CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

Prepared By:
Administrative Services Department

Karen desIslets
City Clerk

CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

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City of Decatur

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December 31, 2010

To the Members of the City Commission and Residents of the City of Decatur, Georgia:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with these standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Decatur, Georgia (the City) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management staff has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Decatur, Georgia's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the general fund, special revenue funds and debt service funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established by function within an individual fund (e.g., at the department level in the general fund).

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Decatur, Georgia's separately issued Single Audit Report.

GAAP requires that management provide that a narrative introduction, overview, and analysis accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Decatur, first chartered as a municipality by the State of Georgia in 1823, provides a full range of municipal services. These services include public safety (police and fire protection, inspections, housing codes enforcement, etc.), public works (streets and sidewalk construction and maintenance, storm drainage construction and maintenance, refuse collection, street sweeping, etc.), parks and recreation, the operation of a municipal cemetery and community and economic development. In addition, the City of Decatur owns a 280-space parking facility and a 25,000 square foot conference center.

The City currently occupies a land area of approximately 4.3 square miles and serves an estimated population of 18,500. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City of Decatur operates under the commission-manager form of government. There are five City Commissioners, elected in nonpartisan elections, for overlapping four-year terms. Elections are held on the first Tuesday after the first Monday in November in odd-numbered years. In one election, three City Commissioners are elected – one at-large, one from District 1 (north) and one from District 2 (south). At the next election, two City Commissioners are elected - one from District 1 (north) and one from District 2 (south). At its organizational meeting in January of each year, the City Commission elects one of its members to be the Mayor/Chair of the City Commission. At that same meeting the City Commission also elects a Mayor pro tem/Vice-Chair. It is the responsibility of the Mayor to preside at all meetings of the City Commission. The Mayor has no veto power but retains the right to vote on all matters brought before the City Commission.

The City Commission is the legislative and policy making arm of the City government. It is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, task forces and commissions, hiring the City Manager and appointing the City Attorney and municipal court judges. The City Commission appoints a professional administrator known as the City Manager who serves at its pleasure. The City Charter designates the City Manager as the Chief Executive Officer and the Chief Administrative Officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government and the appointment of all employees except that the appointment of department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The current City Manager has served since May, 1993.

The Georgia General Assembly first adopted the City Charter, under which the City operates, in 1909. In 1920, the General Assembly amended the Charter to provide for the commission/manager form of government. In 1977, acting under its home rule authority, the City recodified and revised its Charter to delete obsolete sections, to clarify meanings and to generally bring the Charter up-to-date. The Charter was updated again in 2001.

The financial activities of the Board of Education of the City Schools of Decatur, Georgia are included as a discretely presented component unit in order to conform to accounting principles generally accepted in the United States of America.

The annual budget serves as the foundation for the City's financial planning and control. All agencies are required to submit departmental budget requests to the City Manager or her designee by the first week of March. These requests are the starting point for developing the proposed budget.

The proposed budget is presented to the City Commission on the third Monday in May. The operating budget includes the proposed expenditures and the means for financing them. The City publishes the proposed budget in the official legal organ, other community newspapers, makes copies available to the residents of the City and posts the proposed budget on the City's website. Public hearings on the proposed budget are held during the month of June. The budget is then legally enacted through the passage of a resolution by the City Commission normally on the third Monday in June but no later than June 30th, the close of the fiscal year.

Budgetary control is exercised at the departmental level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commission.

Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented on page 21 as part of the basic financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City of Decatur is the seat of DeKalb County, a large, urban county in the Atlanta metropolitan area. With its central location within the county and as the location of county offices and the court system, Decatur's economy is primarily a service economy. Legal, banking, medical, insurance, accounting, governmental and educational services are the mainstay of this economy. The essential nature of these services provides a solid basis for the City's economic well-being.

Real Estate Digest

The City's overall 2010 real estate property digest decreased less that 1% from 2009 digest values. The digest did see some increases in value from new occupancy and from renovations to existing buildings; however, a decrease in the real property digest due to reevaluation, particularly from commercial properties, negated any growth. The stability in the City's real property digest is an asset compared to the significant decreases in value seen in other nearby local government jurisdictions.

We are anticipating a relatively flat property digest for 2011 in part due to existing economic conditions but also because the Georgia General Assembly adopted HB 233 which freezes real property values at 2009 levels through 2011.

Residential Activity

The residential housing market is stable. Several in-fill housing dwellings are under construction. We continue to issue permits for renovations to existing single-family housing units and for some commercial properties. Overall, construction permitting activity increased 16% during fiscal year 2009-2010. Sales of existing housing stock have slowed with a corresponding moderation in sale prices. However, unlike some national and metropolitan Atlanta markets, the City's residential property appears to be retaining its value. In addition, there has been limited foreclosure activity in the City.

We do not expect significant residential development in the next 18-24 months. Proposed developments at 233 East Trinity Place (210 apartments) and 432 East Howard Avenue (57 dwellings) have received plan approval but have not applied for permits. A 28-unit single-family development in the southeastern quadrant of the City has completed site development but construction has not begun on the dwellings.

Commercial Activity

In addition to government-related employers, mainly DeKalb County, the City's employer base continues to be centered on professional occupations. Vacancy rates for available office space in the City of Decatur are generally lower than in surrounding office market areas but are higher than in past years. Two major tenants, The Art Institute of Atlanta – Decatur and DeVry University have occupied space in the One West Court Square building and The Art Institute of Atlanta – Decatur is expanding. Interest in restaurant activity continues to be constant in the central business district while activity in other commercial activities remains stable. Retail interest has slowed in the past year.

The Oakhurst Business District is stable and steady given the size and scope of the area. Turnover in a few of the restaurant spaces has stabilized and several restaurants have expanded their operations along with other business enterprises in the area, including the executive offices of Progressive Redevelopment Inc., an affordable housing development company. The City's Fire Station Number 2, a 4,800s.f. LEED-certified building is located in the business district and provides an institutional presence in the community. The Oakhurst Business District continues to provide a local commercial center for the surrounding neighborhood.

Activity along the East College Avenue corridor remains constant, including East Decatur Station, a 70,000 square foot mixed-use property that currently contains a regional theatre company, a small church facility, a hair salon, a number of professional offices and three eating establishments.

Mixed-Use Activity

Development of mixed-use projects has provided a robust vitality to the City's central business district since the early 2000's. Occupancy of mid-rise residential developments continues to be strong. Rental of downtown Decatur's commercial properties has been consistent but has slowed as the economy has affected retail growth and development. Existing projects have completed all phases of construction and appear to be strong financially. However, new development has slowed significantly consistent with financing and market conditions.

A private developer has assembled several pieces of property at the end of the block bordered by East Trinity Place and East Howard Avenue. A plan to redevelop this property as a mixed-use development that includes 210 units of rental apartments and 25,000 feet of commercial space has been approved. The developer continues to seek project financing.

It is anticipated that there will continue to be a temporary lull in activity for the next eighteen to twenty-four months as the credit and financial markets rebound.

Institutional Activity

Agnes Scott College, a four-year liberal arts college for women, remains financially healthy with an enrollment of approximately 1,000 students. Columbia Theological Seminary, a Presbyterian graduate institution, remains financially strong. It has completed a comprehensive campus master plan which has included construction on a new dormitory facility. Construction plans for a new classroom building are expected to be submitted to the City for review in the near future. The City Schools of Decatur is in the midst of a $30 million construction program. Construction of a new gymnasium building at Renfroe Middle School is completed. The Decatur Housing Authority (DHA) has begun redevelopment of the Allen Wilson Terrace public housing complex with construction of a $3.2 million three-story apartment building for senior residents. Over the next six years, the DHA anticipates demolition and reconstruction of 190 units of public housing as well as development of 145 new market rate condominium dwellings.

MAJOR ACTIVITIES

In September, 2006, voters approved issuance of $33,245,000 in general obligation debt to finance major capital improvement projects for the City and for the City Schools of Decatur. In December, 2006, Moody's Investors Service issued a rating of Aa3 and Standard & Poor's upgraded the City's rating to AA from A+ for the bonds. The bonds were issued in January, 2007. In July, 2009 the City issued $5,900,000 in general obligation sales tax bonds on behalf of the City Schools of Decatur. At that time, the City's bond ratings were reconfirmed.

The City's portion of the 2007 bond issue proceeds was approximately $16,653,000. A number of projects have been completed, including phase I and part I of phase II of city-wide sidewalk improvement program, reconstruction of a swimming pool at McKoy Park, installation of a wayfinding signage system, reconstruction of Fire Station Number 2, acquisition and demolition of flood-prone properties located on Westchester Drive, construction of a new pool bathhouse at Glenlake Park and general improvements to the park, renovations to the Cemetery Office and completion of construction plans for Fire Station Number 1 and for the Decatur Recreation Center. Current projects that are underway include installation of part II of phase II of the sidewalk improvement program, implementation of the Decatur Cemetery Master Plan, development of a master plan for the Decatur Public Works facility and installation of bike lanes and traffic calming activities along West Ponce de Leon Avenue and West Trinity Place, Oakhurst Business District Streetscapes and Phase V of the Downtown Streetscapes Master Plan.

Future bond funded projects include a variety of transportation improvements such as intersection improvements and matching funds for transportation facility grants and reconstruction of the Decatur Recreation Center. The City Schools of Decatur used its portion of the proceeds to construct improvements for Decatur High School. Discussion of additional capital improvement projects is described below as part of the City's long-term financial planning.

Improvements to the City's storm drainage system have begun using funds from the City's storm water utility. The City has completed a comprehensive storm drainage master plan to guide major capital improvements to the City's drainage system. It is anticipated that in conjunction with private and institutional construction projects in the central business district, the City will be looking to finance substantial capital improvements through the storm water utility in the next several years.

Hotel/motel tax proceeds had been used to pay a portion of the debt service related to construction of the conference center and parking deck and since that debt was satisfied, the hotel/motel tax has been used to fund maintenance and improvements to the conference center and parking deck; fund the Decatur Tourism Bureau, a 501 (C)(6) organization whose purpose is to encourage visitors and tourism in the City of Decatur; and, provide resources to the City's General Fund. For accounting purposes the City has determined that the Decatur Tourism Bureau should be treated as a component unit, similar to the City Schools of Decatur and the Decatur Downtown Development Authority.

The City's volume-based sanitation collection system continues to work very well. The number and types of items collected have expanded since inception of the City's recycling program. The City currently has reduced landfill deposits by approximately 41%, well in excess of the State of Georgia's goal of a 25% reduction in landfill deposits. The program has been an overwhelming success. The City sponsored two electronics recycling events during the past year which resulted in over 89 tons of electronic equipment being recycled and not sent to the landfill.

In 2007 the City's ISO Fire Rating was renewed at the Class 2 level, a rating that is only obtained by 1.5% of all the Fire Departments in the United States. The Police Department is certified through the Georgia Association of Chiefs of Police. The City has implemented a reverse emergency notification system and a severe weather warning system that allows the City to send recorded telephone messages to residents and businesses regarding emergency situations. A grant from the Federal Emergency Management Agency provided for the purchase and installation of four weather warning sirens.

In 2010, the City of Decatur was awarded two grants from the federal Energy Efficiency and Conservation Block Grant program (EECBG). This was a program created by the 2009 American Recovery and Reinvestment Act (ARRA). The first grant was received jointly by the City of Decatur, City of Dunwoody, and the City of Chamblee from the Georgia Environmental Facilities Authority (GEFA). Large cities were allocated direct funding from the federal government, but because of the City's population, we participated in GEFA's competitive grant program. The City's application was the highest ranked in the State of Georgia and was one of only two that received the full $500,000 grant funding. The grant will be used to fund energy saving retrofits to governmental facilities in the three communities. Additional projects being funded by the grant include education and training for code officials on Georgia's Residential and Commercial Energy Codes, and a small sub grant program to Decatur-based organizations and institutions to increase their energy efficiency.

For the second grant, the Southeast Energy Efficiency Alliance (SEEA) was the lead applicant, for a joint application of cities across the entire Southeast region of the country. The City of Decatur worked closely with the City of Atlanta to submit a proposal as part of the SEEA umbrella grant that encourages residential and commercial property owners to undertake energy efficiency retrofits on their buildings through rebates and other financial incentives.

Finance and budgeting staff have been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for every Comprehensive Annual Financial Report since 2005.

LONG-TERM FINANCIAL PLANNING

In 1998, the City of Decatur entered into an intergovernmental agreement with DeKalb County for the equalization of tax proceeds from the imposition of the Homestead Option Sales Tax (HOST). In 1999, the City received its first distribution; however, the City maintains that the distribution was not correctly calculated in accordance with the agreement's provisions. The County then took the position that the entire agreement was invalid. The Superior Court granted the County's motion for judgment on the pleadings and entered final judgment against the City in 2001. The City appealed and the Georgia Supreme Court reversed the Superior Court's decision. In December, 2006, the Superior Court entered a ruling in favor of the City, but the Court of Appeals reversed that ruling. The City appealed and the Georgia Supreme Court reversed the Court of Appeals' decision. In April 2010, the Superior Court entered summary judgment against the City on its main claim against DeKalb County. This ruling has been appealed to the Georgia Supreme Court. A decision on this issue is expected in late 2011.

Should the City's position prevail, there should be a payment for past tax proceeds retroactive to 1999 and an on-going source of revenues for capital improvement projects. If the City's position does not prevail, then the City will be eligible for an on-going stream of future payments sent directly from the Georgia Department of Revenue as described in O.C.G.A. 48-8-104(d)(3) which provides for HOST distributions to go directly to the City of Dunwoody and also provides that other municipalities within DeKalb County would be eligible for direct payments if existing intergovernmental agreements were found to be invalid or were voided. It is estimated that all outstanding issues will be resolved through the judicial system by 2013.

The City Commission has approved issuing debt before December 31, 2010 to cover the cost of construction of planned improvements to the Decatur Recreation Center, Fire Station No. 1 and the Decatur Public Works facility. It is anticipated that once funds are secure, activity will begin almost immediately on the Decatur Recreation Center and Fire Station No.1 and within the next nine months on the Decatur Public Works facility. It is expected that all projects will be completed by the end of 2013. The debt will be repaid using a variety of sources including tax proceeds from the Capital Improvement Fund, reallocating existing expenditures for rental of office space that will no longer be needed and ultimately from proceeds of the Homestead Option Sales Tax.

Two factors outside the City's control have the most potential to affect the City's overall financial position in the future. The Georgia General Assembly has enacted legal limitations on the growth of the real estate digest that prevent both residential and commercial real estate values from increasing. The limitation does not apply to a decrease in values. There continue to be indications that the legislature may take further actions which could restrict taxes collected based on the value of real property. There are also indications that the legislature may look to restrict other revenue sources that local governments use to finance services.

Other impacts on the City's financial statements which are beyond our control have primarily occurred due to pronouncements of the Governmental Accounting Standards Board (GASB). Although GASB has no legal authority to impose financial obligations, they have adopted rules that manufacture financial commitments for governments. The most recent pronouncement requiring accounting for other post employment benefits (OPEB's) is an example of an "obligation" that must be accounted for on the financial statements because GASB's unrealistic definition of a "pay-as-you-go" system of benefits funding is an almost impossible standard to meet.

In spite of the current economic, regulatory and legal challenges, the City continues to be financially secure. The City takes a conservative approach to budgeting and finance, with an emphasis on estimating expenses on the high-end and estimating revenues on the low-end. This has resulted in controlled expenditures with low to moderate growth. This has also allowed the City to contribute to fund balance over the years, including being able to contribute over $1,300,000 at the end of fiscal year 2009-2010. The City Commission authorized using approximately $360,000 to fund a one-time tax credit for all owner-occupied properties and approximately $200,000 to fund an additional one-week, one-time pay adjustment for full-time non-probationary employees.

While there will continue to be demands, we currently anticipate being able to manage for the next several fiscal years by using a combination of expenditure controls and fund balance transfers. Recommendations to increase property tax rates would only be considered based on meeting the community's service delivery demands.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrative Services Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit also must be given to the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Decatur, Georgia's finances.

Respectfully Submitted,

Peggy Merriss
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur

Georgia

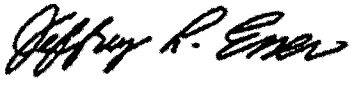
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.





President



Executive Director

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2010

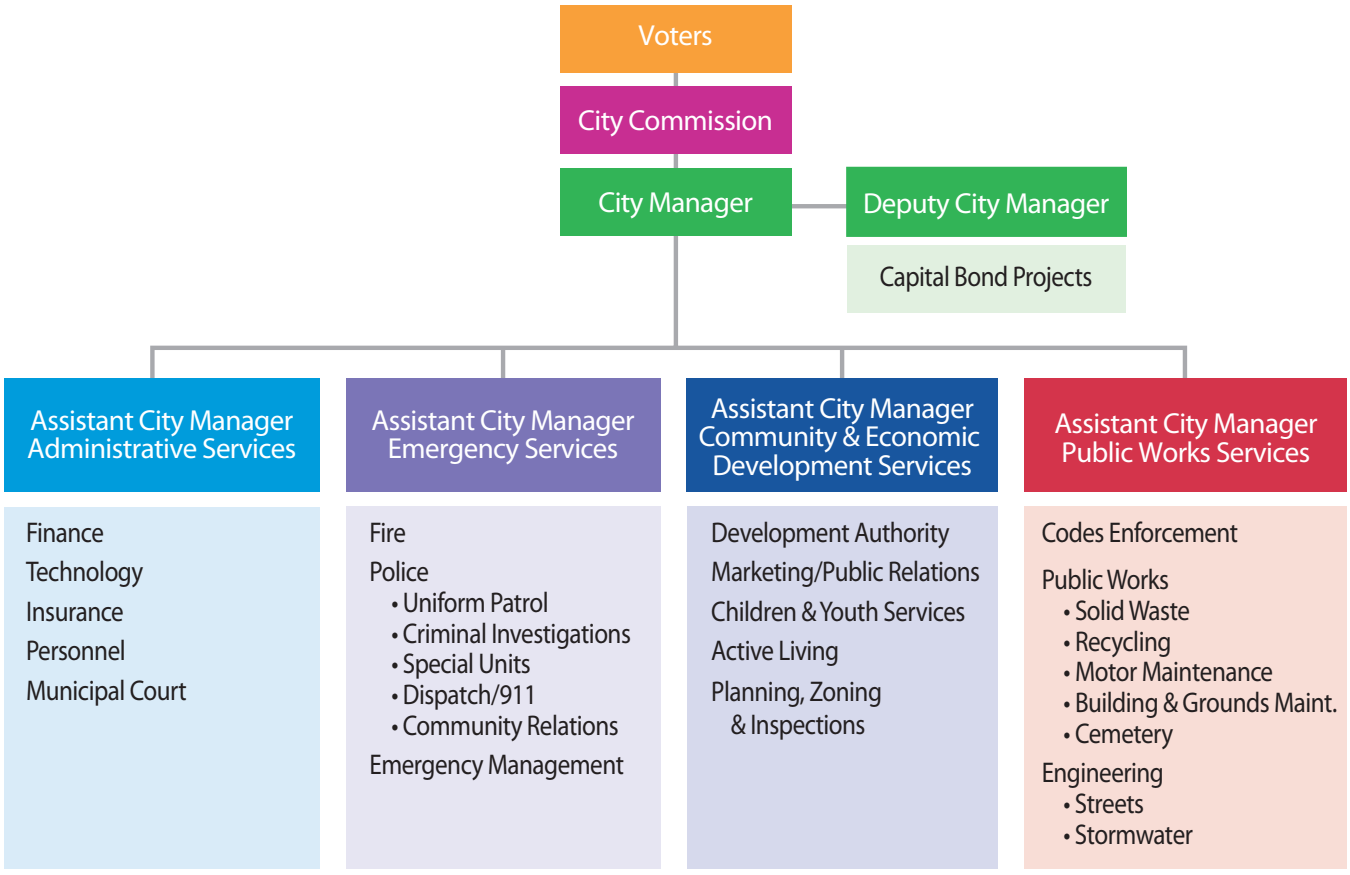
CITY COMMISSION

Bill Floyd	Mayor
Jim Baskett	Mayor Pro-Tem
Fred C. Boykin, Jr.	Commissioner
Kecia Cunningham	Commissioner
Patti Garrett	Commissioner

APPOINTED ADMINISTRATIVE OFFICIALS

Peggy Merriss	City Manager
Hugh Saxon	Deputy City Manager
Bryan Downs	City Attorney
Andrea Arnold	Assistant City Manager - Administrative Services
Lyn Menne	Assistant City Manager - Community & Economic Development
David Junger	Assistant City Manager – Emergency Services
Tony Parker	Assistant City Manager – Public Works
Karen desIslets	City Clerk

City Organization



FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the City Commission
City of Decatur, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Decatur, Georgia** as of and for the year ended June 30, 2010, which collectively comprise the City of Decatur, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Decatur, Georgia's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Georgia as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2010, on our consideration of the City of Decatur, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 15) and Schedules of Funding Progress (on pages 66 and 67) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 31, 2010

CITY OF DECATUR, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Decatur (the "City"), we offer readers of the City of Decatur's financial statements this narrative overview and analysis of the financial activities of the City of Decatur for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, financial statements and footnotes.

Overview of the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) is presented in three distinct sections:

- An Introductory Section which includes the Letter of Transmittal and general information;
- Financial Section which includes the Independent Auditor's Report, Management's Discussion and Analysis, Government-wide and Fund Financial Statements, along with Notes to these statements; and
- Statistical Section

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $70,852,107 (net assets). Of this amount, $12,853,241 (unrestricted net assets) may be used to meet the government's ongoing obligations.

In September 2006, Decatur voters approved a bond referendum that provided the City of Decatur and City Schools of Decatur with $33,245,000 for large capital improvement projects. This was the first general obligation debt for the City since 1955 and for the school system since the late 1950s. The bonds were issued in January 2007. Of the overall bond issue, $16,500,000 was transferred to the school system. During this fiscal year, approximately $3,308,000 was spent on capital bond projects including major improvements at Glenlake Park and the Decatur Cemetery, the design for improvements to the Decatur Recreation Center, master planning and minor improvements to Hidden Cove Park and construction of Phase II of the sidewalk construction program.

In July 2009, the City issued $5,900,000 in general obligation sales tax notes on behalf of the City Schools of Decatur for capital projects within the school system. The primary payment source is the one percent sales and use tax for educational purposes collected within DeKalb County. The secondary payment source is state appropriations from the Georgia State Board of Education. If proceeds are not sufficient from those sources, the notes are payable from ad valorem taxes. The final payment on the notes is due January 2013.

The net assets increased by $5,876,853 primarily due to an increase in capital assets donated by the City of Decatur School System.

The City had $27,988,738 in expenses related to governmental activities and $15,147,765 or 54% of these expenses were offset by program specific charges for services, grants or contributions. General revenues, excluding program specific revenues, were $19,045,777, and $15,135,212 or 79% of these revenues were from property taxes.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $26,121,334, an increase of $3,300,647 in comparison with the prior year. A majority of the increase is in the Debt Service Fund due to the financial reporting requirements related to the sales tax notes issued on behalf of the school system. Although the City never possessed the $5,900,000, accounting rules require the City to show the $5,900,000 as Proceeds from debt issuance which increases the fund balance. At the end of the current fiscal year, unreserved fund balance for the general fund was $7,670,301 or 44% of total general fund expenditures. This amount is available for spending at the government's discretion, as it is unreserved fund balance. The general fund's overall fund balance, including reserved and unreserved balances, increased $1,001,933 to $7,692,797.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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's finances, in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the City's overall financial status.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as total net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the City's overall health, the reader needs to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 include general government, education, public safety, public works and recreation. The business-type activities of the City include the conference center and parking deck, the stormwater utility and solid waste.

The government-wide financial statements include not only the City itself (known as the primary government), but also three discretely presented component units, the Downtown Development Authority, the Decatur Tourism Bureau and the City Schools of Decatur. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16 and 17 of this report.

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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The City maintains three enterprise funds in the proprietary fund group. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Decatur uses enterprise funds to account for its Conference & Parking Deck activities, the Stormwater Utility and for Solid Waste functions.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

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 can be found on pages 27-65 of this report.

Government-wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Decatur, Georgia, assets exceeded liabilities by $70,852,107 at the close of the most recent fiscal year. Following is a description of the City's net assets (in thousands) as compared to the previous year.

City of Decatur Net Assets

	Governmental Activities		Business-type Activities		Total Primary Activities	
	2009	2010	2009	2010	2009	2010
Assets						
Current assets	$ 26,159	$ 23,153	$ 3,219	$ 3,419	$ 29,378	$ 26,572
Capital assets	75,643	85,838	5,124	4,820	80,767	90,658
Other non-current assets	951	5,995	58	58	1,009	6,053
Total assets	102,753	114,986	8,401	8,297	111,154	123,283
Liabilities						
Long-term liabilites	40,893	47,810	383	616	41,276	48,426
Other liabilities	3,436	2,547	1,468	1,458	4,904	4,005
Total assets	44,329	50,357	1,851	2,074	46,180	52,431
Net assets						
Invested in capital assets, net of related debt	49,255	52,582	5,027	4,754	54,282	57,336
Restricted	129	663	-	-	129	663
Unrestricted	9,040	11,384	1,524	1,469	10,564	12,853
Total net assets	$ 58,424	$ 64,629	$ 6,551	$ 6,223	$ 64,975	$ 70,852

By far the largest portion of the City's net assets (81%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City's net assets are either restricted $663,000 or unrestricted $12,853,000. Unrestricted net assets may be used to meet the government's ongoing obligations. At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its business-type activities, with the exception of the Solid Waste Fund. The current goal is to eliminate the remaining negative net asset balance in the Solid Waste Fund in future years.

Changes in Net Assets

At the conclusion of fiscal year 2009-2010 the City's total net assets increased by $5,876,853. This is primarily due to the increase in capital assets donated by the City of Decatur School System. The following schedule presents a summary of changes in net assets for the fiscal year ending June 30, 2010 (in thousands).

City of Decatur Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Revenues						
Program revenues:						
Charges for services	$ 3,659	$ 4,354	$ 3,373	$ 3,235	$ 7,032	$ 7,589
Operating grants & contributions	356	320	-	-	356	320
Capital grants & contributions	16,419	10,474	-	-	16,419	10,474
General revenues:						
Property taxes	14,585	15,135	-	-	14,585	15,135
Franchise taxes	1,364	1,377	-	-	1,364	1,377
Sales taxes	641	617	-	-	641	617
Other taxes	1,399	1,394	-	-	1,399	1,394
Investment earnings	307	151	-	-	307	151
Gain on sale of capital assets	12	-	-	-	12	-
Total revenues	38,742	33,822	3,373	3,235	42,115	37,057
Expenses						
General government	6,382	6,804	-	-	6,382	6,804
Education	1,314	2,071	-	-	1,314	2,071
Public safety	10,295	10,511	-	-	10,295	10,511
Public works	3,855	3,883	-	-	3,855	3,883
Recreation	3,163	3,041	-	-	3,163	3,041
Interest on long-term debt	1,585	1,678	-	-	1,585	1,678
Conference center	-	-	363	325	363	325
Stormwater	-	-	641	713	641	713
Sanitation	-	-	2,016	2,154	2,016	2,154
Total expenses	26,594	27,988	3,020	3,192	29,614	31,180
Income before transfers	12,148	5,834	353	43	12,501	5,877
Transfers	(483)	371	483	(371)	-	-
Change in net assets	11,665	6,205	836	(328)	12,501	5,877
Net assets beginning of year	46,759	58,424	5,715	6,551	52,474	64,975
Net assets end of year	$ 58,424	$ 64,629	$ 6,551	$ 6,223	$ 64,975	$ 70,852

Revenues

Governmental charges for services increased by approximately ($695,000) or (19%) over the prior year. All activity areas realized increases with the majority of the increase being in public safety and recreation revenues. Operating grants and contributions decreased slightly ($36,000) or (10%) primarily due to State budget cuts that impacted a Department of Human Resources grant for after-school programming**.** Capital grants and contributions decreased ($5,945,000) or 36% due to a decrease in contributions of school facilities to the general government by the Decatur school system. Property taxes, including real estate and personal property, increased $550,000 or approximately 4% over the prior year. This increase reflects the 3.5% increase in the 2009 property digest as well as the consistent collection efforts by the Revenue division staff. Investment earning continued to decline ($156,000) as interest rates remained low. Other sources of revenue remained consistent with prior years.

Expenses

General Government expenses increased $422,000 or 7%; Public Safety expenses increased $216,000 or 2%; and Public Works expenses increased $28,000 or less than 1%. Recreation expenses decreased $122,000 or 4%. The increases are primarily due to the implementation of accounting pronouncements related to the recording of the actuarial values of post employment benefits for retirees. The reduction in recreation expenses may be attributed to a reduction in full-time positions. Education expenses increased $757,000 or 58% due to an increase in depreciation expense on the recent capital asset donations.

Conference Center expenses decreased ($38,000) or (10%) because repair and maintenance costs were lower than the prior year. Sanitation expenses increased $138,000 due to increased recycling costs, indirect costs and depreciation expense. Stormwater expenses increased $72,000 due to stormwater system repairs and maintenance and the purchase of capital equipment.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or for use during the fiscal year to balance cash flow needs.

As of the end of the current fiscal year, the City of Decatur, Georgia's governmental funds reported combined ending fund balances of $26,121,334, an increase of $3,300,647 in comparison with the prior year. Approximately forty-two percent of the total amount, $11,113,846, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($15,007,488) is reserved to indicate that it is not available for new spending because it has already been committed 1) for the tree bank, ($19,303); 2) to pay debt service, ($5,498,497); 3) to account for long-term advances, prepaid expenditures and program expenditures ($1,248,299); and, 4) to finance capital projects that were approved by the voters in September 2006 ($8,241,389).

The general fund is the chief operating fund of the City of Decatur, Georgia. At the end of the current fiscal year, the fund balance of the general fund was $7,692,797, while the total fund balance for all governmental funds reached $26,121,334. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents forty-four percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2009 and 2010 (in thousands).

General Fund

	2009	2010	$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	$ 14,738	$ 15,468	730	5
Licenses & permits	440	481	41	9
Intergovernmental	326	289	(37)	(11)
Fines & forfeitures	511	767	256	50
Charges for services	1,115	1,259	144	13
Interest income	86	13	(73)	(85)
Other revenues	57	142	85	149
Total revenues	17,273	18,419	1,146	7
Expenditures				
General government	5,368	5,380	12	0
Public safety	7,959	7,614	(345)	(4)
Public works	3,080	3,139	59	2
Recreation	1,381	1,361	(20)	(1)
Total expenditures	17,788	17,494	(294)	(2)
Excess of revenues over expenditures	(515)	925	1,440	280
Other financing sources (uses)				
Proceeds from sale of capital assets	18	-	(18)	(100)
Transfers in	645	737	92	14
Transfers out	(670)	(660)	10	(1)
Total other financing sources (uses)	(7)	77	84	1,200
Net change in fund balances	(522)	1,002	1,524	(292)
Fund balances, beginning of year	7,213	6,691	(522)	(7)
Fund balances, end of year	$ 6,691	$ 7,693	1,002	15

General Fund Revenues

Revenue from taxes increased approximately $730,000 or five percent over the prior year. Just over 20% of the increase came from penalty and interest on delinquent taxes. The remainder of the increase came from real and personal property taxes and alcohol sales taxes. Licenses and permits increased $41,000 or 9% as building permits started to realize a gradual rebound with residential new construction and renovations. Intergovernmental revenues decreased ($37,000) or (11%) due to slight decreases in management fees charged by the City to the Decatur Downtown Development Authority. Fines and forfeitures experienced an increase of $256,000 or 50% which reflects the successful efforts to fill the vacancies in the Police department. Charges for services increased $144,000 or 13% as participation increased in Active Living programs and through higher collections from parking meters. Interest income decreased ($73,000) or (85%) as available interest rates continued to decline.

General Fund Expenditures

Overall general fund expenditures decreased ($294,000) or (2%) from the prior year. Much of the decrease can be attributed to significant savings realized through a new health insurance program that was implemented at the beginning of the fiscal year. General Government expenditures remained flat. Public Works expenditures have increased $59,000 or 2%. Public safety expenditures decreased ($345,000) or (4%) due to the reduction in health insurance costs and the discontinuation of the automated red light citation program. Recreation expenditures decreased ($20,000) or (1%) which reflects decreases in personnel costs including health insurance expenditures.

Transfers from other funds increased from $645,000 to $737,000 which reflects a full year of hotel/motel tax being distributed to the general fund.

Other Fund Activities

Capital Improvement Fund. The Capital Improvement Fund's fund balance decreased by ($2,766,314) to $10,244,772. The reduction from the previous year is due to the budgeted expenditures from the general obligation bonds for capital projects. The purpose of the capital improvement fund is to provide for construction of major capital improvements and to purchase capital equipment items for operating departments. Major capital outlay projects in fiscal year 2010 included Glenlake Park improvements, sidewalk construction and planning and design development for Decatur Recreation Center.

Debt Service Fund. The Debt Service Fund's fund balance increased by $4,996,398 to $6,214,225 all of which is reserved for prepaids and the payment of debt service. The fund balance is used to cover cash flow needs for debt service payments for the general obligation bonds issued in 2007. The final debt payments for the conference center were made in fiscal 2009. The fund balance increased due to accounting principles which required the school system's sales tax notes of $5,900,000 to be reflected on the City's financial statements, although the City never possessed the funds and the school system is responsible for paying back the debt with sales tax revenue.

Emergency Telephone System Fund. In fiscal year 2003-2004 the Emergency Telephone System Fund was created to account for receipts from the E-911 and wireless E-911 telephone charges and for expenditures to maintain and operate an E-911 communications center. In fiscal year 2010, the fund balance increased $25,583 to $406,932. In April 2008, an E911 wireless fee of $1.50 was added to voice over Internet protocol (VOIP) connections to be effective in August 2008. The General Fund transferred $225,000 to this fund to meet operational needs.

Children and Youth Services Fund. This fund was created in 2009 to account for after school programs and summer camps offered to elementary and middle school age children. Transfers from the General fund and Grant fund of $400,000 and $50,000, respectively, were made to continue operations in this fund. In fiscal year 2010, the fund balance increased $51,291 to $941,774.

The activities of other non major funds can be found on pages 68 and 69.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains three enterprise funds that account for activities of the city that are operated in a business fashion. Those funds include the Conference Center and Parking Deck Fund, the Stormwater Utility Fund and the Solid Waste Fund.

Conference and Parking Deck Fund. Revenue from charges for services for the conference center and parking fund were comparable with the prior year. Expenses for sales and services decreased ($24,109) or (30%) as less major maintenance expenses were necessary in the current year. Depreciation expenses remained the same. There was no interest expense as the final debt service payment was made in fiscal 2009. This fund received $87,314 in hotel/motel tax distributions which helped to offset the operating loss of this fund.

Stormwater Utility Fund. Fund balance decreased by ($49,420) to $3,311,808. Revenue from stormwater fees decreased approximately ($94,000) or (9%) due to lower than anticipated collections. Expenses increased $71,832 or 11% which reflect an increase in storm drainage improvements in conjunction with streetscapes projects and construction of neighborhood storm drainage improvements. Over the next 18-24 months, the City will be pursuing various capital funding opportunities, including the use of revenue bonds in order to complete projects contained in the stormwater master plan.

Solid Waste Fund. Revenues in this fund decreased slightly ($43,486) or (2%) because of the slowdown in the local economy. Operating expenses increased $139,061 or 7% due to increased garbage disposal and recycling services expenses and increased indirect costs. Fund balance was reduced by ($125,483), increasing the fund deficit to ($270,906). The solid waste fund continued a positive cash position with cash balances at June 30, 2010 of $1,115,401. The Public Works staff continues to analyze costs and service charges to confirm that fees charged cover the cost of services delivered as well as developing alternative service delivery options to reduce costs and to reduce the deficit in total net assets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The primary fiduciary fund is the Pension Trust Fund that holds assets to be used for paying pension obligations of city employees. The Pension Trust Fund had a net increase of $2,322,755 to net assets during fiscal year 2009-2010 contrary to anticipated market forces.

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 21. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were $510,581 or 2.8% higher than the final budgeted amounts. The City was conservative with its revenue estimates and most revenue categories came in higher than anticipated with 40% of the difference being in taxes. The original adopted budget for revenues was just $11,510 or less than 1% greater than the final budget which cautiously estimated revenues. Actual expenditures were $875,449 less than the final budget with the differences of about 58% from personnel and benefit cost savings; 30% from savings on services; and, 12% from supplies. The original adopted budget for expenditures was $253,920 or 1.3% more than the final budget as expenditures were reduced to reflect salary savings and other savings throughout the year. The higher than anticipated revenues and lower than budgeted expenditures resulted in an addition to fund balance of $1,001,933 or an ending fund balance of $7,692,797.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to $90,658,776 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure (roads, bridges and drainage culverts, etc.) The City's investment in capital assets increased 12% for the current fiscal year primarily from the continuing expenditure of bond proceeds for park construction, cemetery improvements, sidewalk construction, and the planning and design of public safety and recreation facilities. Additional information on the City's capital assets can be found in Note 6 on pages 42-44 of this report. The following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government (in thousands).

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Land	$ 2,759	$ 2,735	$ 280	$ 280	$ 3,039	$ 3,015
Construction in progress	28,113	10,418	53	53	28,166	10,471
Land improvements	260	255	-	-	260	255
Infrastructure	7,434	6,948	1,661	1,580	9,095	8,528
Building & improvements	35,510	63,725	2,620	2,352	38,130	66,077
Machinery & equipment	847	875	-	-	847	875
Vehicles	721	882	-	-	721	882
Furniture, fixtures, & equipment	-	-	511	555	511	555
Total	$ 75,644	$ 85,838	$ 5,125	$ 4,820	$ 80,769	$ 90,658

Long-term Debt and Capital Leases. At the end of the current fiscal year, the City had long-term bonded debt in the amount of $33,193,473 including the bond issuance premium. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The City's total assessed valuation for fiscal 2010 is $1,244,373,000 with a current debt limitation for the City of $124,437,300, not including current debt outstanding.

The City has entered into lease agreements for financing the acquisition of equipment, machinery and improvements. The total amount of machinery, equipment and vehicles under capital leases at June 30, 2010 was $830,595 and $162,458 for governmental activities and business-type activities, respectively.

At June 30, 2010, the City had long-term debt in the amount of $48,425,596 which was comprised of $33,193,473 in general obligation bonds payable, $9,638,497 in capital leases, certificates of participation, claims and judgments, net OPEB obligation and compensated absences in the governmental activities and $616,020 in capital leases, net OPEB obligation and compensated absences in the business-type activities. The long-term debt in governmental activities also includes $4,977,606 in notes payable and related issuance premium for the school system sales tax notes. The long-term debt includes the general obligation bonds issued in January 2007. The bond issuance will finance approximately $16,600,000 worth of capital improvements for city-related capital projects, including transportation improvements, parks and recreation improvements, greenspace acquisition, public safety facility renovations, and public works improvements. The City Schools of Decatur will use approximately $16,500,000 for school-related capital projects. Also included in the long-term debt are the certificates of participation issued in July 2005 in the principal amount of $2,810,000 to finance the renovation and addition of Decatur City Hall.

Additional information on the City's long-term debt can be found in Note 7 on pages 45-51 of this report.

Pension and Other Post Employment Benefits. The City of Decatur, Georgia sponsors a single-employer defined benefit pension plan for all of its full-time employees. Annually, an independent actuary engaged by the Board of Trustees of the retirement system calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The City fully funds each year's annual required contribution to the retirement system as determined by the actuary. As a result, the City contributed 8.27% of payroll during fiscal year ending June 30, 2010 to fund the system's liability for projected benefits earned by employees.

The City also provides post retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 72 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Starting in the 2008-2009 fiscal year the City had to account for other post employment benefits in accordance with GASB Standard 45. An independent actuarial analysis determined that the City's cumulative future liability for these benefits or unfunded actuarial accrued liability was $52,231,040. The City makes contributions toward this liability and to the extent contributions are not made a liability is accrued on the City's statement of net assets. The liability was $5,303,876 at June 30, 2010.

Additional information on the City of Decatur, Georgia's pension arrangements and post employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

Economic Factors

Since the City is not reliant on sales tax as a primary revenue source, the impact of the economic recession has been moderate. Also, the City's housing market has avoided the mass foreclosures experienced by many communities and real estate has continued to hold its value. The real property digest declined less than 1% from 2009 to 2010. The digest saw some increases in value from new occupancy and from renovations to existing buildings; however, a decrease in the real property digest due to reevaluation, particularly from commercial properties, negated any growth. Any growth in the digest is expected to hold steady with some moderate growth in the upcoming years. Based on our current experience, the City's tax collection rate has not decreased and we have not experienced a significant increase in delinquent accounts. Other revenue concerns include the uncertain future of franchise taxes, legislative interference in restricting local government revenue sources and local government control of finance and budgeting decisions. Ultimately, the City's conservative financial practices, long-term planning, culture of innovation, and strategic approach to financial challenges has resulted in the City's ability to avoid layoffs and furloughs and to maintain high quality service delivery.

The unemployment rate for DeKalb County is currently 8.7%. Unemployment rates are not available for the City of Decatur but due to the diversity of the employment base, it is likely that the City's rate would be slightly lower. The occupancy rate of the government's central business district is approximately 82% as compared to surrounding areas that average a 78% occupancy rate. Inflationary trends in the region compare favorably to national indices. Vacancies in two downtown office buildings created by downsizing and the completion of the new permanent campus for CDC have been reduced by the relocation of DeVry Institute and the opening of a Decatur campus for the Art Institute of Atlanta. Interest in downtown Decatur commercial space remains high with newer tenants representing smaller professional, service and creative businesses that will bring a healthier mix capable of weathering changes in the new economy. Residential living units in the central business district continue to add to the economic vitality of the district.

Next Year's Budget

At June 30, 2010, unreserved fund balance in the general fund was $7,670,301. The City has appropriated ($700,000) of this amount for spending in the 2011 fiscal year budget. This use of fund balance was recommended to avoid a millage rate increase. Next year's budget does not include funding for salary step increases but does include a one-time one pay period merit based adjustment. Other activities will include an emphasis on conservation of City resources; initiation of the ten-year strategic planning effort; development of environmental initiatives; performance measurement; technology improvements; and, capital investments through the general obligation bond financing that was approved in September 2006. Additionally, it is anticipated that the City will issue bonds by December 31, 2010 for significant renovations and improvements to Fire Station No. 1, Decatur Recreation Center and the Public Works facility.

Requests for Information

This financial report is designed to provide a general overview of the City of Decatur's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, 509 North McDonough Street, City of Decatur, Georgia 30030. This report and other financial reports can be viewed on the City of Decatur's website at www.decaturga.com within the Administrative Services Department section.

CITY OF DECATUR, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board	City Schools of Decatur
Cash and cash equivalents	$ 19,981,988	$ 3,865,823	$ 23,847,811	$ 294,790	$ 28,507	$ 30,914,416
Taxes receivable	758,087	-	758,087	19,648	-	1,043,314
Other receivables	474,197	-	474,197	8,158	-	193,594
Accounts receivable, net of allowances	-	192,525	192,525	-	-	-
Due from primary government	-	-	-	51,159	7,558	2,659,696
Due from other governments	-	-	-	-	-	2,132,850
Internal balances	640,234	(640,234)	-	-	-	-
Inventory	-	-	-	-	-	29,869
Prepaid items	790,511	-	790,511	9,874	-	-
Restricted investments	481,563	-	481,563	-	-	-
Other current assets	26,500	-	26,500	-	-	-
Note receivable from component unit	4,941,000	-	4,941,000	-	-	-
Deferred charges, unamortized balance	438,136	-	438,136	-	-	-
Capital assets:						
Non-depreciable	13,152,487	333,368	13,485,855	-	-	621,583
Depreciable, net of accumulated depreciation	72,686,024	4,486,897	77,172,921	-	-	3,777,932
Other non-current assets	615,496	58,235	673,731	-	-	272,844
Total assets	114,986,223	8,296,614	123,282,837	383,629	36,065	41,646,098
LIABILITIES						
Accounts payable	448,926	75,439	524,365	32,182	3,303	2,225,529
Accrued liabilities	1,827,859	41,801	1,869,660	-	-	4,784,945
Unearned revenue	259,259	1,340,535	1,599,794	-	-	10,256,805
Due to component unit	11,315	-	11,315	-	-	-
Due to primary government	-	-	-	-	-	41,000
Certificates of participation due within one year	110,000	-	110,000	-	-	-
Certificates of participation due in more than one year	3,334,011	-	3,334,011	-	-	10,295,000
Claims and judgments payable due within one year	10,088	-	10,088	-	-	-
Compensated absences, current	613,974	62,684	676,658	-	-	56,080
Compensated absences, long-term	360,988	28,434	389,422	-	-	44,492
Capital leases due within one year	132,848	32,642	165,490	-	-	125,761
Capital leases due in more than one year	231,158	33,814	264,972	-	-	2,807,002
Notes payable due within one year	1,600,000	-	1,600,000	-	-	-
Notes payable due in more than one year	3,377,606	-	3,377,606	-	-	-
Note payable to primary government due within one year	-	-	-	-	-	1,600,000
Notes payable to primary government due in more than one year	-	-	-	-	-	3,300,000
Bonds payable due within one year	355,000	-	355,000	-	-	-
Bonds payable due in more than one year	32,838,473	-	32,838,473	-	-	-
Net OPEB obligation	4,845,430	458,446	5,303,876	-	-	-
Total liabilities	50,356,935	2,073,795	52,430,730	32,182	3,303	35,536,614
NET ASSETS						
Invested in capital assets, net of related debt	52,582,367	4,753,809	57,336,176	-	-	976,496
Restricted for capital projects	-	-	-	-	-	3,004,881
Restricted for debt service	598,497	-	598,497	-	-	-
Restricted for grant programs	64,193	-	64,193	-	-	-
Unrestricted	11,384,231	1,469,010	12,853,241	351,447	32,762	2,128,107
Total net assets	$ 64,629,288	$ 6,222,819	$ 70,852,107	$ 351,447	$ 32,762	$ 6,109,484

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

CITY OF DECATUR, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 6,803,581	$ 842,032	$ 90,775	$ -
Education	2,071,344	90,667	59,000	10,116,123
Public safety	10,511,004	1,985,250	2,963	131,397
Public works	3,883,283	113,746	3,677	171,109
Recreation	3,041,419	1,322,361	163,665	55,000
Interest on long-term debt	1,678,107	-	-	-
Total governmental activities	27,988,738	4,354,056	320,080	10,473,629
Business-type activities:				
Conference center	324,691	84,329	-	-
Stormwater	712,745	928,495	-	-
Solid waste	2,154,476	2,222,633	-	-
Total business-type activities	3,191,912	3,235,457	-	-
Total primary government	$ 31,180,650	$ 7,589,513	$ 320,080	$ 10,473,629
Component units:				
Downtown Development Authority	$ 750,180	$ -	$ -	$ -
Decatur Tourism Board	84,915	-	-	-
City Schools of Decatur	51,376,119	2,008,089	14,368,006	-
Total component units	$ 52,211,214	$ 2,008,089	$ 14,368,006	$ -
General revenues:				
Property taxes				
Franchise taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Net (Expenses) Revenues and Changes in Net Assets						
Primary Government				Component Units		
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board	City Schools of Decatur	
$ (5,870,774)	$ -	$ (5,870,774)	$ -	$ -	$ -	
8,194,446	-	8,194,446	-	-	-	
(8,391,394)	-	(8,391,394)	-	-	-	
(3,594,751)	-	(3,594,751)	-	-	-	
(1,500,393)	-	(1,500,393)	-	-	-	
(1,678,107)	-	(1,678,107)	-	-	-	
(12,840,973)	-	(12,840,973)	-	-	-	
-	(240,362)	(240,362)	-	-	-	
-	215,750	215,750	-	-	-	
-	68,157	68,157	-	-	-	
-	43,545	43,545	-	-	-	
(12,840,973)	43,545	(12,797,428)	-	-	-	
-	-	-	(750,180)	-	-	
-	-	-	-	(84,915)		
-	-	-	-	-	(35,000,024)	
$ -	$ -	$ -	$ (750,180)	$ (84,915)	$ (35,000,024)	
$ 15,135,212	$ -	$ 15,135,212	$ 454,588	$ -	$ 22,763,573	
1,377,174	-	1,377,174	-	-	-	
616,832	-	616,832	-	-	2,686,336	
1,393,941	-	1,393,941	-	87,314	-	
-	-	-	-	-	13,794	
151,122	-	151,122	-	55	49,430	
-	-	-	310,604	-	639,506	
371,496	(371,496)	-	-	-	-	
19,045,777	(371,496)	18,674,281	765,192	87,369	26,152,639	
6,204,804	(327,951)	5,876,853	15,012	2,454	(8,847,385)	
58,424,484	6,550,770	64,975,254	336,435	30,308	14,956,869	
$ 64,629,288	$ 6,222,819	$ 70,852,107	$ 351,447	$ 32,762	$ 6,109,484	

CITY OF DECATUR, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	General Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 7,164,647	$ 9,306,041	$ 1,279,330	$ 2,231,970	$ 19,981,988
Taxes receivable	576,176	54,400	100,868	26,643	758,087
Other receivables	301,639	113,255	-	59,303	474,197
Due from other funds	1,101,808	240,439	281	-	1,342,528
Due from component unit	-	-	4,900,000	-	4,900,000
Restricted investments	-	481,563	-	-	481,563
Advances to other funds	-	393,595	-	-	393,595
Prepaid expenditures	22,496	46,431	715,728	5,856	790,511
Other current assets	26,500	-	-	-	26,500
Total assets	$ 9,193,266	$ 10,635,724	$ 6,996,207	$ 2,323,772	$ 29,148,969
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 399,028	$ -	$ -	$ 49,898	$ 448,926
Accrued liabilities	726,441	280,454	-	727	1,007,622
Deferred revenues	369,517	28,112	66,254	-	463,883
Due to other funds	1,726	82,386	715,728	258,576	1,058,416
Due to component unit	3,757	-	-	7,558	11,315
Advances from other funds	-	-	-	37,473	37,473
Total liabilities	1,500,469	390,952	781,982	354,232	3,027,635
FUND BALANCES					
Fund balances:					
Reserved for:					
Long-term advances	-	393,595	-	-	393,595
Prepaid expenditures	22,496	46,431	715,728	5,856	790,511
Program expenditures	-	-	-	64,193	64,193
Tree preservation	-	-	-	19,303	19,303
Debt service	-	-	5,498,497	-	5,498,497
Capital projects	-	8,241,389	-	-	8,241,389
Unreserved, reported in:					
General fund	7,670,301	-	-	-	7,670,301
Special revenue funds	-	-	-	1,559,635	1,559,635
Capital projects funds	-	1,563,357	-	320,553	1,883,910
Total fund balances	7,692,797	10,244,772	6,214,225	1,969,540	26,121,334
Total liabilities and fund balances	$ 9,193,266	$ 10,635,724	$ 6,996,207	$ 2,323,772	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	85,838,511
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	455,613
Interest receivable of governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.	41,000
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(48,442,666)
Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds.	615,496
Net assets of governmental activitie	$ 64,629,288

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

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 15,468,265	$ 1,183,526	$ 1,790,673	$ 305,598	$ 18,748,062
Licenses and permits	480,648	-	-	-	480,648
Intergovernmental	289,328	307,817	-	186,535	783,680
Fines and forfeitures	767,232	-	-	-	767,232
Charges for services	1,258,941	-	-	1,422,838	2,681,779
Interest income	12,553	38,990	57,930	649	110,122
Contributions	7,335	-	-	43,154	50,489
Other revenues	135,069	11,330	59,000	62,415	267,814
Total revenues	18,419,371	1,541,663	1,907,603	2,021,189	23,889,826
Expenditures					
Current:					
General government	5,380,178	261,540	-	194,325	5,836,043
Public safety	7,614,563	-	-	815,347	8,429,910
Public works	3,138,709	-	-	-	3,138,709
Recreation	1,360,701	-	-	1,384,693	2,745,394
Capital outlay	-	3,501,698	-	-	3,501,698
Debt service:					
Principal retirements	-	271,295	1,275,000	-	1,546,295
Interest and fiscal charges	-	126,421	1,496,664	-	1,623,085
Costs of debt issuance	-	-	140,272		140,272
Total expenditures	17,494,151	4,160,954	2,911,936	2,394,365	26,961,406
Excess (deficiency) of revenues over expenditures	925,220	(2,619,291)	(1,004,333)	(373,176)	(3,071,580)
Other financing sources (uses):					
Proceeds from debt issuance	-	-	5,900,000	-	5,900,000
Premium on issuance of debt	-	-	100,731	-	100,731
Transfers in	736,713	-	-	710,000	1,446,713
Transfers out	(660,000)	(147,023)	-	(268,194)	(1,075,217)
Total other financing sources (uses)	76,713	(147,023)	6,000,731	441,806	6,372,227
Net change in fund balance	1,001,933	(2,766,314)	4,996,398	68,630	3,300,647
Fund balances, beginning of year	6,690,864	13,011,086	1,217,827	1,900,910	22,820,687
Fund balances, end of year	$ 7,692,797	$ 10,244,772	$ 6,214,225	$ 1,969,540	$ 26,121,334

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

CITY OF DECATUR, 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, 2010

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	3,300,647
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. This is the amount by which capital outlay exceeded depreciation in the current period.		271,497
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to increase net assets.		9,923,277
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(183,903)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(4,327,264)
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.		(2,779,450)
Change in net assets - governmental activities	$	6,204,804

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

CITY OF DECATUR, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 15,270,600	$ 15,263,940	$ 15,468,265	$ 204,325
Licenses and permits	362,100	445,490	480,648	35,158
Fines and forfeitures	564,500	680,000	767,232	87,232
Interest	100,000	13,500	12,553	(947)
Charges for services	1,147,450	1,114,750	1,258,941	144,191
Intergovernmental	421,650	308,010	289,328	(18,682)
Contributions	-	-	7,335	7,335
Miscellaneous	54,000	83,100	135,069	51,969
Total revenues	17,920,300	17,908,790	18,419,371	510,581
Expenditures				
Current:				
General government:				
Commission	129,480	110,980	105,041	5,939
Manager	841,900	819,260	775,507	43,753
Administrative services	1,786,070	1,696,730	1,614,106	82,624
Attorney	300,000	179,000	178,241	759
Community & economic development	1,073,270	1,035,150	939,475	95,675
Development and inspection	589,070	587,590	515,918	71,672
Accounting, collection and records	1,326,480	1,319,970	1,251,890	68,080
Total general government	6,046,270	5,748,680	5,380,178	368,502
Public safety:				
General management	1,021,380	1,007,950	990,567	17,383
Fire	3,291,280	3,331,520	3,153,240	178,280
Police	3,696,230	3,702,110	3,470,756	231,354
Total public safety	8,008,890	8,041,580	7,614,563	427,017
Public works:				
Engineering	718,940	730,340	684,689	45,651
Motor maintenance	551,090	572,220	621,424	(49,204)
Buildings and grounds maintenance	1,518,950	1,506,450	1,422,803	83,647
Cemetery	417,600	418,600	409,793	8,807
Total public works	3,206,580	3,227,610	3,138,709	88,901
Recreation	1,361,780	1,351,730	1,360,701	(8,971)
Total expenditures	18,623,520	18,369,600	17,494,151	875,449
Excess (deficiency) of revenues over expenditures	(703,220)	(460,810)	925,220	1,386,030
Other financing sources (uses)				
Proceeds from sale of capital assets	15,000	-	-	-
Transfers out	(760,000)	(660,000)	(660,000)	-
Transfers in	746,220	727,810	736,713	8,903
Total other financing sources (uses)	1,220	67,810	76,713	8,903
Net change in fund balances	(702,000)	(393,000)	1,001,933	1,394,933
Fund balances, beginning of year	6,690,864	6,690,864	6,690,864	-
Fund balances, end of year	$ 5,988,864	$ 6,297,864	$ 7,692,797	$ 1,394,933

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business-type Activities - Enterprise Funds			
ASSETS	**Conference & Parking Deck Fund**	**Stormwater Utility Fund**	**Solid Waste Fund**	**Totals**
CURRENT ASSETS				
Cash	$ 591,618	$ 2,158,804	$ 1,115,401	$ 3,865,823
Accounts receivable	6,000	67,089	119,436	192,525
Due from other funds	7,614	300	940	8,854
Total current assets	605,232	2,226,193	1,235,777	4,067,202
NONCURRENT ASSETS				
Construction in progress	-	53,303	-	53,303
Land	194,860	85,205	-	280,065
Infrastructure	-	3,749,424	-	3,749,424
Buildings	8,469,375	-	-	8,469,375
Furniture, fixtures and equipment	184,882	203,252	1,978,076	2,366,210
	8,849,117	4,091,184	1,978,076	14,918,377
Accumulated depreciation	(6,270,674)	(2,327,000)	(1,500,438)	(10,098,112)
Total capital assets	2,578,443	1,764,184	477,638	4,820,265
Other noncurrent assets	-	19,818	38,417	58,235
Total noncurrent assets	2,578,443	1,784,002	516,055	4,878,500
Total assets	3,183,675	4,010,195	1,751,832	8,945,702
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,758	-	73,681	75,439
Accrued liabilities	-	14,290	27,511	41,801
Compensated absences payable	-	15,149	47,535	62,684
Due to other funds	-	66,951	226,015	292,966
Deferred revenue	-	412,996	927,539	1,340,535
Capital lease, due within one year	-	-	32,642	32,642
Total current liabilities	1,758	509,386	1,334,923	1,846,067
NONCURRENT LIABILITIES				
Capital lease, due in more than one year	-	-	33,814	33,814
Compensated absences - long term	-	-	28,434	28,434
Net OPEB obligation	-	156,016	302,430	458,446
Advances from other funds	-	32,985	323,137	356,122
Total noncurrent liabilities	-	189,001	687,815	876,816
Total liabilities	1,758	698,387	2,022,738	2,722,883
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	2,578,443	1,764,184	411,182	4,753,809
Unrestricted	603,474	1,547,624	(682,088)	1,469,010
Total net assets (deficit)	$ 3,181,917	$ 3,311,808	$ (270,906)	$ 6,222,819

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

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
OPERATING REVENUE				
Storm water fees	$ -	$ 928,495	$ -	$ 928,495
Sanitation fees	-	-	2,212,766	2,212,766
Charges for sales and services	84,329	-	-	84,329
Miscellaneous	-	-	9,867	9,867
Total operating revenues	84,329	928,495	2,222,633	3,235,457
OPERATING EXPENSES				
Cost of sales and services	56,198	623,137	1,997,627	2,676,962
Depreciation and amortization	268,493	89,608	153,332	511,433
Total operating expenses	324,691	712,745	2,150,959	3,188,395
Operating income (loss)	(240,362)	215,750	71,674	47,062
NON-OPERATING EXPENSES				
Interest expense	-	-	(3,517)	(3,517)
Total non-operating expenses	-	-	(3,517)	(3,517)
Income (loss) before transfers	(240,362)	215,750	68,157	43,545
Transfers in	87,314	-	-	87,314
Transfers out	-	(265,170)	(193,640)	(458,810)
	87,314	(265,170)	(193,640)	(371,496)
Change in net assets	(153,048)	(49,420)	(125,483)	(327,951)
Total net assets, beginning	3,334,965	3,361,228	(145,423)	6,550,770
Total net assets, ending	$ 3,181,917	$ 3,311,808	$ (270,906)	$ 6,222,819

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

CITY OF DECATUR, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 76,715	$ 970,251	$ 2,311,829	$ 3,358,795
Payments to suppliers	(98,850)	(121,392)	(922,953)	(1,143,195)
Payments to employees	-	(427,016)	(907,828)	(1,334,844)
Net cash provided by (used in) operating activities	(22,135)	421,843	481,048	880,756
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	87,314	-	-	87,314
Transfers out to other funds	-	(265,170)	(193,640)	(458,810)
Receipt of advances from other funds	-	-	178,204	178,204
Net cash provided by (used in) non-capital financing activities	87,314	(265,170)	(15,436)	(193,292)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on capital leases	-	-	(31,511)	(31,511)
Interest paid	-	-	(3,517)	(3,517)
Purchases of capital assets	-	(13,445)	(193,706)	(207,151)
Net cash used in capital and related financing activities	-	(13,445)	(228,734)	(242,179)
Net increase in cash	65,179	143,228	236,878	445,285
Cash, beginning of year	526,439	2,015,576	878,523	3,420,538
Cash, end of year	$ 591,618	$ 2,158,804	$ 1,115,401	$ 3,865,823
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ (240,362)	$ 215,750	$ 71,674	$ 47,062
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	268,493	89,608	153,332	511,433
Change in assets and liabilities:				
Decrease in fees receivable	-	37,181	92,272	129,453
Increase in due from other funds	(7,614)	(300)	(940)	(8,854)
(Increase) decrease in other assets	-	(2,034)	1,790	(244)
Decrease in accounts payable	(42,652)	(5,848)	(4,717)	(53,217)
Increase (decrease) in accrued liabilities	-	14,146	(2,793)	11,353
Increase in compensated absences payable	-	1,450	39,336	40,786
Increase in net OPEB obligation	-	93,437	160,943	254,380
Increase (decrease) in deferred revenue	-	4,575	(3,076)	1,499
Decrease in due to other funds	-	(26,122)	(26,773)	(52,895)
Net cash provided by (used in) operating activities	$ (22,135)	$ 421,843	$ 481,048	$ 880,756

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

CITY OF DECATUR, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

ASSETS	Pension Trust Fund	Agency Funds
Cash	$ 1,190,742	$ 2,782,803
Mutual funds	21,548,652	-
Benefits receivable	185,397	-
Total assets	22,924,791	2,782,803
LIABILITIES		
Due to others	12,253	75,705
Due to component unit	-	2,707,098
Total liabilities	12,253	2,782,803
NET ASSETS		
Net assets held in trust for pension benefits	$ 22,912,538	$ -

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

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

ADDITIONS	
Contributions	
Plan member contributions	$ 826,543
Employer contributions	785,657
Total contributions	1,612,200
Investment income	
Net appreciation in fair value of investmets	1,825,571
Interest and dividends	415,780
Total investment income	2,241,351
Total additions	3,853,551
DEDUCTIONS	
Benefit payments	1,300,178
Refunds paid to Plan members and beneficiaries	118,970
Administrative fees	111,648
Total deductions	1,530,796
Net increase in net assets	2,322,755
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	20,589,783
End of year	$ 22,912,538

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur, 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 policies are described below.

A. Reporting Entity

The City operates under a commission/manager form of government and provides the following services to its citizens: public safety, public works, parks and recreation, public improvements, and general and administrative services. Additionally, the City owns and contracts for management of a parking deck and convention center for the benefit of the downtown Decatur area.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The City Schools of Decatur has been included as a discretely presented component unit in the accompanying financial statements. The City Schools of Decatur does not have the power to levy taxes, determine its own budget without the approval of the City of Decatur, Georgia, or issue bonded debt. Separate financial statements for the City Schools of Decatur can be obtained from their administrative offices at 758 Scott Boulevard, Decatur, Georgia 30030.

The Decatur Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The City levies and collects its taxes and appoints its board. Financial information with regard to the DDA can be obtained from the DDA's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Downtown Development Authority are not prepared.

The Decatur Tourism Board (the "DTB") has been included as a discretely presented component unit in the accompanying financial statements. The Board does not have the power to levy taxes or issue bonded debt. Financial information with regard to the DTB can be obtained from the DTB's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Decatur Tourism Board are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally 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. Likewise, the primary government is reported separately from discretely presented component units. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

The statement of activities demonstrates 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 customers or applicants 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 restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements 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. 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. Expenditures are generally 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.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **Capital Improvement Fund** accounts for the receipts and expenditures of money for major capital projects. This fund is general in nature and may be used to finance any capital project that the City Commission designates.

The **Debt Service Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The City reports the following major proprietary funds:

The **Conference and Parking Deck Fund** accounts for the activity of the conference center and parking deck.

The **Stormwater Utility Fund** accounts for the collection of fees for upgrades to stormwater drains and related expenses.

The **Solid Waste Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues, such as confiscations/forfeitures, E911 tax revenues, hotel/motel tax revenues and various grants and contributions, which are legally restricted to expenditures for particular purposes.

The **Pension Trust Fund** accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees and the City at rates determined by actuarial computations.

Agency funds are accounted for on the accrual basis of accounting, and are used to account for funds that the City holds for others in an agency capacity, including municipal court bonds and property taxes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

The costs of governmental fund type inventories (which are not significant to the City) are recorded as expenditures when purchased rather than when consumed (purchase method).

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. 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 (e.g., roads, bridges, sidewalks, and similar items) prior to July 1, 2002 have been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Machinery and equipment	3-20
Vehicles	5
Land improvements	15-20
Infrastructure	15-50
Buildings and improvements	30-50

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as deferred charges and amortized over the term of the loan using the effective interest method.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Management 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $48,442,666 difference are as follows:

Capital leases payable	$	(364,006)
Certificates of participation		(3,695,000)
Claims and judgements payable		(10,088)
Accrued interest payable		(820,237)
Net OPEB obligation		(4,845,430)
Notes payable		(4,977,606)
Bonds payable		(33,193,473)
Bond issuance costs		438,136
Compensated absences		(974,962)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(48,442,666)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $271,497 difference are as follows:

Capital outlay	$	3,627,256
Depreciation expense		(3,355,759)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	271,497

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., donations and sales) is to increase net assets." The details of this $9,923,277 difference are as follows:

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	$	(192,846)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		10,116,123
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive *at change in net assets of governmental activities*	$	9,923,277

Another element of that reconciliation explains that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $183,903 difference are as follows:

Recognition of deferred taxes	$	(224,903)
Accrued interest revenue		41,000
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(183,903)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $4,327,264 difference are as follows:

Amortization of premium and deferred charges	$ (13,100)
Cost of issuance	140,272
Proceeds from issuance of notes	(5,900,000)
Proceeds from premium on notes	(100,731)
Principal retirement of long-term debt	1,546,295
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (4,327,264)

Another element of that reconciliation explains that "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." The details of this $2,779,450 difference are as follows:

Compensated absences	$ (110,155)
Claims and judgments	69,726
Net other post-employement benefits (OPEB) obligation	(2,704,073)
Net pension asset	6,974
Accrued interest	(41,922)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (2,779,450)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Decatur, Georgia employs the following procedures in establishing its annual budget:

1. In accordance with the Fiscal Control Ordinance of the City, the City Manager submits a proposed operating budget to the City Commissioners. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Commissioners, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Commission.
5. Budgetary control is exercised at the department level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commissioners. Budget amounts shown in these financial statements reflect amendments approved by the City Commissioners. Such amendments resulted in no supplemental appropriations.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2010:

Confiscated Drug Fund	$	(93)
Hotel/Motel Tax Fund		(7,314)
Greenspace Fund		(628)
Grant Fund		(20,998)
Debt Service Fund		(1,190,136)
Cemetary Capital Improvement Fund		(6,972)
General Fund departments:		
Motor maintenance		(49,204)
Recreation		(8,971)

These over expenditures were funded by greater than anticipated revenues and by available fund balance. The over expenditures in the debt service fund were funded by other financing sources associated with the issuance of long-term debt.

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2010, the City had $21,548,652 invested on behalf of a defined benefit pension fund and $481,563 invested for its governmental funds. The City has adopted a separate policy for pension fund assets in compliance with state law. The City's pension fund assets are invested in U.S. Government money market funds, stock mutual funds, and taxable bond funds based on asset allocation ranges and performance benchmarks.

Investment	Maturities	Fair Value
Guaranteed Investment Contract	June 1, 2028	$ 481,563
Corporate Obligations	13.64 years average effective duration	1,447,786
Mutual funds	(1)	12,402,231
Taxable bond mutual funds	4.49 years average effective duration	7,698,635
Georgia Fund 1 - cash equivalents	46 days	8,241,389
Total		$ 30,271,604

(1) Mutual funds are not impacted by changes in interest rates.

Interest rate risk: The Pension program investment policy limits the duration of fixed income investments to a range of +/- one year of the Lehman Brothers Aggregate Index. The Lehman Brothers Aggregate Index at June 30, 2010 was 6.47 years. The City does not have a formal investment policy, outside of the policy for the pension investments, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2010, the City's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's. As of June 30, 2010, the City's investment in Corporate Obligations ranged from BBB to AA by Standard & Poor's.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

It is the City's policy to limit its pension investments to mutual funds, separate accounts, or collective unit trusts that invest in any combination of the following permitted categories:

- Cash and cash equivalents, including money market funds and stable value funds;
- Fixed income (bonds of U.S. corporate and government issuers, asset-backed securities, commercial paper or similar fixed income contracts);
- Domestic Equities (Stocks).

The taxable bond mutual funds are unrated; however, the underlying investments in the taxable bond mutual funds had ratings ranging from AAA to C.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services of the State of Georgia. As of June 30, 2010, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial Credit Risk – 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, and City policy, 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, 2010, the City did not have any cash accounts which were not secured, insured or collateralized in accordance with State law.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax levy is divided into two billings. The first billing is mailed April 1, and the second billing is mailed no later than October 20. The billings are considered due upon receipt by the taxpayer; however, the actual due dates are June 1 and December 20. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Enterprise fund solid waste fees and stormwater fees are billed annually on April 1 for the calendar year and are due June 1.

Receivables at June 30, 2010, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Capital Improvement	Debt Service	Other Governmental Funds
Receivables:				
Taxes	$ 637,414	$ 60,562	$ 109,568	$ 26,643
Other	301,639	113,255	-	59,303
Less allowance for uncollectible	(61,238)	(6,162)	(8,700)	-
Net total receivable	$ 877,815	$ 167,655	$ 100,868	$ 85,946

	Conference & Parking Deck	Stormwater Utility	Solid Waste
Receivables:			
Accounts	$ 6,000	$ 100,293	$ 331,124
Less allowance for uncollectible	-	(33,204)	(211,688)
Net total receivable	$ 6,000	$ 67,089	$ 119,436

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2010, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,758,516	$ -	$ (23,840)	$ -	$ 2,734,676
Construction in progress	28,112,708	13,022,232	-	(30,717,129)	10,417,811
Total	30,871,224	13,022,232	(23,840)	(30,717,129)	13,152,487
Capital assets, being depreciated:					
Land improvements	985,347	-	-	10,975	996,322
Infrastructure	20,939,136	-	(72,711)	-	20,866,425
Buildings and improvements	53,734,890	4,181	(392,166)	30,706,154	84,053,059
Machinery and equipment	3,708,167	178,131	-	-	3,886,298
Vehicles	3,776,458	538,835	(19,333)	-	4,295,960
Total	83,143,998	721,147	(484,210)	30,717,129	114,098,064
Less accumulated depreciation for:					
Land improvements	(725,022)	(15,758)	-	-	(740,780)
Infrastructure	(13,504,947)	(468,640)	55,225	-	(13,918,362)
Buildings and improvements	(18,225,224)	(2,342,776)	240,646	-	(20,327,354)
Machinery and equipment	(2,861,149)	(150,508)	-	-	(3,011,657)
Vehicles	(3,055,143)	(378,077)	19,333	-	(3,413,887)
Total	(38,371,485)	(3,355,759)	315,204	-	(41,412,040)
Total capital assets, being depreciated, net	44,772,513	(2,634,612)	(169,006)	30,717,129	72,686,024
Governmental activities capital assets, net	$ 75,643,737	$ 10,387,620	$ (192,846)	$ -	$ 85,838,511

Included in buildings and improvements and construction in progress for governmental activities are school facilities used by the City Schools of Decatur but owned by the City.

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 53,303	$ -	$ -	$ 53,303
Land	280,065	-	-	280,065
Total	333,368	-	-	333,368
Capital assets, being depreciated:				
Infrastructure	3,749,424	-	-	3,749,424
Buildings	8,469,375	-	-	8,469,375
Furniture, fixtures, and equipment	2,159,059	207,151	-	2,366,210
Total	14,377,858	207,151	-	14,585,009
Less accumulated depreciation for:				
Infrastructure	(2,088,477)	(80,699)	-	(2,169,176)
Buildings	(5,849,268)	(268,031)	-	(6,117,299)
Furniture, fixtures, and equipment	(1,648,934)	(162,703)	-	(1,811,637)
Total	(9,586,679)	(511,433)	-	(10,098,112)
Total capital assets, being depreciated, net	4,791,179	(304,282)	-	4,486,897
Business-type activities capital assets, net	$ 5,124,547	$ (304,282)	$ -	$ 4,820,265

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

Governmental activities:	
General government	$ 117,889
Education	2,071,343
Public safety	483,271
Public works	562,644
Recreation	120,612
Total depreciation expense - governmental activities	$ 3,355,759
Business-type activities:	
Conference and Parking Deck	$ 268,493
Stormwater	89,608
Sanitation	153,332
Total depreciation expense - business-type activities	$ 511,433

NOTE 6. CAPITAL ASSETS (Continued)

City Schools of Decatur

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ -	$ 240,113	$ -	$ 240,113
Construction in progress	-	381,470	-	381,470
Total	-	621,583	-	621,583
Capital assets, being depreciated:				
Leasehold improvements	3,615,047	-	-	3,615,047
Equipment	2,220,028	301,213	-	2,521,241
Buildings and building improvements	-	169,005	-	169,005
Total	5,835,075	470,218	-	6,305,293
Less accumulated depreciation for:				
Leasehold improvements	(923,845)	(241,003)	-	(1,164,848)
Equipment	(1,053,327)	(305,806)	-	(1,359,133)
Buildings and building improvements	-	(3,380)	-	(3,380)
Total	(1,977,172)	(550,189)	-	(2,527,361)
Total capital assets, being depreciated, net	3,857,903	(79,971)	-	3,777,932
Governmental activities capital assets, net	$ 3,857,903	$ 541,612	$ -	$ 4,399,515

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 33,245,000	$ -	$ (275,000)	$ 32,970,000	$ 355,000
Plus issuance premium	231,906	-	(8,433)	223,473	
Total bonds payable	33,476,906	-	(283,433)	33,193,473	
Capital leases	530,301	-	(166,295)	364,006	132,848
Notes payable	-	5,900,000	(1,000,000)	4,900,000	1,600,000
Plus issuance premium	-	100,731	(23,125)	77,606	
Total notes payable	-	6,000,731	(1,023,125)	4,977,606	
Certificates of participation	3,800,000	-	(105,000)	3,695,000	110,000
Less FMV of Derivative	-	(250,989)	-	(250,989)	
Total certificates of participation	3,800,000	(250,989)	(105,000)	3,444,011	
Claims and judgments	79,814	258,533	(328,259)	10,088	10,088
Net OPEB obligation	2,141,357	3,336,127	(632,054)	4,845,430	-
Compensated absences	864,807	696,422	(586,267)	974,962	613,974
Governmental activity Long-term liabilities	$ 40,893,185	$ 10,040,824	$ (3,124,433)	$ 47,809,576	$ 2,821,910

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital lease	$ 97,967	$ -	$ (31,511)	$ 66,456	$ 32,642
Net OPEB obligation	204,066	315,645	(61,265)	458,446	-
Compensated absences	80,636	68,709	(58,227)	91,118	62,684
Business-type activity Long-term liabilities	$ 382,669	$ 384,354	$ (151,003)	$ 616,020	$ 95,326

For governmental funds, compensated absences, OPEB obligations, and claims and judgments are liquidated by the General Fund. For business-type activities, compensated absences and OPEB obligations are liquidated by the Stormwater Utility Fund and the Solid Waste Fund.

NOTE 7. LONG-TERM DEBT (Continued)

Capital Leases - Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (including communication equipment), machinery, and improvements used in general governmental activities and business-type activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Lease payments are due in annual installments. As of June 30, 2010, the City had $830,595 and $162,458 for governmental activities and business-type activities, respectively, of machinery and equipment under capital leases.

The City's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities	Business-type Activities
Fiscal Year Ending June 30,		
2011	$ 148,453	$ 35,028
2012	148,453	35,028
2013	96,737	-
Total minimum lease payments	393,643	70,056
Less amount representing interest	29,637	3,600
Present value of future minimum lease payments	$ 364,006	$ 66,456

Notes Payable. In July 2009, the City issued $5,900,000 in general obligation sales tax notes, with a premium of $100,731 and principal and interest payments beginning January 1, 2010 through January 1, 2013 at an interest rate of 2.00%. The notes will be paid back by the City of Decatur Board of Education (BOE) with special purpose local option sales tax (SPLOST) revenues and thus the City has a note receivable from the BOE equal to the outstanding note. The proceeds from the notes will be used for the cost of acquiring, constructing, and equipping certain capital projects for the City of Decatur Board of Education, as well as the issuance costs. General obligation sales tax notes currently outstanding are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2011	$ 1,600,000	$ 98,000	$ 1,698,000
2012	1,600,000	66,000	1,666,000
2013	1,700,000	34,000	1,734,000
Total	$ 4,900,000	$ 198,000	$ 5,098,000

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation. In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City's participation totaling $1,320,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the Association. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semiannual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

NOTE 7. LONG-TERM DEBT (Continued)

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2010, the floating rate being paid by the City is 0.56% and the market value of this agreement is $250,989, an increase of $90,068 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2010 based on the derivative contract. This market value is reported as a component of the certificates of participation in long-term debt in the statement of net assets. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net assets.

In July 2005, the City issued certificates of participation, Series 2005, in the principal amount of $2,810,000 with principal and interest payments beginning January 1, 2006 through January 1, 2026 at an interest rate of 3.91%. Proceeds were used to acquire, construct, install and equip certain renovations and additions to its City Hall.

The City's total certificates of participation debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2011	$ 110,000	$ 155,563	$ 265,563
2012	115,000	151,262	266,262
2013	120,000	146,765	266,765
2014	125,000	142,073	267,073
2015	130,000	137,186	267,186
2016-2020	715,000	607,141	1,322,141
2021-2025	865,000	455,629	1,320,629
2026-2028	1,515,000	195,725	1,710,725
Total	$ 3,695,000	$ 1,991,344	$ 5,686,344

NOTE 7. LONG-TERM DEBT (Continued)

General Obligation Bonds. In January 2007 the City issued $33,245,000 of Various Purpose Series 2007 General Obligation Bonds, with a premium of $252,988. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping and renovating certain transportation projects, parks and recreation projects, public safety projects, public works projects and projects for the City Schools of Decatur as well as the issuance costs.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued as 30-year serial bonds with interest rates ranging from 3.75% to 5.00%. General obligation bonds currently outstanding are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2011	$ 355,000	$ 1,431,456	$ 1,786,456
2012	440,000	1,418,144	1,858,144
2013	475,000	1,400,544	1,875,544
2014	520,000	1,381,544	1,901,544
2015	565,000	1,360,744	1,925,744
2016-2020	3,575,000	6,426,319	10,001,319
2021-2025	5,140,000	5,591,550	10,731,550
2026-2030	7,185,000	4,305,956	11,490,956
2031-2035	9,860,000	2,352,038	12,212,038
2036-2037	4,855,000	312,586	5,167,586
Total	$ 32,970,000	$ 25,980,881	$ 58,950,881

City Schools of Decatur

Long-term liability activity for the year ended June 30, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of participation	$ -	$ 10,295,000	$ -	$ 10,295,000	$ -
Note payable to primary government	-	5,900,000	(1,000,000)	4,900,000	1,600,000
Capital leases	3,323,959	-	(391,196)	2,932,763	125,761
Compensated absences	98,517	65,559	(63,504)	100,572	56,080
Governmental activity Long-term liabilities	$ 3,422,476	$ 16,260,559	$ (1,454,700)	$ 18,228,335	$ 1,781,841

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of participation. In January 2010, the City Schools of Decatur entered into a lease agreement with the Georgia School Boards Association, Inc. (the "Association"). The funding of the lease was provided by the issuance of $10,295,000 Taxable Certificates of Participation, Build America Bonds, Direct Payment, Series 2010 by the Association. The lease agreement with the Association provides that the City Schools of Decatur owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in annual installments of $275,000 to $625,000 beginning in May 2013 to May 2037. Interest is payable at rates of 2.70% to 5.55%.

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2011	$ -	$ 576,938	$ 576,938
2012	-	576,938	576,938
2013	275,000	576,938	851,938
2014	280,000	569,513	849,513
2015	285,000	560,273	845,273
2016-2020	1,555,000	2,614,648	4,169,648
2021-2025	1,820,000	2,200,793	4,020,793
2026-2030	2,190,000	1,640,168	3,830,168
2031-2035	2,665,000	903,105	3,568,105
2036-2037	1,225,000	116,550	1,341,550
Total	$ 10,295,000	$ 10,335,864	$ 20,630,864

Note payable to primary government. In July 2009, the City of Decatur, primary government, issued $5,900,000 in general obligation sales tax notes, with a premium of $100,731 and principal and interest payments beginning January 1, 2010 through January 1, 2013 at an interest rate of 2.00%. The City Schools of Decatur will fund the notes with special purpose local option sales tax (SPLOST) revenues and thus the City Schools of Decatur has an intergovernmental payable to the City equal to the outstanding note. The proceeds from the note will be used for the cost of acquiring, constructing, and equipping certain capital projects for the District, as well as the issuance cost.

The note payable to the primary government currently outstanding is as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2011	$ 1,600,000	$ 98,000	$ 1,698,000
2012	1,600,000	66,000	1,666,000
2013	1,700,000	34,000	1,734,000
Total	$ 4,900,000	$ 198,000	$ 5,098,000

NOTE 7. LONG-TERM DEBT (Continued)

Capital lease. The City Schools of Decatur has entered into an agreement for the purpose of renovating a school facility. Under the terms of the agreement, the City Schools of Decatur will assure that the payments of principal and interest on the capital lease are made in a timely manner through September 1, 2025. The total quarterly payment is $62,897. Future required minimum payments on this capital lease is as follows at June 30, 2010:

Fiscal Year Ending June 30,	
2011	$ 226,874
2012	251,590
2013	251,590
2014	251,590
2015	251,590
2016-2020	1,257,950
2021-2025	1,257,950
2026	41,933
	3,791,067
Less amount representing interest	(858,304)
Net present value of capitalized lease obligation	$ 2,932,763

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 176,015
General Fund	Solid Waste Fund	79,710
General Fund	Stormwater Utility Fund	47,969
General Fund	Capital Projects Fund	82,386
General Fund	Debt Service Fund	715,728
Capital Improvements Fund	Nonmajor governmental funds	74,947
Capital Improvements Fund	Solid Waste Fund	146,305
Capital Improvements Fund	Stormwater Utility Fund	18,982
Capital Improvements Fund	General Fund	205
Conference Center & Parking Deck Fund	Nonmajor governmental funds	7,614
Debt Service Fund	General Fund	281
Stormwater Fund	General Fund	300
Solid Waste Fund	General Fund	940
		$ 1,351,382

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Component unit - Decatur Tourism Board	Primary government - Nonmajor Governmental funds	$ 7,558
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	51,085
Component unit - Downtown Development Authority	Primary government - General Fund	74
Component unit - City Schools of Decatur	Primary government - General Fund	3,683
Component unit - City Schools of Decatur	Primary government - Board of Education Fund (Agency)	2,656,013
Primary government - Debt Service Fund	Component unit - City Schools of Decatur	4,900,000
Primary government - Government-wide net assets	Component unit - City Schools of Decatur	41,000
		$ 7,659,413

Interfund transfers:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	$ 660,000
General Fund	Solid Waste Fund	$ 193,640
General Fund	Capital Improvement Fund	147,023
General Fund	Nonmajor governmental funds	130,880
General Fund	Stormwater Utility Fund	265,170
		$ 736,713
Nonmajor governmental funds	Nonmajor governmental funds	$ 50,000
Conference & Parking Deck Fund	Nonmajor governmental funds	$ 87,314

Transfers are used to (1) reimburse the General Fund, (2) move cash for grant matches from the General Fund to grant funds, (3) move cash to the E911 Fund to cover operations not funded by E911 taxes, (4) move Hotel/Motel taxes between funds for expending in accordance with State law, and (5) transfer the activity of the After School Program between nonmajor governmental funds.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Capital Improvement Fund	Solid Waste Fund	$ 323,137
Capital Improvement Fund	Stormwater Fund	32,985
Capital Improvement Fund	Nonmajor governmental funds	37,473
		$ 393,595

The amounts payable from the Solid Waste Fund, Stormwater Fund and the Nonmajor governmental funds relate to equipment purchased through the Capital Improvement Fund and transferred to these funds.

NOTE 9. PENSION PLANS

Primary Government

Plan Description

All of the City's full-time regular employees are covered by the City's single-employer defined benefit pension plan (the "Plan") which is administered by the Decatur Employees' Retirement System. The Plan was established in 1947 by the Decatur City Commission. The Board of Trustees of the Plan has the authority to establish and amend the Plan. The Plan is contributory in nature with contributions coming from both the City and its covered employees. All eligible employees become participants in the Plan upon employment, while elected officials are not covered. Employees become fully vested after 10 years of service. The Plan does not issue a separate financial statement.

As of July 1, 2010 the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	72
Terminated vested participants not yet receiving benefits	6
Active participants	191
	269

NOTE 9. PENSION PLANS (Continued)

Employee Contributions

Plan members are required to contribute to the Plan in the following manner:

Public Safety Employee	11% of compensation
General Employee	4% of compensation up to $2,000 plus 8% of compensation in excess of $2,000

Plan members who were active employees on July 1, 1997, and elected not to have the Unreduced Early Retirement Option are required to contribute to the Plan in the following manner:

Public Safety Employee	9% of compensation
General Employee	2% of compensation up to $2,000 plus 6% of compensation in excess of $2,000

Employee contributions are made on a pre-tax basis as permitted under Section 414(h) of the Internal Revenue Code. Public Safety employees consist of firefighters and police officers.

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia.

Benefits

Benefits are calculated as a percentage of the average basic earnings in the 60 consecutive months in which the employee received the highest compensation multiplied by the number of years of service, as described in the Plan document. The minimum benefit is $3,000 per year, upon retirement.

Summary of Significant Accounting Policies

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions from the City and employees are recognized as revenue in the period in which the contributions are due. Investment earnings are recognized by the Plan when earned. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs are paid from the earnings of the fund.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on exchanges are valued at last reported sales price. Investments which represent more than 5% of Plan Net Assets at June 30, 2010, were as follows: SunTrust Equity Investments Mutual Fund of $21,548,652. The method for determining the actuarial valuation of assets is the 20% write up method.

NOTE 9. PENSION PLANS (Continued)

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the Board of Trustees. Normal cost is funded on a current basis. There is no unfunded actuarial accrued liability. Periodic contributions for normal costs are based on the level percentage of payroll method. Current contributions are sufficient to fund the normal costs as required by state law.

The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation using the entry age method. The actuarial assumptions included:

- 7.5% rate of return on investments.
- Projected salary increases of 1% - 5% per year, depending on age (3% for inflation and 1% for other causes).
- The post-retirement benefit limits increase 5% per year.
- Minimum monthly benefit of $250.

The following is a schedule of funding progress, using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2010, the funded status of the Plan was as follows:

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2010	$ 26,209,110	$ 34,154,214	$ 7,945,104	76.7%	$ 9,999,934	79.5%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2010.

NOTE 9. PENSION PLANS (Continued)

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2010, is as follows:

Annual required contribution	$ 781,383
Interest on net pension obligation (asset)	(49,988)
Adjustments to annual required contribution	87,930
Annual pension cost	819,325
Contributions made	826,543
Increase in net pension obligation	(7,218)
Net pension obligation (asset), beginning of year	(666,513)
Net pension obligation (asset), end of year	$ (673,731)

The City's net pension asset is reported as other non-current assets on the statement of net assets.

For the year ended June 30, 2010, the City's contribution was 8.27% of covered payroll.

The funding policy for the Plan is to contribute an amount equal to the recommended contribution as determined by the Plan's actuary. The recommended contribution for fiscal year 2010 was determined as part of the July 1, 2009 actuarial valuation. The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
June 30, 2010	$ 819,325	101%	$ (673,731)
June 30, 2009	783,352	98%	(666,513)
June 30, 2008	779,541	96%	(685,892)

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed
June 30, 2010	$ 781,383	$ 826,543	106%
June 30, 2009	733,779	763,973	104%
June 30, 2008	729,462	749,274	103%
June 30, 2007	770,443	783,658	102%
June 30, 2006	790,460	790,460	100%
June 30, 2005	436,262	442,921	102%

NOTE 9. PENSION PLANS (Continued)

City Schools of Decatur

Teachers Retirement System Substantially all teachers, administrators, and clerical personnel employed by the District are members of the Teachers Retirement System of Georgia (TRS), a cost-sharing multiple employer public employee retirement system administered by the TRS Board of Trustees. TRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Title 47, Chapter 3 of the Official Code of Georgia Annotated, assigns the authority to establish and amend benefit provisions to the TRS Board of Trustees. The TRS Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for TRS. That report may be obtained by writing to TRS of Georgia, Two Northside 75, Suite 400, Atlanta GA 30331, or by calling 1-800-352-0650.

Covered employees are required by state law to contribute 5.25% of their annual covered salary to the plan and the District is required to contribute 9.74% of current covered payroll. Covered employees' contributions for the years ended June 30, 2010, 2009, and 2008, were $1,068,939, $1,013,913, and $938,709, respectively. The District's contributions to TRS for the years ended June 30, 2010, 2009, and 2008, were $1,983,821, $1,866,733, and $1,710,630, respectively, equal to the required contribution for each year.

Active members may retire and receive benefits after 30 years of creditable service regardless of age, or after 10 years of creditable service and reaching age 60. Upon retirement, an employee receives a retirement benefit, payable monthly for life. The amount is determined by multiplying 2% by the years of service up to 40 years. This amount in turn is multiplied by the employee's average monthly salary for the two highest paid consecutive years of service. Early retirement benefits are reduced by the lesser of 1/12 of 7% for each month the member is below age 60, or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the CPI, will be made in future years. Retirement benefits are payable monthly for life. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary at the member's death.

Public School Employees Retirement System Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by the District are members of the Public School Employees Retirement System of Georgia (PSERS), which is also a cost-sharing multiple employer public employee retirement system. The Board of the Public School Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and supplementary information for PSERS. That report may be obtained by writing Public School Employee Retirement System, Two Northside 75, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

NOTE 9. PENSION PLANS (Continued)

City Schools of Decatur (Continued)

Public School Employees Retirement System (Continued)

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of services and retirees between the ages of 60 and 65 received a reduced benefit. Monthly retirement benefits paid to members are equal to eight dollars per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by state statute.

Covered employees are required by state statute to contribute $4 dollars per month for the nine-month school year. Unlike TRS, the District makes no contribution to PSERS. Total contributions from employees of the District made during the fiscal years ended June 30, 2010, 2009, and 2008 totaled $2,080, $2,116, and $1,850, respectively.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation. The state's contribution for employees for the fiscal years ended June 30, 2010, 2009, and 2008 for District employees were $7,855, $10,668, and $2,408, respectively.

Members become fully vested after ten (10) years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest.

There were 61 employees covered under PSERS for the year ended June 30, 2010.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

Primary Government

Plan Description

The City of Decatur Other Post-Retirement Benefits Plan (the "OPEB Plan") is a single-employer defined benefit post-retirement health care, dental and vision plan, or other post employment benefit (OPEB) plan. The City has not elected to advance fund the plan, but rather maintains the plan on a "pay as you go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The OPEB Plan does not issue a separate report.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits

Eligible retirees and former employees are offered the same health, prescription drug, vision and dental coverage as active employees. The City pays 100% of the premiums for eligible employees.

Eligibility

Eligible participants for Other Post-Employment Benefits include:
1.The City requires all employees to enroll in the OPEB plan.
2.Surviving spouses/beneficiaries enrolled in the Plan prior.
3.Certain disabled former employees.

Plan Membership

As of July 1, 2008, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	72
Fully eligible actives	23
Active participants	166
	261

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia.

The annual required contribution for the current year was determined as part of the July 1, 2008, actuarial valuation. The actuarial assumptions included:

Cost Method	Individual Entry Age Normal Actuarial
Actuarial Asset Valuation Method	Not applicable
Assumed Rate of Return on Investments	3.5% (Includes inflation of 3.0%)
Healthcare Cost Trend Rate	7.0% (Includes inflation of 3.0%)
Ultimate Healthcare Cost Trend Rate	5.0%
Year of Ultimate Trent Rate	2029
Amortization Method	2.5% Payroll Growth (open)
Remaining Amortization Period	30 years

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

City Contributions (Continued)

The following is a schedule of funding progress using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2008, the funded status of the Plan was as follows:

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2010	-	$ 52,231,040	$ 52,231,040	0.0%	$ 9,999,934	522.3%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2008. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future.

Annual OPEB Cost

The City's actuarially determined contribution, OPEB cost and increase in net OPEB obligation for the year ended June 30, 2010, is as follows:

Annual required contribution	$ 3,659,364
Interest on net OPEB obligation	82,090
Adjustments to annual required contribution	(89,683)
Annual OPEB cost	3,651,771
Contributions made	693,318
Increase in net OPEB obligation	2,958,453
Net OPEB obligation, beginning of year	2,345,423
Net OPEB obligation, end of year	$ 5,303,876

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost

For the year ended June 30, 2010, the City's contribution was 6.93 % of covered payroll.

The recommended contribution was determined as part of the July 1, 2008 actuarial valuation. The chart below shows the annual OPEB cost for the current year, along with the percentage actually contributed by the City.

Schedule of Employer Costs and Contributions

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2010	$ 3,651,771	$ 693,318	19%	$ 5,303,876
June 30, 2009	3,372,964	1,027,541	30%	2,345,423

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Decatur's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Commission. At June 30, 2010, there were 65 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Commission has approved discretionary employer contributions for six employees. Total employer and employee contributions for the year ended June 30, 2010, was $56,387 and $125,819, respectively.

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN (Continued)

The Decatur Downtown Development Authority's Internal Revenue Code Section 401(a) Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the Assistant City Manager. At June 30, 2010, there were 2 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2010, was $5,188.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2010, the City's Solid Waste Fund had deficit net assets of $270,906. The fund deficit in the Solid Waste Fund will be reduced through increased user charges, reduced collection fees and General Fund appropriations, as needed.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by DeKalb County. 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 in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. 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 ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 14. RELATED ORGANIZATIONS

The City's mayor is responsible for appointing all board members of the Decatur Housing Authority. However, the City has no further accountability for the authority.

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses 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, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

NOTE 15. RISK MANAGEMENT (Continued)

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund 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 fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract. The fund is 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 coverage in the last three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

Workers' Compensation Insurance

The City is partially self-insured for workers' compensation claims. The City pays annual aggregate claims up to $1,000,000 over a two-year period. After the claims reach this amount, a private insurance carrier pays the remaining claims. In addition to the biennial aggregate limit, individual limits for City payments are $300,000 per claim. After the individual limits are met, the private insurance carrier covers the claims. The City has entered into a contract with a third party to administer the program. This activity is recorded in the General Fund. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2010	$ 16,116	$ 127,592	$ 74,757	$ 68,951
2009	$ 75,503	$ 10,978	$ 70,365	$ 16,116

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Commitments:

For the fiscal year ended June 30, 2010, contractual commitments on uncompleted contracts were $283,334.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

City Schools of Decatur:

The District has a contingent liability related to various special education services for three students of the District. At present, the District is required to pay approximately $489,883 over the next three years for special service needs, which will be provided by an outside professional. The District is continuing settlement negotiations. The future commitments are as follows:

Year Ending June 30,		
2011	$	239,367
2012		239,367
2013		11,149
Total future payments	$	489,883

NOTE 17. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 7%. Revenues were $305,598 for the year ended June 30, 2010. Of this amount 99% was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

NOTE 18. SUBSEQUENT EVENTS

The City Commission has approved the issuance of $12,760,000 through the newly created Urban Redevelopment Agency of Decatur, Georgia for the financing of the acquisition, construction, renovation and equipping of Fire Station #1, a public works facility, and a recreation center. Interest rates range from 2.520% to 5.240%. The City will make semi-annual payments on July 1 and January 1, beginning July 1, 2011. The bonds mature July 1, 2038.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2010

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2010	$ 26,209,110	$ 34,154,214	$ 7,945,104	76.7%	$ 9,999,934	79.5%
6/30/2009	24,993,639	31,834,462	6,840,823	78.5%	10,518,679	65.1%
6/30/2008	23,974,434	28,554,857	4,580,423	84.0%	9,424,366	48.6%
6/30/2007	22,454,254	26,137,175	3,682,921	85.9%	8,305,214	44.3%
6/30/2006	20,626,000	24,449,540	3,823,540	84.4%	7,909,378	48.3%
6/30/2005	19,124,046	23,110,843	3,986,797	82.7%	7,499,611	53.2%

Note: See assumptions used for the Schedule of Funding Progress in Note 9 to the financial statements.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYEMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2010

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2010	-	$ 52,231,040	$ 52,231,040	0.0%	$ 9,999,934	522.3%
6/30/2008	-	47,747,107	47,747,107	0.0%	10,518,679	453.9%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

CITY OF DECATUR, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Emergency Telephone System Fund – To account for emergency services which are provided to all City taxpayers. Financing is provided through user fees and charges.

Confiscated Drug Fund – To account for the use of confiscated drug money by the City's Police Department.

Children and Youth Services Fund – To account for charges for the City's after school program and the expenditures incurred in operating the program.

Grant Fund – To account for grants received and the expenditures related to the grants.

Economic Development Fund – To account for monies received from various grantor donors.

Greenspace Fund – To account for amounts received and expended for greenspace acquisitions.

Hotel/Motel Tax Fund – To account for the 7% lodging tax levied in the City.

Cemetery Capital Improvement Fund – To account for the financing and expenditure activity of a capital nature occurring within the cemetery. Financing is provided by one-half of the proceeds from cemetery lot sales. This fund is intended to provide for the capital needs of the cemetery into perpetuity.

CITY OF DECATUR, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Special Revenue Funds			
ASSETS	**Emergency Telephone System Fund**	**Confiscated Drug Fund**	**Children and Youth Services Fund**	**Grant Fund**
Cash and cash equivalents	$ 515,709	$ 33,716	$ 1,088,778	$ 64,193
Taxes receivable	-	-	-	-
Other receivables	53,523	-	5,780	-
Prepaids	-	-	5,856	-
Total assets	$ 569,232	$ 33,716	$ 1,100,414	$ 64,193
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 6,870	$ -	$ 36,788	$ -
Accrued payables	-	-	727	-
Due to other funds	117,957	-	121,125	-
Due to component unit	-	-	-	-
Advances from other funds	37,473	-	-	-
Total liabilities	162,300	-	158,640	-
FUND BALANCES				
Reserved for:				
Program expenditures	-	-	-	64,193
Tree preservation	-	-	-	-
Prepaids	-	-	5,856	-
Unreserved	406,932	33,716	935,918	-
	406,932	33,716	941,774	64,193
Total liabilities and fund balances	$ 569,232	$ 33,716	$ 1,100,414	$ 64,193

Economic Development Fund	Greenspace Fund	Hotel/Motel Tax Fund	Capital Projects Fund: Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
$ 109,182	$ 11,936	$ 81,663	$ 326,793	$ 2,231,970
-	-	26,643	-	26,643
-	-	-	-	59,303
-	-	-	-	5,856
$ 109,182	$ 11,936	$ 108,306	$ 326,793	$ 2,323,772
$ -	$ -	$ -	$ 6,240	$ 49,898
-	-	-	-	727
-	-	19,494	-	258,576
-	-	7,558	-	7,558
-	-	-	-	37,473
-	-	27,052	6,240	354,232
-	-	-	-	64,193
19,303	-	-	-	19,303
-	-	-	-	5,856
89,879	11,936	81,254	320,553	1,880,188
109,182	11,936	81,254	320,553	1,969,540
$ 109,182	$ 11,936	$ 108,306	$ 326,793	$ 2,323,772

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			
	Emergency Telephone System Fund	Confiscated Drug Fund	Children and Youth Services Fund	Grant Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Charges for services	574,719	-	848,119	-
Intergovernmental	-	-	113,499	59,359
Interest	-	46	212	-
Miscellaneous	-	-	-	-
Contributions	-	-	18,154	25,000
Total revenues	574,719	46	979,984	84,359
EXPENDITURES				
Current				
General government	-	-	-	15,000
Public safety	774,136	3,093	-	38,118
Recreation	-	-	1,378,693	6,000
Total expenditures	774,136	3,093	1,378,693	59,118
Excess (deficiency) of revenues over (under) expenditures	(199,417)	(3,047)	(398,709)	25,241
Other financing sources (uses)				
Transfers in	225,000	-	450,000	-
Transfers out	-	-	-	(50,000)
Total other financing sources (uses)	225,000	-	450,000	(50,000)
Net change in fund balances	25,583	(3,047)	51,291	(24,759)
FUND BALANCES, beginning of year	381,349	36,763	890,483	88,952
FUND BALANCES, end of year	$ 406,932	$ 33,716	$ 941,774	$ 64,193

Economic Development Fund	Greenspace Fund	Hotel/Motel Tax Fund	Capital Projects Fund: Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 305,598	$ -	$ 305,598
-	-	-	-	1,422,838
-	10,000	-	3,677	186,535
391	-	-	-	649
-	80	-	62,335	62,415
-	-	-	-	43,154
391	10,080	305,598	66,012	2,021,189
20,911	44,128	87,314	26,972	194,325
-	-	-	-	815,347
-	-	-	-	1,384,693
20,911	44,128	87,314	26,972	2,394,365
(20,520)	(34,048)	218,284	39,040	(373,176)
-	35,000	-	-	710,000
-	-	(218,194)	-	(268,194)
-	35,000	(218,194)	-	441,806
(20,520)	952	90	39,040	68,630
129,702	10,984	81,164	281,513	1,900,910
$ 109,182	$ 11,936	$ 81,254	$ 320,553	$ 1,969,540

CITY OF DECATUR, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 575,000	$ 525,000	$ 574,719	$ 49,719
EXPENDITURES				
Public safety	841,150	851,670	774,136	77,534
Debt service				
Principal	37,500	37,500	-	37,500
Total expenditures	878,650	889,170	774,136	115,034
Deficiency of revenues over expenditures	(303,650)	(364,170)	(199,417)	164,753
OTHER FINANCING SOURCES				
Transfers in	225,000	225,000	225,000	-
Net change in fund balances	(78,650)	(139,170)	25,583	164,753
FUND BALANCES, beginning of year	381,349	381,349	381,349	-
FUND BALANCES, end of year	$ 302,699	$ 242,179	$ 406,932	$ 164,753

CITY OF DECATUR, GEORGIA
CONFISCATED DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 140	$ 40	$ 46	$ 6
EXPENDITURES				
Public safety	2,000	3,000	3,093	(93)
Net change in fund balances	(1,860)	(2,960)	(3,047)	(87)
FUND BALANCES, beginning of year	36,763	36,763	36,763	-
FUND BALANCES, end of year	$ 34,903	$ 33,803	$ 33,716	$ (87)

CITY OF DECATUR, GEORGIA
CHILDREN AND YOUTH SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 697,650	$ 625,000	$ 848,119	$ 223,119
Intergovernmental	70,450	64,050	113,499	49,449
Interest	-	-	212	212
Contributions	6,000	117,000	18,154	(98,846)
Total revenue	774,100	806,050	979,984	173,934
EXPENDITURES				
Recreation	1,557,822	1,406,890	1,378,693	28,197
Deficiency of revenues over expenditures	(783,722)	(600,840)	(398,709)	202,131
OTHER FINANCING SOURCES				
Transfer in	500,000	450,000	450,000	-
Net change in fund balances	(283,722)	(150,840)	51,291	202,131
FUND BALANCES, beginning of year	890,483	890,483	890,483	-
FUND BALANCES, end of year	$ 606,761	$ 739,643	$ 941,774	$ 202,131

CITY OF DECATUR, GEORGIA
GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 59,350	$ 59,350	$ 59,359	$ 9
Contributions	-	-	25,000	25,000
Total revenue	59,350	59,350	84,359	25,009
EXPENDITURES				
General government	-	-	15,000	(15,000)
Public safety	-	-	38,118	(38,118)
Public works	30,990	30,990	-	30,990
Education	1,130	1,130	-	1,130
Recreation	6,000	6,000	6,000	-
Total expenditures	38,120	38,120	59,118	(20,998)
Excess of revenues over expenditures	21,230	21,230	25,241	4,011
OTHER FINANCING USES				
Transfer out	(50,000)	(50,000)	(50,000)	-
Net change in fund balances	(28,770)	(28,770)	(24,759)	4,011
FUND BALANCES, beginning of year	88,952	88,952	88,952	-
FUND BALANCES, end of year	$ 60,182	$ 60,182	$ 64,193	$ 4,011

CITY OF DECATUR, GEORGIA
ECONOMIC DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 5,000	$ 500	$ 391	$ (109)
EXPENDITURES				
General government	15,000	30,000	20,911	9,089
Net change in fund balances	(10,000)	(29,500)	(20,520)	8,980
FUND BALANCES, beginning of year	129,702	129,702	129,702	-
FUND BALANCES, end of year	$ 119,702	$ 100,202	$ 109,182	$ 8,980

CITY OF DECATUR, GEORGIA
GREENSPACE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 10,000	$ 10,000
Miscellaneous	-	80	80	-
Total revenue	-	80	10,080	10,000
EXPENDITURES				
General government	35,000	43,500	44,128	(628)
Deficiency of revenues over expenditures	(35,000)	(43,420)	(34,048)	9,372
OTHER FINANCING SOURCES				
Transfers in	35,000	35,000	35,000	-
Net change in fund balances	-	(8,420)	952	9,372
FUND BALANCES, beginning of year	10,984	10,984	10,984	-
FUND BALANCES, end of year	$ 10,984	$ 2,564	$ 11,936	$ 9,372

CITY OF DECATUR, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 342,000	$ 280,000	$ 305,598	$ 25,598
EXPENDITURES				
General government	97,700	80,000	87,314	(7,314)
Excess of revenues over expenditures	244,300	200,000	218,284	18,284
OTHER FINANCING USES				
Transfers out	(244,200)	(200,000)	(218,194)	(18,194)
Net change in fund balances	100	-	90	90
FUND BALANCES, beginning of year	81,164	81,164	81,164	-
FUND BALANCES, end of year	$ 81,264	$ 81,164	$ 81,254	$ 90

CITY OF DECATUR, GEORGIA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,700,000	$ 1,720,000	$ 1,790,673	$ 70,673
Interest	-	17,000	57,930	40,930
Miscellaneous	-	-	59,000	59,000
Total revenues	1,700,000	1,737,000	1,907,603	170,603
EXPENDITURES				
General government	-	5,000	-	5,000
Debt service:				
Principal	275,000	275,000	1,275,000	(1,000,000)
Interest	1,456,770	1,441,800	1,496,664	(54,864)
Cost of issuance	-	-	140,272	(140,272)
Total expenditures	1,731,770	1,721,800	2,911,936	(1,190,136)
Excess (deficiency) of revenues over (under) expenditures	(31,770)	15,200	(1,004,333)	(1,019,533)
OTHER FINANCING SOURCES				
Proceeds from debt issuance	-	-	5,900,000	5,900,000
Premium on debt issuance	-	-	100,731	100,731
Total other financing sources	-	-	6,000,731	6,000,731
Net change in fund balances	(31,770)	15,200	4,996,398	4,981,198
FUND BALANCES, beginning of year	1,217,827	1,217,827	1,217,827	-
FUND BALANCES, end of year	$ 1,186,057	$ 1,233,027	$ 6,214,225	$ 4,981,198

CITY OF DECATUR, GEORGIA

CEMETERY CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ 3,670	$ 3,677	$ 7
Miscellaneous	52,000	56,580	62,335	5,755
Total revenues	52,000	60,250	66,012	5,762
EXPENDITURES				
General government	25,000	20,000	26,972	(6,972)
Net change in fund balances	27,000	40,250	39,040	(1,210)
FUND BALANCES, beginning of year	281,513	281,513	281,513	-
FUND BALANCES, end of year	$ 308,513	$ 321,763	$ 320,553	$ (1,210)

CITY OF DECATUR, GEORGIA
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2010

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,135,000	$ 1,135,000	$ 1,183,526	$ 48,526
Intergovernmental	91,590	91,590	307,817	216,227
Interest	25,000	25,000	38,990	13,990
Miscellaneous	11,330	11,330	11,330	-
Total revenues	1,262,920	1,262,920	1,541,663	278,743
EXPENDITURES				
General government	299,820	299,820	261,540	38,280
Capital outlay	4,661,370	4,661,370	3,501,698	1,159,672
Debt service:				
Principal retirements	490,000	490,000	271,295	218,705
Interest and fiscal charges	128,970	128,970	126,421	2,549
Total expenditures	5,580,160	5,580,160	4,160,954	1,419,206
Deficiency of revenues over expenditures	(4,317,240)	(4,317,240)	(2,619,291)	1,697,949
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	204,300	204,300	-	(204,300)
Transfers out	(150,000)	(150,000)	(147,023)	2,977
Total other financing sources (uses)	54,300	54,300	(147,023)	(201,323)
Net change in fund balances	(4,262,940)	(4,262,940)	(2,766,314)	1,496,626
FUND BALANCES, beginning of year	13,011,086	13,011,086	13,011,086	-
FUND BALANCES, end of year	$ 8,748,146	$ 8,748,146	$ 10,244,772	$ 1,496,626

CITY OF DECATUR, GEORGIA

FIDUCIARY FUNDS

Municipal Court Fund – To account for the collection of court fines and miscellaneous charges and payments to the General Fund and other governments.

Board of Education Fund – To account for the collection and payment of property taxes levied and collected by the City for the City of Decatur Board of Education.

Downtown Development Authority Fund – To account for the collection and payment of property taxes levied and collected by the City for the Decatur Downtown Development Authority.

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

ASSETS	Municipal Court Fund	Board of Education Fund	Downtown Development Authority Fund	Totals
Cash	$ 75,705	$ 2,656,013	$ 51,085	$ 2,782,803
LIABILITIES				
Due to others	$ 75,705	$ -	$ -	$ 75,705
Due to component unit	-	2,656,013	51,085	2,707,098
Total liabilities	$ 75,705	$ 2,656,013	$ 51,085	$ 2,782,803

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
MUNICIPAL COURT				
Assets - cash	$ 63,087	$ 1,038,547	$ 1,025,929	$ 75,705
Liabilities - due to others	$ 63,087	$ 1,038,547	$ 1,025,929	$ 75,705
BOARD OF EDUCATION				
Assets - cash	$ 3,857,102	$ 23,331,285	$ 24,532,374	$ 2,656,013
Liabilities - due to component unit	$ 3,857,102	$ 23,331,285	$ 24,532,374	$ 2,656,013
DOWNTOWN DEVELOPMENT AUTHORITY				
Assets - cash	$ 78,023	$ 445,540	$ 472,478	$ 51,085
Liabilities - due to component unit	$ 78,023	$ 445,540	$ 472,478	$ 51,085
TOTAL AGENCY FUNDS				
Assets - cash	$ 3,998,212	$ 24,815,372	$ 26,030,781	$ 2,782,803
Liabilities:				
Due to others	$ 63,087	$ 1,038,547	$ 1,025,929	$ 75,705
Due to component unit	3,935,125	23,776,825	25,004,852	2,707,098
Total liabilities	$ 3,998,212	$ 24,815,372	$ 26,030,781	$ 2,782,803

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2010

ASSETS		
Cash	$	294,790
Taxes receivable		19,648
Other receivables		8,158
Due from primary government		51,159
Prepaids		9,874
Total assets	$	383,629
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	32,182
Deferred revenue		9,894
Total liabilities		42,076
FUND BALANCE		
Reserved for prepaids		9,874
Unreserved		331,679
Total fund balance		341,553
Total liabilities and fund balance	$	383,629

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

REVENUES		
Taxes	$	469,492
Miscellaneous		310,604
Total revenues		780,096
EXPENDITURES		
Downtown development		750,180
Total expenditures		750,180
Net change in fund balance		29,916
FUND BALANCE, beginning of year		311,637
FUND BALANCE, end of year	$	341,553

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DECATUR TOURISM BOARD
JUNE 30, 2010

ASSETS		
Cash	$	28,507
Accounts Receivable		7,558
Total assets	$	36,065
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	3,303
FUND BALANCE		
Unreserved		32,762
Total liabilities and fund balance	$	36,065

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DECATUR TOURISM BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

REVENUES		
Taxes	$	87,314
Interest		55
Total revenues		87,369
EXPENDITURES		
Tourism		84,915
Total expenditures		84,915
Net change in fund balance		2,454
FUND BALANCE, beginning of year		30,308
FUND BALANCE, end of year	$	32,762

STATISTICAL SECTION

This part of the City of Decatur's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends 86

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 92

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 97

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 101

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 102

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF DECATUR, GEORGIA

NET ASSETS BY COMPONENT
LAST EIGHT YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007	
Governmental activities					
Invested in capital assets, net of related debt	**$ 52,582**	$ 49,255	$ 33,445	$ 28,897	(1)
Restricted	**663**	129	1,044	823	
Unrestricted	**11,384**	9,040	12,270	8,875	
Total governmental activities net assets	**$ 64,629**	$ 58,424	$ 46,759	$ 38,595	
Business-type activities					
Invested in capital assets, net of related debt	**$ 4,754**	$ 5,027	$ 4,661	$ 4,154	
Unrestricted	**1,469**	1,524	1,054	895	
Total business-type activities net assets	**$ 6,223**	$ 6,551	$ 5,715	$ 5,049	
Primary government					
Invested in capital assets, net of related debt	**$ 57,336**	$ 54,282	$ 38,106	$ 33,051	
Restricted	**663**	129	1,044	823	
Unrestricted	**12,853**	10,564	13,324	9,770	
Total primary government net assets	**$ 70,852**	$ 64,975	$ 52,474	$ 43,644	

NOTE: (1) The decrease in 2007 is due to the issuance of $33,245,000 in general obligation bonds, with $16,500,000 paid to the City Schools of Decatur rather than to capital assets of the City.

2006	2005	2004	2003
$ 46,046	$ 42,667	$ 42,074	$ 43,864
595	-	-	-
7,517	8,822	10,051	9,997
$ 54,158	$ 51,489	$ 52,125	$ 53,861
$ 3,387	$ 3,021	$ 2,658	$ 2,444
929	618	585	656
$ 4,316	$ 3,639	$ 3,243	$ 3,100
$ 49,433	$ 45,688	$ 44,732	$ 46,308
595	-	-	-
8,446	9,440	10,636	10,653
$ 58,474	$ 55,128	$ 55,368	$ 56,961

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS
LAST EIGHT YEARS

(accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental activities:								
General government	**$ 6,804**	$ 6,382	$ 5,406 (6)	$ 8,589 (6)	$ 8,729 (1)	$ 5,233	$ 4,118	$ 4,030
Education	**2,071**	1,314	1,945	2,007	1,845	1,926	1,914	1,499
Public safety	**10,511**	10,295 (9)	8,331	8,043	8,414	7,659	7,133	6,340
Public works	**3,883**	3,855	3,508	3,310	3,544	3,380	3,163	2,758
Recreation	**3,041**	3,163	2,152	1,865	1,873	1,605	1,818	1,649
Community & economic development	**-**	-	-	-	-	-	-	318
Interest on long-term debt	**1,678**	1,586	1,632 (7)	804 (7)	106	99	24	35
Total governmental activities expenses	**27,988**	26,595	22,974	24,618	24,511	19,902	18,170	16,629
Business-type activities:								
Conference center	**325**	363 (10)	516	516	561	595	611	671
Stormwater	**713**	641	662	552	793	1,588	670	648
Solid waste	**2,154**	2,017	2,085	2,076	1,945	1,796	1,830	1,857
Total business-type activities expenses	**3,192**	3,021	3,263	3,144	3,299	3,979	3,111	3,176
Total primary government expenses	**$ 31,180**	$ 29,616	$ 26,237	$ 27,762	$ 27,810	$ 23,881	$ 21,281	$ 19,805
Program Revenues								
Governmental activities:								
Charges for services:								
General government	**$ 842**	$ 839	$ 1,229	$ 905	$ 773	$ 433	$ 588	$ 414
Education	**91**	-	249	230	-	-	-	-
Public safety	**1,985**	1,657	1,672	1,500	1,214	1,241	1,257	1,246
Public works	**114**	89	103	88	379	84	117	149
Recreation	**1,322**	1,075	776	639	618	524	677	712
Community & economic development	**-**	-	-	-	261	197	214	-
Operating grants and contributions	**320**	356	657	790	997	1,065	479	435
Capital grants and contributions	**10,474**	16,419 (11)	7,582 (8)	3,362 (8)	8,153 (1)	1,786	1,949	7,493
Total governmental activities program revenues	**15,148**	20,435	12,268	7,514	12,395	5,330	5,281	10,449
Business-type activities:								
Charges for services:								
Solid waste	**84**	84	84	79	76	106	66	74
Stormwater	**928**	1,023	984	1,000	973	889	780	924
Conference center	**2,223**	2,266	2,377	2,342	2,332	2,154	2,043	2,039
Capital grants and contributions	**-**	-	-	-	-	-	-	47
Total business-type activities program revenues	**3,235**	3,373	3,445	3,421	3,381	3,149	2,889	3,084
Total primary government program revenues	**$ 18,383**	$ 23,808	$ 15,713	$ 10,935	$ 15,776	$ 8,479	$ 8,170	$ 13,533

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS
LAST EIGHT YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense)/revenue								
Governmental activities	**$ (12,840)**	$ (10,706)	$ (10,706)	$ (17,104)	$ (12,116)	$ (14,572)	$ (12,889)	$ (6,180)
Business-type activities	**43**	182	182	277	82	(830)	(222)	(92)
Total primary government net expense	**$ (12,797)**	$ (10,524)	$ (10,524)	$ (16,827)	$ (12,034)	$ (15,402)	$ (13,111)	$ (6,272)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	**$ 15,135**	$ 14,585	$ 14,852	$ 14,456 (3)	$ 11,847	$ 11,287	$ 9,848	$ 10,322
Franchise taxes	**1,377**	1,364	1,354	1,227	1,254	1,067	1,034	1,047
Sales taxes	**617**	641	662	608	579	250	261	219
Other taxes	**1,394**	1,399	1,397	1,495	1,363	1,252	1,220	1,125
Unrestricted investment earnings	**151**	307	1,081	710 (4)	312	188	40	35
Gain on sale of capital assets	**-**	13	7	1	24	8	16	11
Transfers	**371**	(484)	(483)	(456)	(595)	(116)	(110)	(50)
Special item	**-**	-	-	(16,500) (5)	-	-	-	-
Total governmental activities	**19,045**	17,825	18,870	1,541	14,784	13,936	12,309	12,709
Business-type activities:								
Other taxes	**-**	-	-	-	-	275	254	259
Gain on sale of capital assets	**-**	-	-	-	-	835	-	-
Transfers	**(371)**	484	483	456	595	116	110	50
Total business-type activities	**(371)**	484	483	456	595	1,226	364	309
Total primary government	**$ 18,674**	$ 18,309	$ 19,353	$ 1,997	$ 15,379	$ 15,162	$ 12,673	$ 13,018
Change in Net Assets								
Governmental activities	**$ 6,205**	$ 11,665	$ 8,164	$ (15,563)	$ 2,668	$ (636)	$ (580)	$ 6,529
Business-type activities	**(328)**	836	665	733	677	396	142	217
Total primary government	**$ 5,877**	$ 12,501	$ 8,829	$ (14,830)	$ 3,345	$ (240)	$ (438)	$ 6,746

NOTES: (1) 2006 capital grant revenues and general government expenses include grants received from the U.S. Department of Transportation for MARTA transit station improvements.

(2) This amount was reclassified from other categories in 2007 to more accurately report the activity.

(3) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

(4) Interest income increased due to the increase in cash and investments resulting from the general obligation bond proceeds to be used for construction.

(5) The special item is the payment of bond proceeds to the City Schools of Decatur.

(6) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.

(7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.

(8) City Schools of Decatur contributed nearly $6 million of construction on City owned assets. The contributions vary year to year primarily due to the projects being undertaken by the City's school system.

(9) 2009 was the first year which the City recorded the Other Post-Employment Benefits liability, and a majority of the costs are allocated to the public safety function.

(10) A large portion of the Conference Center assets were fully depreciated in FY 2008 and the debt was paid in full during FY 2009, thus incurring less in interest expense.

(11) In 2009 the City Schools of Decatur used the 2007 bond proceeds to begin large construction projects on City owned assets, which are reported as contributions from the School System.

CITY OF DECATUR, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST EIGHT YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
2003	$ 10,322	$ 1,047	$ 219	$ 752	$ 373	$ 12,713
2004	9,848	1,034	261	820	400	12,363
2005	11,287	1,067	250	844	408	13,856
2006	11,847	1,254	579	909	454	15,043
2007	14,456 (1)	1,227	608	951	544	17,786
2008	14,852	1,354	662	992	405	18,265
2009	14,585	1,364	641	1,016	383	17,989
2010	15,135	1,377	617	1,006	388	18,523

NOTE: (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

CITY OF DECATUR, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007	
General fund					
Reserved	**$ 23**	$ 391	$ 11	$ 64	
Unreserved	**7,670**	6,300	7,203	6,224	
Total general fund	**$ 7,693**	$ 6,691	$ 7,214	$ 6,288	
All other governmental funds					
Reserved	**$ 14,985**	$ 13,095	$ 17,131	$ 19,952	(1)
Unreserved, reported in:					
Special revenue funds	**1,560**	1,475	623	482	
Capital projects funds	**1,884**	1,560	2,356	542	
Total all other governmental funds	**$ 18,429**	$ 16,130	$ 20,110	$ 20,976	

NOTE: (1) The increase in 2007 is the result of fund balance reserved for capital projects to be funded by the 2007 general obligation bonds.

2006	2005	2004	2003	2002	2001
$ 10	$ -	$ -	$ -	$ -	$ -
5,524	5,689	6,144	6,476	4,923	3,379
$ 5,534	$ 5,689	$ 6,144	$ 6,476	$ 4,923	$ 3,379
$ 1,193	$ 1,425	$ 922	$ 539	$ 725	$ 685
347	(1)	-	-	-	-
1,578	1,314	545	450	327	333
$ 3,118	$ 2,738	$ 1,467	$ 989	$ 1,052	$ 1,018

CITY OF DECATUR, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2010	2009	2008	2007
Revenues				
Taxes	**$ 18,748**	$ 17,912	$ 17,789	$ 17,796 (2)
Licenses and permits	**481**	440 (8)	758	603
Intergovernmental	**784**	448 (9)	2,323	3,179
Fines and forfeitures	**767**	512	485	575
Charges for services	**2,682**	2,312	2,264	1,867
Interest income	**110**	307	1,081	710
Other revenues	**318**	452	391	287
Total revenues	**23,890**	22,383	25,091	25,017
Expenditures				
General government	**5,836**	5,804	5,327 (5)	8,353
Education	**-**	10 (10)	561	751
Public safety	**8,430**	8,667	8,074	7,793
Public works	**3,139**	3,080	2,976	2,663
Recreation	**2,745**	2,827	2,035	1,752
General services	**-**	-	-	-
Non-departmental	**-**	-	-	-
Capital outlay	**3,502**	4,182	4,023 (6)	1,373
Debt service				
Principal retirements	**1,546**	259	323	316
Interest and fiscal charges	**1,623**	1,592	1,472 (7)	543
Cost of issuance	**140**	-	-	-
Total expenditures	**26,961**	26,421	24,791	23,544
Excess of revenues over (under) expenditures	**(3,071)**	(4,038)	300	1,473
Other financing sources (uses)				
Proceeds from capital leases	**-**	-	235	596 (3)
Issuance of long-term debt	**5,900**	-	-	33,245 (3)
Premium on bond issuance	**101**	-	-	253
Proceeds from sale of capital assets	**-**	18	7	1
Transfers in	**1,446**	2,268	830	722
Transfers out	**(1,075)**	(2,752)	(1,314)	(1,178)
Total other financing sources (uses)	**6,372**	(466)	(242)	33,639
Special item	**-**	-	-	(16,500) (4)
Net change in fund balances	**$ 3,301**	$ (4,504)	$ 58	$ 18,613
Debt service as a percentage of noncapital expenditures	**14.18%** (11)	8.35%	8.64%	3.87%

NOTE: (1) 2006 capital grant revenues include grants received from the U.S. Department of Transportation for MARTA transit station improvements.

(2) The increase in 2007 is due to additional property taxes resulting from an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

(3) The City entered into additional capital leases and issued general obligation bonds during fiscal year 2007.

(4) The special item is the payment of bond proceeds to the City Schools of Decatur.

(5) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.

2006	2005	2004	2003	2002	2001
$ 15,133	$ 13,845	$ 12,477	$ 12,281	$ 11,474	$ 9,465
721	354	517	398	410	471
3,693 (1)	1,701	1,105	1,855	1,966	1,127
653	523	530	821	736	845
1,542	1,321	1,473	1,404	1,260	1,686
312	188	40	35	66	225
1,155	190	554	350	293	339
23,209	18,122	16,696	17,144	16,205	14,158
8,518 (1)	4,733	4,085	3,175	1,903	1,858
693	777	458	545	445	-
7,736	7,585	6,948	6,545	5,636	5,723
2,839	2,821	2,592	2,290	1,874	1,761
1,656	1,525	1,777	1,683	1,705	1,610
-	-	-	-	307	656
-	-	-	883	760	903
3,597	692	401	385	2,260	802
262	189	309	415	404	360
108	101	25	36	31	25
-	-	-	-	-	-
25,409	18,423	16,595	15,957	15,325	13,698
(2,200)	(301)	101	1,187	880	460
186	210	123	167	750	517
2,810	-	-	-	-	-
-	-	-	-	-	-
24	8	32	11	1	12
1,338	1,018	1,012	535	499	480
(1,933)	(1,135)	(1,122)	(903)	(552)	(970)
2,425	101	45	(190)	698	39
-	-	-	-	-	-
$ 225	$ (200)	$ 146	$ 997	$ 1,578	$ 499
1.70%	1.64%	2.06%	2.90%	3.33%	2.99%

(6) The increase is due to to the City expending more of the 2007 bond proceeds for capital improvements.

(7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.

(8) In 2009 the downtown in the economy caused the sales of building license and permits to decrease.

(9) In 2008 the City completed large projects which were funded with Department of Education and FEMA gra These grants were not available in 2009.

(10) The DOE no longer offered funding to the City, due to federal budget cuts.

(11) In 2010 the City issued new notes which increased the debt service expenditures without increasing expenditures as the proceeds were given to the component unit and recorded as a note receivable.

CITY OF DECATUR, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
2001	$ 7,094	$ 1,062	$ 210	$ 747	$ 352	$ 9,465
2002	9,220	973	222	695	364	11,474
2003	9,894	1,048	219	752	368	12,281
2004	9,962	1,034	261	820	400	12,477
2005	11,276	1,067	250	844	408	13,845
2006	11,937	1,254	579	909	454	15,133
2007	14,466 (1)	1,227	608	951	544	17,796
2008	14,376	1,354	662	992	405	17,789
2009	14,508	1,364	641	1,016	383	17,912
2010	15,360	1,377	617	1,006	388	18,748

NOTE: (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

CITY OF DECATUR, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN YEARS

(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property	Public Utility	Motor Vehicle
	Residential	Commercial			
2001	$ 613,391	$ 118,437	$ 28,847	$ 18,808	$ 44,528
2002	673,407	118,285	27,168	18,873	45,076
2003	717,014	118,420	24,720	19,072	45,728
2004	749,985	130,434	20,235	18,947	43,735
2005	793,501	136,194	18,825	13,856	42,108
2006	875,442	168,160	19,274	14,737	43,698
2007	928,728	159,836	17,578	18,633	47,268
2008	964,144	159,731	18,346	16,893	49,015
2009	996,485	165,632	20,385	16,474	50,081
2010	1,000,018	162,993	20,649	14,593	46,120

Source: Dekalb County, Georgia Board of Tax Assessors

Source: City of Decatur Revenue Division

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 97,920	$ 726,091	1.114	$ 1,452,182	50.00%
136,982	745,827	1.114	1,491,654	50.00%
146,406	778,548	1.087	1,557,096	50.00%
141,854	821,482	1.166	1,642,964	50.00%
142,197	862,287	1.166	1,724,574	50.00%
164,790	956,521	1.264	1,913,042	50.00%
157,384	1,014,659	1.266	2,029,318	50.00%
157,384	1,050,745	1.266	2,101,490	50.00%
118,900	1,130,157	1.266	2,260,314	50.00%
122,579	1,121,794	1.266	2,243,588	50.00%

CITY OF DECATUR, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per $1000 of Assessed Value)
LAST TEN YEARS

Calendar Year	City of Decatur, Georgia			Dekalb County	School District	Downtown Development Authority	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage		Operating Millage	Operating Millage		
2001	1.047	0.067	1.114	37.16	1.850	0.038	0.25	40.412
2002	1.057	0.057	1.114	37.26	1.961	0.038	0.25	40.623
2003	1.030	0.057	1.087	37.81	2.024	0.038	0.25	41.209
2004	1.109	0.057	1.166	38.81	1.965	0.038	0.25	42.229
2005	1.112	0.054	1.166	38.71	1.905	0.038	0.25	42.069
2006	1.110	0.154	1.264	38.71	1.895	0.038	0.25	42.157
2007	1.122	0.144	1.266	39.30	1.890	0.038	0.25	42.744
2008	1.122	0.144	1.266	39.30	1.990	0.038	0.25	42.594
2009	1.122	0.144	1.266	39.30	1.990	0.040	0.25	44.112
2010	1.122	0.144	1.266	40.09	1.990	0.040	0.25	44.902

Source: City of Decatur Tax Department and Dekalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO
(amounts expressed in thousands)

Taxpayer	2010 Taxable Assessed Value	2010 Rank	2010 Percentage of Taxable Assessed Value	2001 Taxable Assessed Value	2001 Rank	2001 Percentage of Taxable Assessed Value
Decatur Towncenter Association	$ 9,854	1	0.88 %	$ 15,411	1	2.12 %
Bell South Communications	9,404	2	0.84	8,336	2	1.15
06 QCC 0110 LLC	6,676	3	0.60	-	-	-
Lexington Decatur, LLC	5,720	4	0.51	-	-	-
DCP Decatur Investors, LLC	5,471	5	0.49	-	-	-
Decatur Plaza, LLC	5,350	6	0.48	-	-	-
DCP Renaissance Investments	4,930	7	0.44	-	-	-
DeVry, Inc.	4,600	8	0.41	-	-	-
Georgia Power	4,357	9	0.39	3,456	9	0.48
DTC Partners	4,341	10	0.39	-	-	-
Ackerman Decatur LP	-	-	-	6,377	3	0.88
Leper CQ Corporate Income Fund LP	-	-	-	5,628	4	0.78
Prime Bank	-	-	-	5,621	5	0.77
Deck-Decatur Court, LLC	-	-	-	4,016	6	0.55
Park Trace Properties	-	-	-	3,917	7	0.54
Avery Properties	-	-	-	3,640	8	0.50
Basic Decatur Hotel LLC	-	-	-	3,380	10	0.47
	$ 60,703		5.41 %	$ 59,782		8.23 %

Source: City of Decatur Revenue Division

CITY OF DECATUR, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(amounts expressed in thousands)

Tax Year*	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 18,029	$ 9,636	53.4%	$ 8,390	$ 18,026	99.98%
2001	19,948	10,451	52.4%	9,497	19,948	100.00%
2002	21,936	10,067	45.9%	11,869	21,936	100.00%
2003	24,746	11,092	44.8%	13,641	24,733	99.95%
2004	25,960	11,732	45.2%	14,228	25,960	100.00%
2005	26,397	12,335	46.7%	13,906	26,241	99.41%
2006	30,568	12,185	39.9%	18,337	30,522	99.85%
2007	31,135	11,274	36.2%	19,709	30,983	99.51%
2008	33,106	14,364	43.4%	18,678	33,042	99.81%
2009	35,153	15,442	43.9%	19,436	34,878	99.22%

NOTES: (1) Includes all taxes levied for the General Fund, Board of Education Fund, Debt Service Fund, Capital Projects Fund and the Decatur Downtown Development Authority Fund.

* Taxes are billed twice a year in April and October for the calendar year. The billing in April is an estimated billing based on the prior years assessed values. The ten year presentation above is for completed tax years only.

CITY OF DECATUR, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Note Payable	Capital Leases	Notes Payable	Capital Leases			
2001	$ -	$ 1,320	$ -	$ 837	$ 525	$ 5,068	$ 7,750	1.45%	$ 427
2002	-	1,320	-	1,002	445	4,838	7,605	1.43%	419
2003	-	1,320	-	754	365	4,471	6,910	1.30%	381
2004	-	1,320	-	324	270	3,416	5,330	1.00%	294
2005	-	1,320	-	345	170	2,811	4,646	0.87%	256
2006	-	4,090	-	308	62	2,165	6,625	1.24%	365
2007	33,245 (2)	3,995	-	682	-	1,484	39,406	7.40%	2,171
2008	33,245	3,900	-	690	-	892	38,727	7.27%	2,134
2009	33,245	3,800	-	530	-	98	37,673	7.07%	2,076
2010	32,970	3,695	4,900	364	-	66	41,995	7.55%	2,217

(1) See the Demographic and Economic Statistics for personal income and population data.

(2) The City issued general obligation bonds in fiscal year 2007.

CITY OF DECATUR, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FOUR YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2007	$ 33,245	$ 1,198	$ 32,047	1.58%	$ 1,766
2008	33,245	921	32,324	1.54%	1,781
2009	33,245	501	32,744	1.45%	1,804
2010	32,970	598	32,372	1.44%	1,709

(1) See the Schedule of Assessed Value and Estimated Actual Value - All Taxable Property for property value data.

(2) See the Demographic and Economic Statistics for population data.

The City did not have any general obligation debt outstanding prior to fiscal year 2007.

CITY OF DECATUR, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2010
(amounts expressed in thousands)

	Net General Obligation Debt Outstanding	Percentage Applicable to City of Decatur (1)	Amount Applicable to City of Decatur
Overlapping General Obligation Debt:			
Dekalb County			
General obligation debt	$ 356,745	4.636%	$ 16,539
Capital leases	5,920	4.636%	274
Certificates of participation	20,010	4.636%	928
Intergovernmental contracts	86,915	4.636%	4,029
Fulton Dekalb Hospital Authority	46,182	4.636%	2,141
Total overlapping debt	515,772		23,911
City direct debt:			
General obligation debt	32,970	100.000%	32,970
Capital leases	364	100.000%	364
Notes payable	4,900	100.000%	4,900
Certificates of participation	3,695	100.000%	3,695
	41,929		41,929
Total direct and overlapping debt	$ 557,701		$ 65,840

Source: Assessed value data used to estimate applicable percentages provided by the Dekalb County Finance Department. Debt outstanding data provided by Dekalb County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Decatur, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF DECATUR, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST FOUR FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year			
	2007	2008	2009	2010
Debt limit	$ 117,204	$ 120,813	$ 124,906	$ 124,437
Total net debt applicable to limit	32,047	32,324	32,744	32,372
Legal debt margin	$ 85,157	$ 88,489	$ 92,162	$ 92,065

Assessed Value	$ 1,121,794
Add back: exempt real property	122,579
Total assessed value	1,244,373
Debt limit (10% of total assessed value)	124,437
Debt applicable to limit:	
General obligation bonds	32,970
Less: Amount set aside for repayment of general obligation debt	(598)
Total net debt applicable to limit	32,372
Legal debt margin	$ 92,065
Total net debt applicable to the limit as a percentage of debt limit	26.01%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The City did not have any general obligation debt outstanding prior to fiscal year 2007.

CITY OF DECATUR, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater then 12 Years of Formal Schooling (3)	School Enrollment (2)	Unemployment Rate (4)
2001	18,147	$ 532,850	$ 29,363	36	75%	2,593	4.1%
2002	18,147	532,850	29,363	36	75%	2,521	4.1%
2003	18,147	532,850	29,363	36	75%	2,568	4.1%
2004	18,147	532,850	29,363	36	75%	2,499	4.1%
2005	18,147	532,850	29,363	36	75%	2,487	4.1%
2006	18,147	532,850	29,363	36	75%	2,514	4.1%
2007	18,147	532,850	29,363	36	75%	2,535	4.1%
2008	18,147	532,850	29,363	36	75%	2,484	4.1%
2009	18,147	532,850	29,363	36	75%	2,715	10.6% (5)
2010	18,942	556,194	29,363	36	88%	2,635	8.7%

(1) Source: U.S. Census (available every tenth year)

(2) Source: Provided by City of Decatur School Board

(3) Source: U.S. Census and Department of Community Affairs

(4) Source: U.S. Census and Department of Labor

(5) With the recent decline in the economy, unemployment rates across the county have seen significant increases.

CITY OF DECATUR, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND FOUR YEARS AGO

	2010			2006		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dekalb County Government	1,516	1	N/A %	1,100	1	N/A %
The City Schools of Decatur (education)	477	2	N/A	481	2	N/A
Agnes Scott College (education)	397	3	N/A	400	3	N/A
Emory University (satellite offices)	365	4	N/A	239	4	N/A
City of Decatur	330	5	N/A	206	5	N/A
DeVry University	269	6	N/A	-	-	N/A
McCurdy & Calendar	253	7	N/A	74	9	N/A
Decatur Hospital	175	8	N/A	178	6	N/A
Columbia Theological Sem	98	9	N/A	116	8	N/A
WellsFargo	45	10	N/A	-	-	N/A
Third Millennium	-	-	N/A	50	10	N/A
Allied Systems	-	-	N/A	175	7	N/A
	3,925		N/A %	3,019		N/A %

Source: Various City departments

Note: Information for principal employers prior to 2006 is currently not available.

N/A - Information not available

CITY OF DECATUR, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2010	2009	2008	2007		2006
Function						
General government	**27**	24	28	29		28
Public safety						
Police						
Officers	**42**	41	33	34	(2)	53
Civilians	**13**	16	18	15	(2)	27
Fire						
Firefighters and officers	**39**	38	39	39		39
Highways and streets						
Engineering	**14**	14	13	13	(2)	20
Maintenance	**20**	24	28	27	(2)	39
Sanitation	**15**	19	13	17		17
Culture and recreation	**16**	18	19	16		18
Total	**186**	194	191	190		241

Source: City of Decatur department records

Notes: (1) In 2002, engineering personnel were moved to maintenance.

(2) The decrease in 2007 represents position vacancies which occurred during fiscal year 2007, but were not filled until after year end.

2005	2004	2003	2002		2001
25	25	21	22		22
50	51	52	53		54
29	28	27	29		28
40	40	39	39		39
20	19	19	20	(1)	45
34	36	36	34	(1)	6
17	15	15	16		16
17	18	14	17		21
232	232	223	230		231

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2010	2009	2008	2007	2006
Physical arrests	**1,363**	1,054	1,179	1,308	1,874
Parking violations (1)	**14,186**	9,554	11,411	4,230	5,699
Traffic violations	**13,112** (2)	6,820	5,563	8,454	8,011
Fire					
Number of calls answered	**2,755**	2,975	2,927	2,552	2,430
Inspections	**764**	1,023	971	884	370
Highways and streets					
Street resurfacing (miles)	**0.80**	0.71	-	-	-
Potholes repaired	**92**	38	35	40	48
Sanitation					
Refuse collected (tons/day)	**27.80**	28.00	36.70	42.28	46.43
Recyclables collected (tons/day)	**22.53**	18.25	13.67	10.58	11.92
Culture and recreation					
Athletic field permits issued	**185**	169 **	209	542	608
Community center admissions (3)	**20,190**	13,008	14,409	5,081	6,135

Source: City of Decatur Departments

N/A - Information not available

(1) During 2008, the City hired four additional PAL employees and implemented new electronic ticketing equipment; during 2010 additional employees were hired to increase monitoring of parking violations.

(2) A motorcycle traffic division was added during 2010.

(3) Operations have increased over the past few years due to new programs resulting in increased admissions.

* City of Decatur recreation program Trac Program started in March 2004.

** The number of permits issued decreased due to construction at Glenlake Park facilities.

2005	2004	2003	2002	2001
1,655	1,758	1,869	1,455	1,969
4,126	N/A	N/A	N/A	N/A
8,195	9,129	6,991	4,154	5,673
2,353	2,200	2,551	2,216	2,077
427	278	213	N/A	N/A
0.65	0.75	1.65	1.65	0.08
24	31	34	30	15
46.91	49.93	51.64	52.48	56.58
10.40	10.98	10.89	8.95	9.35
642	513 *	N/A	N/A	N/A
6,268	4,143 *	N/A	N/A	N/A

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	**2010**	2009	2008		2007	2006
Public safety						
Police						
Stations	**1**	1	1		1	1
Patrol units	**37**	37	37		35	35
Fire stations	**2**	2	1	A	2	2
Sanitation						
Collection trucks	**10**	9	9		8	7
Highways and streets						
Streets (miles)	**62**	62	62		62	62
Culture and recreation						
Parks acreage	**66.7**	66.7	64.7		56.5	56.5
Parks	**14**	14	13		13	13
Swimming pools	**3**	3	3		3	3
Tennis courts	**9**	9	9		11	11
Community centers	**3**	3	3		2	2

Source: Various City departments

Note: Capital asset indicators are not available for the general government function

2005	2004	2003	2002	2001
1	1	1	1	1
40	42	40	36	42
2	2	2	2	2
7	7	7	7	7
62	62	62	62	62
56.5	56.5	56.5	56.5	56.5
13	13	13	13	13
3	3	3	3	3
11	11	11	11	11
2	2	2	2	2