$ 302,181	$ 112,850	$ 241,520	$ 53,319	$ 709,870
LIABILITIES					
Accounts payable	$ 38,590	$ -	$ -	$ -	$ 38,590
Accrued salaries and wages	15,830	-	-	-	15,830
Due to other funds	76,940	18,956	-	-	95,896
Total liabilities	131,360	18,956	-	-	150,316
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	29,721	-	-	-	29,721
FUND BALANCE					
Nonspendable - Prepaid items	11,479	-	-	-	11,479
Restricted -					
Environmental projects	-	93,894	-	-	93,894
Capital projects	48,721	-	241,520	53,319	343,560
Unassigned	80,900	-	-	-	80,900
Total fund balance	141,100	93,894	241,520	53,319	529,833
Total liabilities, deferred inflows of resources and fund balance	$ 302,181	$ 112,850	$ 241,520	$ 53,319	$ 709,870

See accompanying notes to the basic financial statements.

CITY OF PINE LAKE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances -- total governmental funds	$	529,833
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,763,561
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Unavailable revenues		29,721
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Revenue bond obligation - DDA		(868,232)
Capital lease obligation		-
Accrued interest payable		(7,156)
Net Position of governmental activities.	$	2,447,727

The accompanying notes are an integral part of these financial statements.

CITY OF PINE LAKE, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Special Revenue McAllister Environmental Fund	Capital Projects Revenue Bond Fund	Capital Projects Grant Fund	Total
REVENUES					
Taxes	$ 455,699	$ -	$ -	$ -	$ 455,699
Licenses and permits	1,528	-	-	-	1,528
Intergovernmental	101,000	-	-	-	101,000
Charges for services	122,752	-	-	-	122,752
Fines and forfeitures	203,338	-	-	-	203,338
Interest	1,190	61	190	200	1,641
Donations and bequests	-	-	-	-	-
Other	7,795	405	-	-	8,200
Total revenues	893,302	466	190	200	894,158
EXPENDITURES					
Current-					
General government	145,026	-	-	-	145,026
Municipal court	109,105	-	-	-	109,105
Police	227,067	-	-	-	227,067
Public works	168,590	-	-	-	168,590
Culture and recreation	2,700	-	-	-	2,700
Community development	-	-	-	-	-
Capital Outlay	99,078	22,976	15,209	188,048	325,311
Debt Service -					
Principal	38,823	-	-	680,196	719,019
Interest	40,688	-	-	336	41,024
Debt issue cost	-	-	-	-	-
Total expenditures	831,077	22,976	15,209	868,580	1,737,842
Excess of revenues over (under) expenditures	62,225	(22,510)	(15,019)	(868,380)	(843,684)
Other financing sources (uses):					
Proceeds from debt issuance	-	-	-	680,196	680,196
Transfers	3,393	-	-	(3,393)	-
Total other financing sources (uses):	3,393	-	-	676,803	680,196
Net change in fund balance	65,618	(22,510)	(15,019)	(191,577)	(163,488)
Fund balance - beginning	75,482	116,404	256,539	244,896	693,321
Fund balance - ending	$ 141,100	$ 93,894	$ 241,520	$ 53,319	$ 529,833

See accompanying notes to the basic financial statements.

CITY OF PINE LAKE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balances -- total governmental funds	$	(163,488)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays		278,867
Depreciation expense		(58,952)
Long term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position.		
Repayments of debt		719,019
Proceeds from debt issue		(680,196)
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 net amount of capital assets donated and written off.		(23,701)
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 related to timing differences.		2,587
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in accrued interest payable		302
Change in Net Position of governmental activities.	$	74,438

The accompanying notes are an integral part of these financial statements.

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

	BUDGET AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes	$ 443,373	$ 443,373	$ 455,699	$ 12,326
Licenses and permits	2,375	2,375	1,528	(847)
Intergovernmental grants	18,500	18,500	-	(18,500)
Charges for services	128,401	128,401	122,752	(5,649)
Fines, fees and forfeitures	234,414	234,414	203,338	(31,076)
Investment income	1,700	1,700	1,190	(510)
Miscellaneous	6,000	6,000	7,795	1,795
Total revenues	834,763	834,763	792,302	(42,461)
EXPENDITURES				
Current				
General Government	177,860	177,860	143,104	34,756
Municipal Court	106,838	106,838	109,105	(2,267)
Police	256,869	256,869	227,067	29,802
Public Works	188,366	188,366	168,590	19,776
Culture and Recreation	8,000	8,000	2,700	5,300
Community Development	18,400	18,400	-	18,400
Capital Outlay	11,200	11,200	-	11,200
Debt Service				
Principal	36,603	36,603	38,823	(2,220)
Interest	40,627	40,627	40,688	(61)
Total expenditures	844,763	844,763	730,077	114,686
Excess of revenues over (under) expenditures	(10,000)	(10,000)	62,225	72,225
Other financing sources (uses):				
Proceeds from deletion of capital assets	-	-	-	-
Transfers	-	-	3,393	3,393
Total other financing sources (uses):	-	-	3,393	3,393
Net change in fund balance	(10,000)	(10,000)	65,618	75,618
Fund balance - beginning	75,482	75,482	75,482	-
Fund balance - ending	$ 65,482	$ 65,482	$ 141,100	$ 75,618

Note - Management budgeted capital outlay for the FEMA / GEMA Hazard Mitigation project net of grant proceeds.

The accompanying notes are an integral part of these financial statements.

CITY OF PINE LAKE, GEORGIA
McALLISTER ENVIRONMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	BUDGET ORIGINAL / FINAL	ACTUAL	VARIANCE
REVENUES			
Investment income	$ -	$ 61	$ 61
Bequest and contributions	-	-	-
Miscellaneous	-	405	405
Total revenues	-	466	466
EXPENDITURES			
Current			
Public Works	-	-	-
Capital Outlay	50,000	22,976	27,024
Total expenditures	50,000	22,976	27,024
Excess of revenues over (under) expenditures	(50,000)	(22,510)	27,490
Other financing sources (uses):			
Proceeds from deletion of capital assets	-	-	-
Transfers	-	-	-
Total other financing sources (uses):	-	-	-
Net change in fund balance	(50,000)	(22,510)	27,490
Fund balance - beginning	116,404	116,404	-
Fund balance - ending	$ 66,404	$ 93,894	$ 27,490

The accompanying notes are an integral part of these financial statements.

CITY OF PINE LAKE, GEORGIA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012 AND 2011

	STORMWATER FUND	
	2012	2011
ASSETS		
Current assets		
Cash	$ 64,261	$ 51,709
Accounts receivable	5,836	4,809
Due from other funds	44,217	50,052
Total current assets	114,314	106,570
Total assets	114,314	106,570
LIABILITIES		
Current liabilities		
Accounts payable	-	-
Total current liabilities	-	-
Long-term liabilities	-	-
Total liabilities	-	-
NET POSITION		
Investment in capital assets	-	-
Unrestricted	114,314	106,570
Total Net Assets	$ 114,314	$ 106,570

The accompanying notes are an integral part of these financial statements.

CITY OF PINE LAKE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS DECEMBER 31, 2012 AND 2011

	STORMWATER FUND	
	2012	2011
OPERATING REVENUES		
Charges for services	$ 38,204	$ 37,933
Total operating revenues	38,204	37,933
OPERATING EXPENSES		
Salaries and benefits	6,792	17,181
Contract services	23,668	6,402
Supplies	-	-
Total operating expenses	30,460	23,583
Operating income (loss)	7,744	14,350
CAPITAL CONTRIBUTIONS AND TRANSFERS		
FEMA grant	-	-
Change in net assets	7,744	14,350
NET POSITION - BEGINNING	106,570	92,220
NET POSITION - ENDING	$ 114,314	$ 106,570

The accompanying notes are an integral part of these financial statements.

CITY OF PINE LAKE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS DECEMBER 31, 2012 AND 2011

	STORMWATER FUND	
	2012	2011
Cash flows from operating activities:		
Cash received from customers and users	$ 37,177	$ 36,685
Cash paid to suppliers for goods	(25,067)	(9,554)
Cash paid to employees	(5,393)	(14,029)
Net cash provided from operating activities	6,717	13,102
Cash flows from investing activities:		
Other	-	-
Net cash from investing activities	-	-
Cash flows from non-capital financing activities:		
(Increase) decrease in due from other funds	5,835	2,572
FEMA grant	-	-
Net cash flows from non-capital financing activities	5,835	2,572
Cash flows from capital financing activities:		
Purchase of capital assets	-	-
Net cash flows from capital financing activities	-	-
Net cash flows	12,552	15,674
Cash and cash equivalents - beginning	51,709	36,035
Cash and cash equivalents - ending	$ 64,261	$ 51,709

The accompanying notes are an integral part of these financial statements.

CITY OF PINE LAKE, GEORGIA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	STORMWATER FUND	
	2012	2011
Operating income (loss)	$ 7,744	$ 14,350
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	-	-
(Increase) decrease in receivables	(1,027)	(1,248)
Increase (decrease) in accounts payable	-	-
Total adjustments	(1,027)	(1,248)
Net cash from operating activities	$ 6,717	$ 13,102

The accompanying notes are an integral part of these financial statements.

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 Pine Lake, Georgia (the City) was established in 1937 and is located in DeKalb County. The City provides a variety of services to approximately 706 residents. These services are provided in whole by the City. These services include public safety, culture and recreation, sanitation, public improvements, planning and zoning, stormwater management and general administrative services.

Governmental Accounting Standards Board Statement No. 14 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City. Using the above criteria, the component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The City has included in the City's financial report the City of Pine Lake Downtown Development Authority.

Discretely Presented Component Unit –

The component unit column in the Government – Wide Financial Statements includes the financial data of City of Pine Lake, 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 Pine Lake, 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 reviews the annual budget. Funding of the Authority is provided by the City's General Fund. Separate financial statements for the Authority are not issued.

(See Independent Auditor's Report)

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—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

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

The net costs (by function) are normally covered by general revenue (property taxes, franchise 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.

(See Independent Auditor's Report)

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

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. Non-major funds, if any, are aggregated and presented in a single column.

Governmental Fund Types – Governmental funds 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 primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

McAllister Environmental Special Revenue Fund – This fund was created in 2010 to account for the proceeds from the bequest of Dr. Ann Dunn McAllister. Proceeds are to be used to support the work being done toward the growth and preservation of the natural environment as a bird-friendly habitat.

Revenue Bond Capital Projects Fund – This fund was created during 2010 to account for the proceeds from a 2009 bond issue. The proceeds are to be used for various items specified in the bond agreement.

Grant Capital Projects Fund – This fund was created during 2011 to account for the proceeds from federal and state grants and other financial assistance to be used for capital improvements.

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 funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Stormwater Management Enterprise Fund - The Stormwater Management Enterprise Fund is used to account for the revenues generated from the charges for stormwater management provided to the citizens of the City.

(See Independent Auditor's Report)

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

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 reconciliation 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 fund net position. The statement of changes in revenues, expenses, and changes in fund 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.

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.

(See Independent Auditor's Report)

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

F. Basis of Accounting, continued

Those revenues susceptible to accrual are taxes, state and federal grants, 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, fines and forfeitures 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 Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City did not have any investments as of December 31, 2012. For reporting purposes, all investments, if any, are recorded at fair value.

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2012:

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: a) items required to be reported at amortized costs; b) items subject to involuntary participation in an external pool; and, c) items associated with a fund other than the fund to which the income is assigned.

The City's policy is to hold investments until maturity.

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. Inventories of the enterprise fund, if any, consist of various repair parts and supplies.

I. Prepaid Expenses

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

(See Independent Auditor's Report)

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

J. Restricted Assets

Certain proceeds from the City's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue bond construction fund" account is used to segregate bond proceeds that are to be used for the purposes specified in the bond agreement. The "debt service reserve fund" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

K. 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 $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during fiscal year ended December 31, 2012. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and structures	20-50 years
Furniture and equipment	5-10 years
Infrastructure	10-50 years

The City only reports infrastructure assets purchased subsequent to December 31, 2004.

L. Bond Premiums, Discounts and Issuance Cost

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For government-wide statements and proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are at the gross amount payable. Issuance costs are reported as an expense in the year incurred.

(See Independent Auditor's Report)

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

M. 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.

N. Revenues

Substantially all governmental fund revenues are accrued. When applicable, 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.

O. 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.

P. Compensated Absences

The City accrues accumulated unpaid vacation and sick leave benefits, which will be paid to employees upon separation from service, 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.

Q. 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.

R. Encumbrances

Encumbrances 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.

(See Independent Auditor's Report).

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

S. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditures) until then. The government has no items that qualify for reporting in this category as of December 31, 2012.

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

T. Fund Equity – Governmental Funds

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

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
Committed – amounts that can be used only for specific purposes determined by a formal action of City of Pine Lake's Council. Pine Lake'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.

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

	General Fund	McAllister Environmental Fund	Revenue Bond Fund	Grant Fund	Total
Nonspendable:					
Prepaids	$ 11,479	$ -	$ -	$ -	$ 11,479
Restricted:					
Environmental projects	-	93,894	-	-	93,894
Capital projects	48,721	-	241,520	53,319	343,560
Unassigned	80,900	-	-	-	80,900
Total Fund Balances	$ 141,100	$ 93,894	$ 241,520	$ 53,319	$ 529,833

(See Independent Auditor's Report).

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

T. Fund Equity – Governmental Funds, Continued

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.

U. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources. Net position in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, constructions, or improvement of those assets. Net position is 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 $437,454 in restricted net position, of which $48,721 is restricted by enabling legislation.

V. 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.

W. Budgets and Budgetary Accounting

The City Council adopts an annual budget for all of the City's funds. Public hearings are conducted to obtain taxpayer comments. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of an ordinance. Any revisions that alter the total expenditures of any department must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Governmental fund type 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. Council must approve all line item transfers. Budgets, as reported in the financial statements, are as amended in May 2013. All annual appropriations lapse at year end.

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 follows the State's requirement for all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits. As of December 31, 2012, the City's deposits were adequately collateralized.

Investments

Investments - Statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, and certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations.

The City had no investments as of December 31, 2012.

3. PROPERTY TAX

Property taxes were levied on July 9, 2012 and are due 60 days after the receipt of the tax notice. Property taxes attach as an enforceable lien on the property as of January 1. The City has obtained the service of DeKalb County to bill and collect the City's property taxes. The County remits monies collected to the City on a semi-monthly basis. Property taxes receivable at December 31, 2012 amounted to $34,830.

4. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Intergovernmental revenues reported in the fund financial statements for the year ended December 31, 2012 consist of the following:

General Fund -	
FEMA / GEMA - Hazard Mitigation Grant	$ 101,000

During 2012 the City received a Hazard Mitigation Grant from the Federal Emergency Management Agency and the Georgia Emergency Management Agency in the amount of $101,000. The proceeds from the grant were used to purchase property that had been damaged from flooding. The property will be used as green space and other similar purposes such as a passive park and a bird sanctuary.

During 2011 and 2012 the City made significant improvements to Snapfinger Creek and surrounding areas. The project includes dredging the lake, stream restoration and a wetland treatment facility. The project is being funded through a grant from DeKalb County in the amount of $810,000 and a loan from the Georgia Environmental Finance Authority in the amount of $1,367,696 of which $687,500 was forgiven. Total project cost is estimated to be $1,630,000. Cost incurred through December 31, 2012 has amounted to approximately $1,522,000.

5. RECEIVABLES

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

	General	Stormwater
Taxes	$ 72,523	$ -
Accounts	11,505	5,836
Gross Receivables	84,028	5,836
Less: Allowance for Uncollectibles	-	-
Net Total Receivables	$ 84,028	$ 5,836

(See Independent Auditor's Report)

6. INTER-FUND TRANSACTIONS

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

Payable To	Payable From: General Fund	Payable From: McAllister Fund	Total
Stormwater Fund	$ 44,217	$ -	$ 44,217
General Fund	-	117	117
Revenue Bond Fund	32,723	18,839	51,562
Totals	$ 76,940	$ 18,956	$ 95,896

The City's General Fund's operating bank account receives all deposits from the general fund and the stormwater operations. All monies collected for the stormwater fund and all expenditures paid for the stormwater fund are made through the general fund's operating bank account. The cumulative net amount over the years (receipts over expenditures) is due to the stormwater fund.

The General Fund owes the Revenue Bond Fund $32,723 as of December 31, 2012 for non-qualified expenditures paid out of the Revenue Bond Fund. The McAllister Environmental Fund owes the Bond Fund $18,839 for its portion of eligible expenditures related to the land purchase associated with the hazard mitigation grant project. The McAllister Environmental Fund also owes the General Fund $117 for reimbursement of eligible expenditures.

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

Transfer To	Transfer From: Grant Fund
General Fund	$ 3,393
Totals	$ 3,393

During the fiscal year ended December 31, 2012, the Grant Fund transferred $3,393 to the General Fund to reimburse the General Fund for expenditures paid by the General Fund which were eligible under the Grant Fund.

(See Independent Auditor's Report)

7. PROPERTY, PLANT AND EQUIPMENT

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 34,500	$ 78,524	$ -	$ 113,024
Construction in progress	1,168,591	199,344	(1,352,726)	15,209
Total	1,203,091	277,868	(1,352,726)	128,233
Capital assets being depreciated:				
Buildings ans structures	353,100	-	-	353,100
Infrastructure	1,199,307	1,329,025	-	2,528,332
Furniture and equipment	410,768	1,000	-	411,768
Total capital assets being depreciated	1,963,175	1,330,025	-	3,293,200
Less accumulated depreciation for:				
Buildings and structures	104,634	6,915	-	111,549
Infrastructure	100,251	47,548	-	147,799
Furniture and equipment	394,035	4,489	-	398,524
Total accumulated depreciation	598,920	58,952	-	657,872
Total capital assets being depreciated, net	1,364,255	1,271,073	-	2,635,328
Governmental capital assets, net	$ 2,567,346	$ 1,548,941	$ (1,352,726)	$ 2,763,561

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

General Government	$ 2,425
Police and Courts	1,329
Parks and Recreation	2,691
Public Works	52,507
Total depreciation expense	$ 58,952

(See Independent Auditor's Report)

8. LONG-TERM DEBT

Changes in Long-Term Debt

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities					
Intergovernmental Agreement - DDA Bonds Payable	$ 904,835	$ -	$ (36,603)	$ 868,232	$ 38,246
Note Payable	-	680,196	(680,196)	-	-
Capital Leases	2,220	-	(2,220)	-	-
Total Governmental Activity Long-Term Debt	$ 907,055	$ 680,196	$ (719,019)	$ 868,232	$ 38,246

The City's General Fund is typically used to liquidate all governmental activity long-term liabilities.

Governmental Activities Long-Term Obligations -

The Governmental activities long-term obligations as of December 31, 2012 consist of the following:

An intergovernmental agreement to provide funding for the debt servicing of revenue bonds issued by the Pine Lake Downtown Development Authority in the amount of $1,023,307, the proceeds are to be used by the City to make various environmental, recreational and street improvements, interest is charged at 4.49%, due in equal annual installments of $77,230, matures October 2028.	$ 868,232
Note payable to the Georgia Environmental Financing Authority in the amount of $680,196, the proceeds were used by the City to make improvements to Snapfinger Creek, interest was charged at 3.0%, the note was paid off during 2012.	-
Capital lease for the financing of equipment with an original cost of $25,000, interest at 9.2%, due in monthly installments of $580, matured March 2012.	-
Total	$ 868,232

8. LONG-TERM DEBT - (Continued)

Governmental Activities Long Term Obligations– Continued

Annual repayment requirements to amortize all long-term obligations as they mature are as follows:

Year Ending 12/31	REVENUE BONDS		
	Principal	Interest	Total
2013	$ 38,246	$ 38,984	$ 77,230
2014	39,964	37,266	77,230
2015	41,758	35,472	77,230
2016	43,633	33,597	77,230
2017	45,592	31,638	77,230
2018	47,639	29,591	77,230
2019	49,778	27,452	77,230
2020	52,013	25,217	77,230
2021	54,349	22,881	77,230
2022	56,789	20,441	77,230
2023	59,339	17,891	77,230
2024	62,003	15,227	77,230
2025	64,787	12,443	77,230
2026	67,696	9,534	77,230
2027	70,735	6,495	77,230
2028	73,911	3,319	77,230
	$ 868,232	$ 367,448	$ 1,235,680

9. UNAVAILABLE REVENUES

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

Property taxes	$ 23,572
Sanitation fees	6,149
Total deferred revenues - Governmental Funds	$ 29,721

(See Independent Auditor's Report)

10. DOWNTOW DEVELOPMENT AUTHORITY BOND ISSUE

In October 2009 the Pine Lake Downtown Development Authority issued revenue bonds in the amount of $1,023,307. The proceeds are to be used by the City to make various capital improvements. The City and the Downtown Development Authority did enter into an intergovernmental agreement whereby the City has guaranteed funding for the debt service of the bond issue. As a result the Downtown Development Authority has recorded a liability for the bonds payable and accrued interest payable and an amount due from the City in the amount of $875,388 as of December 31, 2012. The City has also recorded a liability in the governmental – wide financial statements for the amount due under the intergovernmental agreement. Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending 12/31	REVENUE BONDS		
	Principal	Interest	Total
2013	$ 38,246	$ 38,984	$ 77,230
2014	39,964	37,266	77,230
2015	41,758	35,472	77,230
2016	43,633	33,597	77,230
2017	45,592	31,638	77,230
2018	47,639	29,591	77,230
2019	49,778	27,452	77,230
2020	52,013	25,217	77,230
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2022	56,789	20,441	77,230
2023	59,339	17,891	77,230
2024	62,003	15,227	77,230
2025	64,787	12,443	77,230
2026	67,696	9,534	77,230
2027	70,735	6,495	77,230
2028	73,911	3,319	77,230
	$ 868,232	$ 367,448	$ 1,235,680

(See Independent Auditor's Report)

11. JOINT VENTURES

Atlanta Regional Commission

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 this organization 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 Board's membership includes the chief elected official of each county and one representative from each 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 ARC. Separate financial statements may be obtained from:

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

12. RISK MANAGEMENT

The City of Pine Lake 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 is a member of Georgia Interlocal Risk Management Agency. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Coverages are as follows:

Coverage Description – Property:	
Buildings and contents – (Blanket)	$1,058,318
Automobile physical damage	Per Application on file with GIRMA
Coverage Description – Casualty:	
Comprehensive general liability	$ 600,000
Automobile liability	$ 750,000
Errors and omissions (Public Officials)	$ 600,000
Employee benefits liability	$ 600,000
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	$500,000
Deductible:	
All coverages are subject to a per occurrence deductible of	$1,000 to $10,000

(See Independent Auditor's Report)

12. Risk Management (continued)

Chapter 85 Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated non-profit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

During the year ended December 31, 2012, the City paid no claims. The City has not compiled a record of the claims paid up to the $10,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the $10,000) which were outstanding and unpaid at December 31, 2012. No provisions have been made in the financial statements for the year ended December 31, 2012 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Pine Lake became a member of the Georgia Municipal Associated Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Pine Lake) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and / or employer's liability.

As part 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, 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 worker's compensation law of Georgia. The funds are to pay all cost 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.

13. CONTINGENCIES

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

There were no lawsuits or complaints as of December 31, 2012 that management believes will have a material effect on the financial condition of the City.

(See Independent Auditor's Report)

14. EMPLOYEE BENEFIT PENSION PLANS

Deferred Compensation Plan -

The City offers its employees a deferred compensation plan. The plan allows for employee contributions under the guidelines established by the Internal Revenue Service code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employee until termination, retirement, death or unforeseeable emergency. The plan is sponsored by the Georgia Municipal Association and is administered by MetLIfe.

Defined Contribution Plan

As authorized by City Council, the City provides pension benefits for certain management positions that require 40 hour work weeks through a defined contribution plan under Internal Revenue Service Code 401a, City of Pine Lake Pension Plan. Under the terms of the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is sponsored by the Georgia Municipal Association and is administered by MetLife. A complete report of the pension plan can be obtained from the City Clerk's office.

The City contribution rate is determined by the City Council. Currently the City's contribution is 5% of compensation for covered employees. The contribution requirements of the City and other plan provisions are established and may be amended by the City Council.

During the year, the City contributed $4,154, equal to 5% of eligible salaries. Eligible salaries for the year amounted to $80,126. Gross salaries for the year amounted to $273,180. Contributions are subject to the following vesting schedule:

Years of Service	Percentage
Less than 5	0.0%
5	100.0%

15. RESTRICTED ASSETS

Pursuant to the Downtown Development Authority Revenue Bonds, the City was required to create various funds and accounts. Balances in these bond restricted funds and other various restricted funds and accounts as of December 31, 2012 are as follows:

Revenue Bond Restricted Assets -	
Construction fund	$ 114,603
Debt service reserve fund	75,355
Grant Fund	53,319
McAllister Environmental fund	112,850
	$ 356,127

(See Independent Auditor's Report)

16. PRIOR PERIOD ADJUSTMENT

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

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

	Governmental Activities
Net Position (Net Assets) -	
Beginning of year	$ 2,400,789
Adjustment to write-off debt issuance cost	(27,500)
Beginning of year, adjusted	$ 2,373,289

17. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including-

A. Deficit fund balances or net asset balances of individual funds – As of December 31, 2012 none of the City's funds had a deficit fund balance.

B. Excess expenditures over budget – For the year ended December 31, 2012 none of the City's funds had departmental expenditures (the legal level of control) that materially exceeded (if over 5 percent and greater than $5,000) their approved appropriations.

(See Independent Auditor's Report)

CITY OF PINE LAKE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - PROJECT LENGTH
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Intergovernmental -				
GEFA	$ 687,500	$ -	$ 687,500	$ 687,500
DeKalb County	720,000	-	720,000	715,000
Interest	996	200	1,196	-
Total Revenues	1,408,496	200	1,408,696	1,402,500
EXPENDITURES				
Capital Outlay -				
Snapfinger Creek improvements	1,138,734	188,048	1,326,782	1,375,000
Debt Service -				
Principal	-	680,196	680,196	687,500
Debt issue cost	27,500	336	27,836	27,500
Total Expenditures	1,166,234	868,580	2,034,814	2,090,000
Excess Revenues Over (Under) Expenditures	242,262	(868,380)	(626,118)	(687,500)
Other Financing Sources (Uses)				
Proceeds from debt issuance	-	680,196	680,196	687,500
Transfers	2,634	(3,393)	(759)	-
Total Other Financing Sources (Uses)	2,634	676,803	679,437	687,500
Net Change in Fund Balance	$ 244,896	(191,577)	$ 53,319	$ -
Fund Balance - Beginning of Year		244,896		
Fund Balance - End of Year		$ 53,319		

CITY OF PINE LAKE, GEORGIA
REVENUE BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -- BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	BUDGET ORIGINAL / FINAL	ACTUAL	VARIANCE
REVENUES			
Investment income	$ -	$ 190	$ 190
HOST tax	45,436	-	(45,436)
Intergovernmental	90,000	-	(90,000)
Total revenues	135,436	190	(135,246)
EXPENDITURES			
Current			
Public Works	-	-	-
Capital Outlay	149,873	15,209	134,664
Total expenditures	149,873	15,209	134,664
Excess of revenues over (under) expenditures	(14,437)	(15,019)	(582)
Other financing sources (uses):			
Proceeds from debt issuance	24,437	-	(24,437)
Transfers	-	-	-
Total other financing sources (uses):	24,437	-	(24,437)
Net change in fund balance	10,000	(15,019)	(25,019)
Fund balance - beginning	256,539	256,539	-
Fund balance - ending	$ 266,539	$ 241,520	$ (25,019)

The accompanying notes are an integral part of these financial statements.