CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

Prepared By:
Administrative Services Department

Janet Kindelberger
City Clerk

CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

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City of Decatur

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October 22, 2012

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, 2012.

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, 2012 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, 2012, 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 a narrative introduction, overview, and analysis to 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 19,555. 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 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 23 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 2012 real estate property digest shows a modest growth rate of approximately 2% compared to the 2011 digest. In comparison, the unincorporated DeKalb County 2012 digest decreased 10% from the 2011 digest. The majority of the increase was in the commercial digest which grew by about 5%; however, the commercial digest is only 14.4% of the total digest so the slower growth in the larger residential digest tempered the total. Throughout the past five years, the stability and modest growth levels in the City's real property digest have been an asset compared to the significant decreases in value seen in other nearby jurisdictions.

We are anticipating additional limited growth of 2%-3% for 2013 based on the level of new residential construction and increasing values associated with the desirability of the community.

Residential Activity

The residential housing market is showing a sustained recovery. Several single-family developments have begun construction and individual in-fill single-family dwellings remain highly desirable. We continue to issue permits for renovations to existing single-family housing units and for some commercial properties. In 2011 the City issued permits for 40 new single-family dwellings, 43 new townhouses and 14 demolition permits. Through August, 2012, the City has issued 36 permits for new single-family dwellings and 23 demolition permits. Overall, permit and inspection fees increased 15% during fiscal year 2011-2012 after increasing 76% during fiscal year 2010-2011. Sales of existing housing stock have increased 15% in 2012 compared to sales in 2011 and the average residential sales price has increased approximately 13% from $359,300 to $407,900. The average sales price in the "In-town" Atlanta market is $325,200.

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 much lower than in surrounding office market areas and are similar to the past several years. CCP Games has relocated their North American headquarters to the City of Decatur and has leased 40,000 square feet in the Renaissance Building located at 250 East Ponce de Leon Avenue. Interest in restaurant activity continues to be constant in the central business district while activity in other commercial activities remains stable. Retail interest was slow over the past few years but is beginning to show signs of recovery.

The Oakhurst Business District is stable and steady given the size and scope of the area. Turnover has been limited and some additional businesses have opened. The City's Fire Station Number 2, a 4,800 square foot 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 strong 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 several restaurants, a small church facility, a hair salon, a number of professional offices. We anticipate that a local craft brewery will open on the site in 2013.

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. Existing projects have completed all phases of construction and appear to be strong financially.

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 square feet of commercial space has been approved. Project financing seems to be moving forward and this project may begin in the next nine-fifteen months.

Developers are also showing a renewed interest in mixed-use developments on several properties including the Bank of America site on Commerce Drive between Clairemont Avenue and Church Street and the Fidelity Building surface parking lot adjacent to Commerce Drive. It is anticipated that there will more activity in this arena in the next twelve to eighteen months.

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 and construction of a new LEED Platinum classroom building has been completed

The City Schools of Decatur has completed the majority of a $30 million construction program, including construction of the new Fourth/Fifth Academy which opened in August, 2011. With the passage of an extension of the special purpose local option sales tax for education capital construction, the City Schools anticipate having approximately $15 - $18 million available to build, renovate and maintain facilities over the next five-year period.

The Decatur Housing Authority (DHA) is in the midst of redevelopment of the Allen Wilson Terrace public housing complex. The total project includes demolition and reconstruction of a total of 190 units of public housing as well as development of 145 new market rate condominium dwellings in four phases. Phase 1, including 40 units of townhouses and apartments, has been completed and occupied. Phase 2 a four-story 80-unit apartment building for senior residents has been completed and tenants are beginning to take occupancy.

In 2012, the Task Force for Global Health, a non-profit organization that focuses on vulnerable populations and communities by working with partner organizations to address specific health-related issues from infectious diseases to public health information opened its newly renovated and expanded world headquarters in the City.

MAJOR ACTIVITIES

In March, 2011, the City Commission adopted a second ten-year strategic plan for the City of Decatur. The plan was the result of a year-long planning process that incorporated input from over 1,500 individuals. The plan relies on four principles to support the community based vision that the City of Decatur will assure a high quality of life for its residents, businesses and visitors, both today and in the future. The plan consists of 89 tasks to be accomplished by 2020 and provides the blueprint for how the City will prioritize its work program and allocation of assets over the next ten years.

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 phase II of a 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 implementation of the Decatur Cemetery Master Plan, and installation of bike lanes and traffic calming activities along West Ponce de Leon Avenue and West Trinity Place. Remaining funds have been allocated to providing the City's required match for the Oakhurst Streetscape Improvements program, construction of Phase V of the Downtown Streetscapes Master Plan, and improvements to the Candler/McDonough/Howard corridor.

In December, 2010 the Urban Redevelopment Agency of the City of Decatur issued $12,793,800 in Recovery Zone Economic Development Bonds to cover the cost of construction of improvements to Fire Station No. 1, the Decatur Recreation Center, and the Decatur Public Works facility. Prior to issuance of the bonds, Standard and Poor's upgraded the City's rating from AA to AA+ and Moody's Investors Service confirmed the City's rating at Aa3. Fire Station Number 1 has been completed. Construction has begun at the Decatur Recreation Center with anticipated occupancy in January, 2013, A contractor has been selected and construction will begin at the Decatur Public Works facility on October 1, 2012. The debt will be repaid using proceeds of the Homestead Option Sales Tax (HOST).

The City is currently in the midst of the pre-construction phase for redevelopment of the Beacon School Complex which will include construction of improvements for City police services, municipal court, and Ebster Recreation Center and Gymnasium; renovations to provide administrative space for the relocation of the City Schools of Decatur central office; as well construction of a significant improvement to the storm drainage system. It is anticipated that funding for the $30 million project will come from a combination of a transfer from the general fund balance, HOST proceeds and issuance of bonds through the City's Urban Redevelopment Authority.

The City has secured grant funding for the North McDonough Streetscape Improvements project as well as for Clairemont/Commerce/Church Street Pedestrian Safety and Bicycle Trail Improvements.

Additional 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 and will soon begin an update of the master plan. 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; to fund the Decatur Tourism Bureau, a 501 (C)(6) organization whose purpose is to encourage visitors and tourism in the City of Decatur; and, to 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 Decatur Downtown Development Authority.

The City owns a 25,000 square foot conference center and a 280-vehicle, three-level parking deck which were built in 1987 adjacent to a 179 room hotel which was built the same year but has been privately owned. In 2011, the hotel property was sold to Noble Investment Group, who has completed extensive renovations to the hotel property which has been re-opened as a Courtyard by Marriott.

At the same time as the hotel sale, the City entered into a long-term lease with the Decatur Downtown Development Authority (DDA) for operation and management of the conference center and parking deck. The DDA entered into a sub-lease with the Noble Investment Group for management and operation of the conference center, including significant capital renovations and upgrades. Future hotel/motel tax collections for the upkeep and maintenance of the conference center will be placed in a reserve account to be used by the Noble Group for maintenance of the facility. That will be the only public financial obligation for operation, maintenance and capital improvements for the conference center.

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 35%, well in excess of the State of Georgia's goal of a 25% reduction. The program has been an overwhelming success. The City sponsored two electronics recycling events during the past year which resulted in over 42 tons of electronic equipment being recycled and not sent to the landfill. Since starting the electronics recycling program in 2005, the City has collected 500 tons or 1,000,000 pounds of electronic equipment to be recycled. In addition, the City has added a paper shredding event which resulted in approximately 19, 560 pounds of recycled paper.

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 tornado warning sirens. The City has implemented a Smart 911 system to assist residents and businesses with voluntarily providing additional information to emergency services staff.

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). Both grants were expended by the end of fiscal year 2011-2012.

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). Grant funds were used primarily to train metro-Atlanta code officials on how to enforce Georgia's new Residential and Commercial Energy Code and to conduct energy improvement for government facilities.

For the second grant, the Southeast Energy Efficiency Alliance (SEEA) was the lead applicant of a joint application from cities across the Southeast region of the United States. These funds were used to establish a residential energy efficiency rebate program called DecaturWISE (Wise Investments Save Energy). DecaturWISE was launched in April 2011, in conjunction with Georgia Power's EarthCents program to offer residents the ability to receive up to $3,400 in rebates for home performance improvements. The program was finalized in the fall of 2012. DecaturWISE provided rebates for 54 residential retrofits that resulted in an average of 24% estimated electricity savings and 29% natural gas savings. The average savings for participants was estimated at $866 per year.

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.

In previous years, the financial activities of the Board of Education of the City Schools of Decatur, Georgia were included as a discretely presented component unit. However in May, 2011, the City Commission approved transferring title of the school properties to the Board of Education. Combined with other distinct responsibilities and powers, it was determined that the financial activities of Board of Education were independent of the City of Decatur so they are no longer included in the City's financial reporting.

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 disputed the County's method of determining the distribution and the matter was litigated until July, 2011, when the Georgia Supreme Court confirmed a lower court's ruling invalidating the intergovernmental agreement.

The City now receives an on-going stream of payments sent directly from the Georgia Department of Revenue as described in O.C.G.A. 48-8-104(d)(3). Payments began during the 2011-2012 fiscal year. The total amount received during this past fiscal year was approximately $3,069,000. We are expecting similar revenues for the next fiscal year.

Two factors outside the City's control have the most potential to affect the City's overall financial position in the future. In 2008, the Georgia General Assembly enacted legal limitations to the growth of local real estate digests which prevented both residential and commercial real estate values from increasing. The limitation did not apply to a decrease in values. The legislation's provisions expired with the establishment of the 2011 real estate digest. However, there continue to be indications that the legislature may consider future actions which could restrict taxes collected based on the value of real property.

In 2012, the Georgia General Assembly adopted legislation that converts the ad valorem taxes on automobiles to an excise tax paid at the time of sale. Although there are provisions aimed at keeping local governments financially whole, research indicates that after five years, the change will result in reduced revenue for local governments. There are also indications that in the future, 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, in effect, manufacture financial commitments for governments. GASB's most recent rule requiring accounting for other post employment benefits (OPEB's) is an example of an "obligation" that must be accounted for in financial statements and results from because GASB's unrealistic definition of a "pay-as-you-go" system of benefits funding.

Since 2006, the City has used the National Citizen's Research Center to conduct a citizen survey every other year. One of the questions asks about what impact the responder thinks the economy will have on family income in the next six months. The following table summarizes the responses:

	2012	2010	2008	2006
Very Positive	4%	4%	3%	5%
Somewhat Positive	19%	11%	11%	19%
Neutral	53%	48%	46%	51%
Somewhat Negative	19%	28%	32%	21%
Very Negative	5%	9%	7%	4%

The results of the 2012 survey indicate that respondents are beginning to feel a little better about the effect of the economy, with 2012 responses being very similar to the responses in 2006 before the recent economic downturn. However, the City is very aware that almost 25% of responders continue to have concerns about negative economic impacts in the coming year.

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.

While there will continue to be demands, we currently anticipate being able to manage for the next several fiscal years with slight revenue increases supported by modest growth in the real property digest and by using the City's traditional conservative budgeting practices. 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 work of the entire staff of the Administrative Services Department, particularly to City Clerk Janet Kindelberger. 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, 2011

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2012

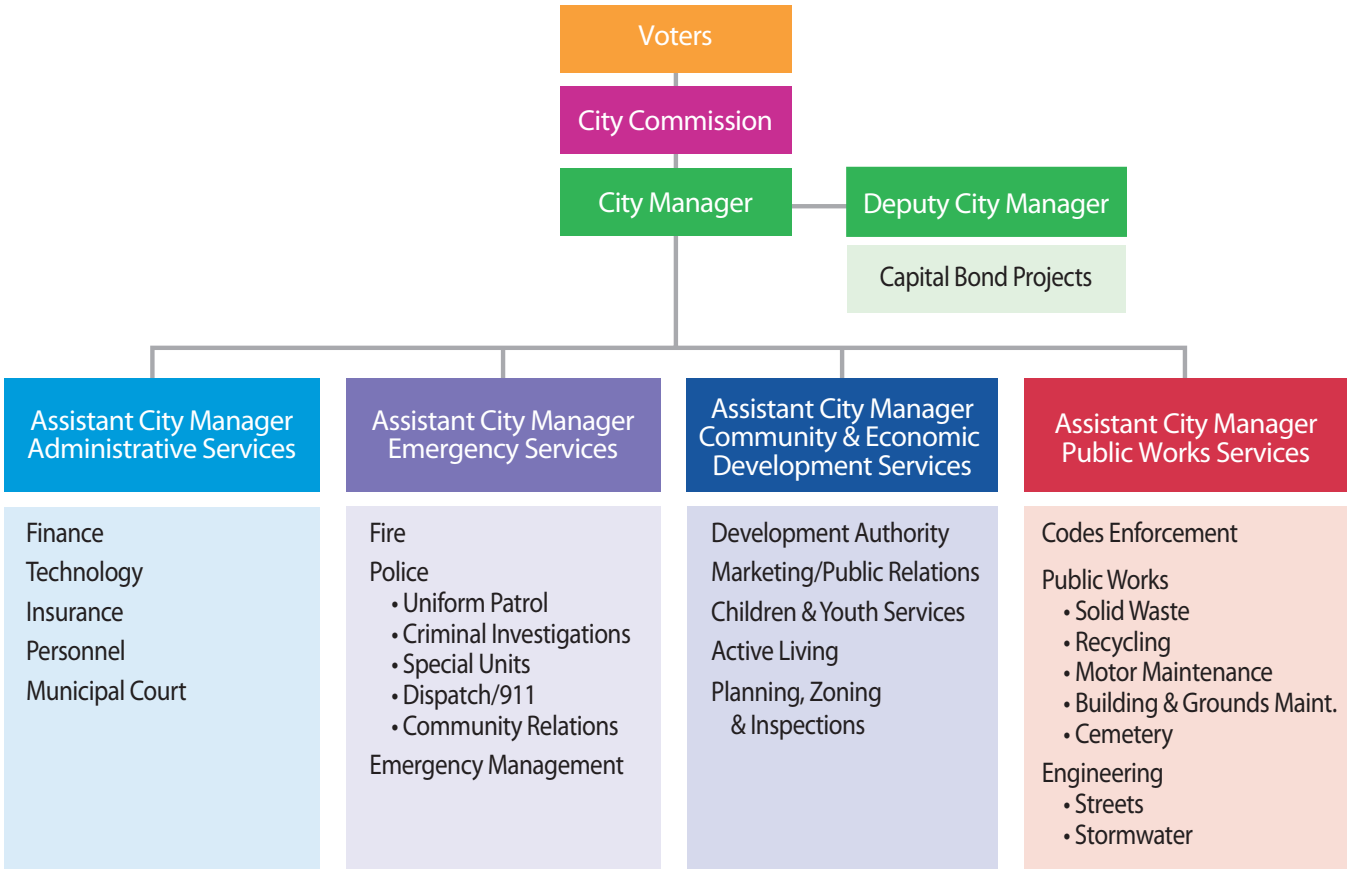
CITY COMMISSION

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 - Public Works
Tony Parker	Assistant City Manager – Emergency Services
Janet Kindelberger	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, 2012, 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 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, 2012, 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 October 22, 2012 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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 17) and Schedules of Funding Progress and Employer Contributions (on pages 66 through 68) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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 and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 22, 2012

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, 2012. 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 $10,192,934 (net assets).

- 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 $4,000,000 was spent on capital bond projects. The majority of the expenditures funded a major renovation of the Decatur recreation center. Other projects include major improvements at the Decatur Cemetery, construction of Phase II of the sidewalk construction program, and streetscapes improvements.

- 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.

- In December 2010, the Urban Redevelopment Agency of the City of Decatur issued $13,760,000 in recovery zone economic development bonds for major improvements to fire station #1, Decatur recreation center and the public works facility. During this fiscal year approximately $2,400,000 was spent on these projects with the majority being spent on fire station #1 which has been completed. It is anticipated that the Decatur recreation center will be completed during fiscal year 2012-2013 and the public works facility will be completed in fiscal year 2013-2014.

- The City's net assets increased by $1,217,869 primarily due to the City's investment in its capital assets as well as the sales tax proceeds from the homestead option sales tax.

- The City had $26,821,686 in expenses related to governmental activities and $6,347,027 or 24% of these expenses were offset by program specific charges for services, grants or contributions. General revenues were $21,190,074 and $14,634,080 or 69% 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 $30,525,495, a decrease of $4,506,707 in comparison with the prior year. The decrease is due to the use of proceeds from the recovery zone economic development bonds and general obligation bonds on capital projects. At the end of the current fiscal year, unassigned fund balance for the general fund was $5,324,033 or 29% of total general fund expenditures. This amount is available for spending at the government's discretion as it is unassigned fund balance as defined in the City's financial policies and in accordance with Statement 54 of the Governmental Accounting Standards Board (GASB). The general fund's overall fund balance, including nonspendable, restricted, committed, assigned and unassigned balances, increased by $683,920 to $9,044,056.

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, 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 two discretely presented component units, the Downtown Development Authority and the Decatur Tourism Board. Financial information for the 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 18 and 19 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 twelve 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, 2007 Bonds Fund, URA Bonds Fund, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds. Data from the other seven 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 20 through 23 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 24 through 26 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 27 and 28 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 29 through 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 $10,192,934 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 Government	
	2011	2012	2011	2012	2011	2012
Assets						
Current assets	$ 36,355	$ 33,082	$ 3,839	$ 3,641	$ 40,194	$ 36,723
Capital assets	27,996	32,695	4,481	5,269	32,477	37,964
Other non-current assets	1,427	1,574	54	47	1,481	1,621
Total assets	65,778	67,351	8,374	8,957	74,152	76,308
Liabilities						
Long-term liabilities	60,712	59,965	724	758	61,436	60,723
Other liabilities	2,282	3,886	1,459	1,505	3,741	5,391
Total liabilities	62,994	63,851	2,183	2,263	65,177	66,114
Net Assets						
Invested in capital assets, net of related debt	12,718	12,964	4,448	5,269	17,166	18,233
Restricted	1,073	2,024	-	-	1,073	2,024
Unrestricted	(11,007)	(11,488)	1,743	1,424	(9,264)	(10,064)
Total net assets	$ 2,784	$ 3,500	$ 6,191	$ 6,693	$ 8,975	$ 10,193

The largest portion of the City's net assets 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 $2,024,169 or unrestricted deficit $(10,063,492). The negative unrestricted net assets result from the city's 2007 general obligation bond issue for city and school capital projects. The city incurred $33,245,000 in long-term debt of which $16,500,000 was transferred to the school system. With the transfer of title to the school system, the capital assets related to the school portion of the bond issue are not reported on the city's statement of net assets, thus resulting in the negative unrestricted net assets.

Changes in Net Assets

At the conclusion of fiscal year 2010-2011 the City's total net assets increased by $1,217,869, much of which can be attributed to capital assets through the City's active capital improvement program.

The schedule on the following page presents a summary of changes in net assets for the fiscal year ending June 30, 2012 (in thousands):

City of Decatur Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
Revenues						
Program revenues:						
Charges for services	$ 4,908	$ 5,241	$ 3,295	$ 3,259	$ 8,203	$ 8,500
Operating grants & contributions	324	501	-	-	324	501
Capital grants & contributions	624	605	-	-	624	605
General revenues:						
Property taxes	14,571	14,634	-	-	14,571	14,634
Franchise taxes	1,466	1,509	-	-	1,466	1,509
Sales taxes	694	3,706	-	-	694	3,706
Other taxes	1,397	1,332	-	-	1,397	1,332
Investment earnings	55	37	-	-	55	37
Gain on sale of capital assets	-	23	-	-	-	23
Miscellaneous	-	67	-	-	-	67
Total revenues	24,039	27,655	3,295	3,259	27,334	30,914
Expenses						
General government	6,950	7,301	-	-	6,950	7,301
Public safety	9,647	9,828	-	-	9,647	9,828
Public works	3,731	3,935	-	-	3,731	3,935
Recreation	2,887	3,335	-	-	2,887	3,335
Interest on long-term debt	1,869	2,422	-	-	1,869	2,422
Conference center	-	-	314	392	314	392
Stormwater	-	-	592	547	592	547
Sanitation	-	-	1,979	1,936	1,979	1,936
Total expenses	25,084	26,821	2,885	2,875	27,969	29,696
Income (Loss) before transfers and special item	(1,045)	834	410	384	(635)	1,218
Transfers	442	(118)	(442)	118	-	-
Special item	(61,242)	-	-	-	(61,242)	-
Change in net assets	(61,845)	716	(32)	502	(61,877)	1,218
Net assets beginning of year	64,629	2,784	6,223	6,191	70,852	8,975
Net assets end of year	$ 2,784	$ 3,500	$ 6,191	$ 6,693	$ 8,975	$ 10,193

Revenues

Governmental charges for services increased by approximately $333,000 or 7% over the prior year. All activity areas realized increases. General government charges for services increased eight percent with much of that due to an increase in property development activity. Recreation charges for services also increased eight percent resulting from a strong demand for the programs provided by the Active Living department. Operating grants and contributions increased by $176,429, mostly related to the interest rate subsidy received from the U.S. Department of the Treasury on the URA bonds. Capital grants and contributions remained relatively stable with a slight decrease ($19,000). Property taxes, including real estate and personal property, increased $62,786, or less than one percent, from the prior year. This increase occurred in spite of the slight (.67%) decrease in the 2011 digest because there was a one-time tax credit for residential property owners in the 2010 tax year. Sales taxes increased over $3,000,000 due to the resolution of the homestead option sales tax (HOST) lawsuit with DeKalb County which resulted in the Department of Revenue commencing the distribution of HOST collections directly to the City as permitted under O.C.G.A. 48-8-104(d)(3).

Expenses

General Government expenses increased $350,500 or 5%. Public Safety expenses increased $174,400 or 2%; Public Works expenses increased $181,000 or 2%; Recreation expenses increased $448,000 or 15%. General operating expenses were relatively flat from the prior year.

Conference Center expenses increased $78,000 for a number of scheduled repair and maintenance projects. Sanitation expenses decreased $42,200 due to lower recycling services costs and decreased overhead costs. Stormwater expenses decreased $45,700 primarily due to lower personnel costs.

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, unassigned and assigned fund balances 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 $30,525,495, a decrease of $4,506,707 in comparison with the prior year. Approximately seventeen percent of the total amount, $5,324,033, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance $25,201,462 is within the following classifications: $443,205 is nonspendable which means that it is not available for new spending because it is a non-cash asset such as inventories, prepaid items or advances; $19,867,655 is restricted which means that it is legally restricted for specific purposes. Specifically, this fund balance is restricted for 1) capital construction ($15,660,830); 2) equipment purchases ($666,603); 3) debt service, including school construction ($3,189,507); 4) law enforcement ($11,999), 5) Public Safety-E911 ($278,033); 6) tourism ($60,683). $866,701 is committed which means it can only be used for specific purposes pursuant to a formal vote of the City Commission. Fund balance is committed for 1) tree preservation ($62,311) and 2) Children and Youth Services ($804,390). $4,023,901 of fund balance is assigned which is any amount intended to be used for specific purposes as determined by the City Manager. Fund balance is assigned for 1) greenspace acquisition ($11,827); 2) cemetery operations ($55,380); 3) equipment purchases ($254,714); 4) fiscal year 2012-2013 operations ($701,980); and the Beacon School redevelopment ($3,000,000).

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 $9,044,056, while the total fund balance for all governmental funds was $30,525,495. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents twenty-nine percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2011 and 2012 (in thousands).

	2011	2012	$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	$ 15,021	$ 15,132	$ 111	% 1
Licenses & permits	730	852	122	17
Intergovernmental	353	273	(80)	(23)
Fines & forfeitures	1,039	1,153	114	11
Charges for services	1,313	1,357	44	3
Interest income	7	-	(7)	(100)
Other revenues	124	110	(14)	(11)
Total revenues	18,587	18,877	290	2
Expenditures				
General government	6,021	6,103	82	1
Public safety	7,644	7,733	89	1
Public works	3,170	3,222	52	2
Recreation	1,346	1,395	49	4
Total expenditures	18,181	18,453	272	1
Excess of revenues over expenditures	406	424	18	4
Other financing sources (uses)				
Proceeds from sale of capital assets	3	27	24	800
Transfers in	746	663	(83)	(11)
Transfers out	(500)	(430)	(160)	32
Total other financing sources (uses)	249	260	(219)	(88)
Net change in fund balances	655	684	29	4
Fund balances, beginning of year	7,705	8,360	655	9
Fund balances, end of year	$ 8,360	$ 9,044	$ 684	% 8

General Fund Revenues

Revenue from taxes increased approximately $111,000 or less than one percent from than the prior year even as the digest dropped by less than one percent and the general fund millage rate was reduced from the prior year. One reason for the increase is the one-time tax credit that was provided in fiscal year 2010-2011 on the final 2010 real property tax bill. This tax credit was not provided in fiscal year 2011-2012. In addition to real property tax revenues, intangible tax revenue increased 15%, franchise taxes increased 3%, alcohol sales taxes increased 10% and occupation taxes increased 1%. Other tax revenues dropped slightly or remained stable. Licenses and permits increased $122,000 or 17% as building permits continued to increase with residential new construction and renovations. Also, this was the first full year of the City providing electrical inspections which resulted in additional inspection fee revenue.

Intergovernmental revenues decreased $80,000 or 23% because the City received a non-recurring grant from the Atlanta Regional Commission for the strategic plan in the prior year and a slight decrease in management fees charged by the City to the Decatur Downtown Development Authority. Fines and forfeitures experienced an increase of $114,000 or 11%, most of which reflects the dedication of a part-time court position in delinquent parking ticket collection efforts. Charges for services increased $44,000 or 3% due to more cemetery lot purchases resulting from the recent cemetery improvements, an increase in reimbursements for police officer overtime for non-city sponsored events and higher collections from parking meters. Interest income decreased $7,000 as available interest rates continued to decline.

General Fund Expenditures

Overall general fund expenditures increased $272,000 or just over 1% from the prior year and remained well within the overall budget. Within personnel services, salaries, including temporary and overtime, were almost $50,000 lower than the prior year. This can be explained by the merit increase that was effective mid-year as opposed to the one-time pay adjustment from the previous year that was equal to one pay period. Workers compensation expenditures were approximately $64,000 higher due to claims resolutions. Other contractual services increased around $73,000 which reflects the City's support of the Refugee Family Services in conjunction with Decatur's Kitchen Garden and support for the Oakhurst Community Garden. Gasoline and some utility expenditures were higher than anticipated. General Government expenditures increased $82,000 or 1% due to outsourced development services and increased electric utility rates. Public Safety increased $89,000 or 1% mostly due to increases in overtime costs because of officer vacancies and special events. It is important to note that twenty-five percent of the Police department overtime is reimbursed to the City for special events. Public Works increased $52,000 or 2% which includes expenditures for invasive plant control, new bike racks, litter cans, playground mulch and other efforts to keep city facilities attractive and maintained for the public. Recreation expenditures increased $49,000 or 4% which reflects the transfer of the ballfield maintenance contract from one department to Recreation, a slight increase in the pool services contract, an increase in bank charges from increased online payments, and the purchase of ballfield maintenance equipment.

Transfers from other funds decreased from $746,000 to $663,000 which reflects a reduction in hotel/motel taxes due to the temporary closure of the downtown hotel for major renovations, and a slight reduction in the Solid Waste Fund overhead costs. Transfers to other funds also decreased because the Children and Youth Services fund needed less general fund support to cover all of its expenses. Before accounting for transfers, revenues exceeded expenditures by $424,485 with an additional $259,435 of net other financing sources for a total increase to fund balance of $683,920.

Other Fund Activities

2007 Bonds Fund. The 2007 Bonds Fund accounts for the $33,245,000 in general obligation bonds that were issued in 2007. Of this amount, $16,500,000 was transferred to the City Schools of Decatur for capital projects and the balance remains for city-related capital projects. The fund balance decreased by $3,199,416 to $2,995,973. Major capital outlay projects in fiscal year 2012 included Decatur recreation center renovation, cemetery improvements, sidewalk construction and streetscapes projects. The purpose of the 2007 Bonds Fund is to provide for construction of major capital improvements and to purchase capital equipment items for operating departments.

URA Bonds Fund. The URA Bonds Fund accounts for the $13,760,000 in recovery zone economic development bonds that were issued in December 2010 by the Urban Redevelopment Agency of the City of Decatur. The fund was created in 2010 to account for the capital expenditures from the URA bonds. The fund balance decreased by $2,546,322 to $9,225,012. These funds are financing major improvements to fire station #1, Decatur recreation center and the public works facility.

Capital Improvement Fund. The Capital Improvement Fund's fund balance increased by $2,688,403 to $5,205,816. The increase from the previous year is due to the approximately $3,000,000 in the homestead option sales tax proceeds upon the conclusion of the lawsuit between the City and DeKalb County. 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 2012 included the purchase of self-contained breathing apparatus for firefighters, intersection improvements design and lease payments for a variety of vehicles and other equipment.

Debt Service Fund. The Debt Service Fund's fund balance decreased by $1,876,052 to $2,781,842 all of which is restricted for 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 year 2009. The fund balance was created due to accounting principles which required the school system's 2009 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. It is anticipated that the school system will complete the debt payments for the 2009 sales tax notes in fiscal year 2013.

The activities of other non major governmental funds can be found on pages 69 and 70.

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. The City entered into a long term management services agreement with the Downtown Development Authority (DDA) for operation of the conference center and parking deck. The DDA sublet the management and operation of the conference center and the DDA will manage the parking deck. Future hotel/motel tax collections for the upkeep and maintenance of the conference center will be placed in a reserve account to be used by the conference center management company for maintenance of the facility. No revenue was recorded in this fund because all revenue was received by the DDA. Expenses for sales and services increased by $73,401 because of conference center improvements including elevator repair, electrical upgrades and sewer repair. Depreciation expenses remained relatively flat. This fund received $70,310 in hotel/motel tax distributions which helped to offset the operating loss of this fund.

Stormwater Utility Fund. The total net assets increased by $626,748 to $3,997,912. Revenue from stormwater fees decreased slightly by $12,606 or 1%. Expenses decreased $45,689 or 8% due to lower personnel costs and lower maintenance and repair costs for infrastructure. In addition to the transfer of $247,211 to the general fund for indirect costs, there was a fund transfer of $620,000 to the GO Bond fund for stormwater capital construction as part of the cemetery improvements. Major stormwater improvements are included in the Beacon School construction project.

Solid Waste Fund. Revenues in this fund increased $57,843 or 3% from the prior year. In March 2012, the City Commission maintained the single-family residential fee at $233 and increased rates for the 95 gallon carts and 3 cubic yard containers. Operating expenses decreased $41,067 or 2% due to lower personnel costs, reduced recycling contract costs, and lower capital expenses. Total net assets improved by $196,992 which reduced the fund deficit to ($30,174). The solid waste fund continued a positive cash position with cash balances at June 30, 2012 of $2,083,795. 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 $550,536 to net assets during fiscal year 2011-2012 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 23. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were $176,215 or less than 1% higher than the final budgeted amounts. The City was conservative with its revenue estimates and most revenue categories came in higher than anticipated with 46% of the difference being in tax-related revenue and another 38% of the difference being in development-related fees. The remainder of the differential spreads across a wide variety of revenue sources such as recreation fees and parking violation payments. Actual expenditures were $391,700 less than the final budget with the large majority of the differences being from personnel and benefit cost savings in addition to savings in professional and contractual services much of which was due to timing of services around the end of the fiscal year. The higher than anticipated revenues and lower than budgeted expenditures resulted in an addition to fund balance of $683,920 or an ending fund balance of $9,044,056.

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, 2012, amounts to $37,964,078 (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 from $32,477,553 to $37,964,078 as a result of the City's ongoing capital improvements program. The City is investing in capital assets through the continuing expenditure of bond proceeds for the fire station #1 renovation and addition, cemetery improvements, sidewalk construction, Decatur recreation center renovation, and design of the public works facility. Additional information on the City's capital assets can be found in Note 6 on pages 46-48 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.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
Land	$ 3,617	$ 3,753	$ 280	$ 280	$ 3,897	$ 4,033
Construction in progress	8,063	9,284	53	53	8,116	9,337
Land improvements	236	1,395	-	-	236	1,395
Infrastructure	8,779	10,208	1,553	2,524	10,332	12,732
Building & improvements	5,868	6,664	2,087	1,954	7,955	8,618
Machinery & equipment	788	696	-	-	788	696
Vehicles	645	695	-	-	645	695
Furniture, fixtures, & equipment	-	-	508	458	508	458
Total	$ 27,996	$ 32,695	$ 4,481	$ 5,269	$ 32,477	$ 37,964

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 $46,124,703 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 2012 is $1,126,989,000 with a current debt limitation for the City of $125,390,000, 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, 2012 was $595,752 for governmental activities.

At June 30, 2012, the City had long-term debt in the amount of $60,723,411 which was comprised of $46,124,703 in bonds payable, $13,840,348 in capital leases, notes payable, certificates of participation, claims and judgments, net OPEB obligation and compensated absences in the governmental activities and $758,360 in net OPEB obligation and compensated absences in the business-type activities. The long-term debt in governmental activities includes $1,713,327 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 and the recovery zone economic development bonds issued in December 2010. The 2007 bond issuance is financing 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 have used approximately $16,500,000 for school-related capital projects. The 2010 bond issuance is financing approximately $13,760,000 of capital improvement projects including fire station #1, Decatur recreation center and the public works facility. 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 49 through 53 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 normally fully funds each year's annual required contribution to the retirement system as determined by the actuary. The City contributed 8.06% of payroll during fiscal year ending June 30, 2012 to fund the system's liability for projected benefits earned by employees which resulted in a funding of the annual required contribution of 101%. The contributions for fiscal years 2010 and 2011 were 106% and 95%, respectively, of the annual required contribution.

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 63 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 net OPEB obligation was $8,147,392. This amount was accounted for as a liability on the City's statement of net assets.

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

The economic outlook for the City is positive. The 2012 certified real property digest is approximately 2% higher than the 2011 digest. While the growth is slow, property values have stabilized and appear to be increasing. We are anticipating additional limited growth of 2%-3% for 2013 based on the level of new residential construction and increasing values associated with the desirability of the community. Residential renovations and new construction activity are on the rise while commercial development continues to lag behind. Interest in specific commercial projects has increased but it is anticipated that development activity would not start for another 12-18 months. 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 have 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 9.6%. 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 91% as compared to surrounding areas that average a 79% occupancy rate. Inflationary trends in the region compare favorably to national indices. 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, 2012, unassigned fund balance in the general fund was $5,324,033. The City has assigned $701,980 of fund balance for spending in the 2013 fiscal year budget. This use of fund balance was recommended to avoid a millage rate increase. Next year's budget includes funding for merit-based, salary step increases beginning in January 2013. An additional $3,000,000 has been identified towards the re-development of the Beacon School project which will result in new police and court facilities, recreation areas and space for the City Schools of Decatur administration offices. The budgeted projects and activities directly support the following strategic plan principles: Principle A: Manage growth while retaining character; Principle B: Encourage a diverse and engaged community; Principle C: Serve as good stewards of the environment and community resources; Principle D: Support a safe, healthy, lifelong community; and an internally developed principle, Principle E: Provide the necessary support within city government to achieve the vision and goals of the community. Capital investments will be financed through the general obligation bond financing that was approved in September 2006 and recovery zone economic development bonds that were issued in December 2010.

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, 2012

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board
Cash and cash equivalents	$ 15,085,356	$ 4,588,273	$ 19,673,629	$ 307,691	$ 62,204
Taxes receivable	454,630	-	454,630	17,082	-
Other receivables	422,574	-	422,574	9,327	-
Accounts receivable, net of allowances	-	114,620	114,620	-	-
Due from primary government	-	-	-	107,889	11,698
Due from other governments	1,717,000	-	1,717,000	-	-
Internal balances	1,061,715	(1,061,715)	-	-	-
Prepaid items	48,249	-	48,249	42,052	-
Restricted:					
Cash equivalents	13,618,929	-	13,618,929	-	-
Investments	666,603	-	666,603	-	-
Other current assets	6,500	-	6,500	-	-
Lease receivable	-	-	-	868,773	-
Deferred charges, unamortized balance	579,183	-	579,183	-	-
Other non-current assets	520,682	47,027	567,709	-	-
Fair market value of derivative	474,591	-	474,591	-	-
Capital assets:					
Non-depreciable	13,036,958	333,368	13,370,326	-	-
Depreciable, net of accumulated depreciation	19,658,436	4,935,316	24,593,752	1,127,172	-
Total assets	67,351,406	8,956,889	76,308,295	2,479,986	73,902
LIABILITIES					
Accounts payable	1,370,460	99,095	1,469,555	2,756	-
Accrued liabilities	2,029,859	-	2,029,859	-	-
Unearned revenue	474,591	1,335,937	1,810,528	1,968,867	-
Due to component unit	11,698	70,310	82,008	-	-
Certificates of participation due within one year	120,000	-	120,000	-	-
Certificates of participation due in more than one year	3,350,000	-	3,350,000	-	-
Claims and judgments payable due within one year	62,986	-	62,986	-	-
Compensated absences, due within one year	874,330	70,934	945,264	-	-
Compensated absences, long-term	154,294	12,518	166,812	-	-
Capital leases due within one year	92,927	-	92,927	-	-
Notes payable due within one year	1,713,327	-	1,713,327	-	-
Bonds payable due within one year	492,919	-	492,919	-	-
Bonds payable due in more than one year	45,631,784	-	45,631,784	-	-
Net OPEB obligation, due in more than one year	7,472,484	674,908	8,147,392	-	-
Total liabilities	63,851,659	2,263,702	66,115,361	1,971,623	-
NET ASSETS					
Invested in capital assets, net of related debt	12,963,573	5,268,684	18,232,257	1,127,172	-
Restricted for debt service	1,673,454	-	1,673,454	-	-
Restricted for law enforcement	11,999	-	11,999	-	-
Restricted for public safety	278,033	-	278,033	-	-
Restricted for tourism	60,683	-	60,683	-	73,902
Unrestricted	(11,487,995)	1,424,503	(10,063,492)	(618,809)	-
Total net assets	$ 3,499,747	$ 6,693,187	$ 10,192,934	$ 508,363	$ 73,902

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, 2012

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	$ 7,301,005	$ 1,232,233	$ 15,979	$ -
Public safety	9,827,685	2,403,669	-	2,200
Public works	3,935,559	94,968	5,300	602,780
Recreation	3,334,938	1,510,607	138,937	-
Interest on long-term debt	2,422,499	-	340,354	-
Total governmental activities	26,821,686	5,241,477	500,570	604,980
Business-type activities:				
Conference center	391,596	-	-	-
Stormwater	546,700	975,659	-	-
Solid waste	1,936,530	2,283,352	-	-
Total business-type activities	2,874,826	3,259,011	-	-
Total primary government	$ 29,696,512	$ 8,500,488	$ 500,570	$ 604,980
Component units:				
Downtown Development Authority	$ 784,997	$ -	$ -	$ -
Decatur Tourism Board	58,825	-	20,000	-
Total component units	$ 843,822	$ -	$ 20,000	$ -

General revenues:
- Property taxes
- Franchise taxes
- Sales taxes
- Other taxes
- Unrestricted investment earnings
- Miscellaneous
- Gain on sale of capital assets

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
$ (6,052,793)	$ -	$ (6,052,793)		$ -	$ -
(7,421,816)	-	(7,421,816)		-	-
(3,232,511)	-	(3,232,511)		-	-
(1,685,394)	-	(1,685,394)		-	-
(2,082,145)	-	(2,082,145)		-	-
(20,474,659)	-	(20,474,659)		-	-
-	(391,596)	(391,596)		-	-
-	428,959	428,959		-	-
-	346,822	346,822		-	-
-	384,185	384,185		-	-
(20,474,659)	384,185	(20,090,474)		-	-
-	-	-		(784,997)	-
-	-	-		-	(38,825)
$ -	$ -	$ -		$ (784,997)	$ (38,825)
$ 14,634,080	$ -	$ 14,634,080		$ 510,848	$ -
1,509,648	-	1,509,648		-	-
3,706,037	-	3,706,037		-	-
1,331,798	-	1,331,798		-	70,750
36,556	-	36,556		-	83
67,320	-	67,320		433,468	-
22,904	-	22,904		-	-
(118,269)	118,269	-		-	-
21,190,074	118,269	21,308,343		944,316	70,833
715,415	502,454	1,217,869		159,319	32,008
2,784,332	6,190,733	8,975,065		349,044	41,894
$ 3,499,747	$ 6,693,187	$ 10,192,934		$ 508,363	$ 73,902

CITY OF DECATUR, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	General Fund	2007 Bonds Fund	URA Bonds Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 7,282,858	$ -	$ -	$ 4,447,558	$ 1,926,707	$ 1,428,233	$ 15,085,356
Taxes receivable	327,921	-	-	42,078	43,700	40,931	454,630
Other receivables	169,958	-	-	45,842	-	206,774	422,574
Due from other funds	2,177,648	350,000	-	-	284,549	115,304	2,927,501
Due from other governments	-	-	-	-	1,700,000	-	1,700,000
Restricted:							
Cash equivalents	-	3,805,752	9,813,177	-	-	-	13,618,929
Investments	-	-	-	666,603	-	-	666,603
Advances to other funds	-	-	-	394,956	-	-	394,956
Prepaid expenditures	6,216	-	-	42,033	-	-	48,249
Other current assets	6,500	-	-	-	-	-	6,500
Total assets	$ 9,971,101	$ 4,155,752	$ 9,813,177	$ 5,639,070	$ 3,954,956	$ 1,791,242	$ 35,325,298
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 430,014	$ 830,107	$ -	$ -	$ -	$ 110,339	$ 1,370,460
Accrued liabilities	385,783	305,214	121,572	48,575	-	-	861,144
Deferred revenues	98,048	-	170,177	13,764	13,770	-	295,759
Due to component unit	-	-	-	-	-	11,698	11,698
Due to other funds	13,200	24,458	296,416	370,915	1,159,344	315,146	2,179,479
Advances from other funds	-	-	-	-	-	81,263	81,263
Total liabilities	927,045	1,159,779	588,165	433,254	1,173,114	518,446	4,799,803
FUND BALANCES							
Fund balances:							
Nonspendable:							
Prepaids	6,216	-	-	42,033	-	-	48,249
Advances	-	-	-	394,956	-	-	394,956
Restricted:							
Capital construction	-	2,995,973	8,817,347	3,847,510	-	-	15,660,830
Equipment purchases	-	-	-	666,603	-	-	666,603
Debt service	-	-	407,665	-	2,781,842	-	3,189,507
Law enforcement	-	-	-	-	-	11,999	11,999
E911 services	-	-	-	-	-	278,033	278,033
Tourism	-	-	-	-	-	60,683	60,683
Committed:							
Tree preservation	-	-	-	-	-	62,311	62,311
Children and youth services	-	-	-	-	-	804,390	804,390
Assigned:							
Greenspace acquisition	11,827	-	-	-	-	-	11,827
Cemetery operations	-	-	-	-	-	55,380	55,380
Equipment purchases	-	-	-	254,714	-	-	254,714
Beacon School redevelopment	3,000,000	-	-	-	-	-	3,000,000
Fiscal year 2012 operations	701,980	-	-	-	-	-	701,980
Unassigned	5,324,033	-	-	-	-	-	5,324,033
Total fund balances	9,044,056	2,995,973	9,225,012	5,205,816	2,781,842	1,272,796	30,525,495
Total liabilities and fund balances	$ 9,971,101	$ 4,155,752	$ 9,813,177	$ 5,639,070	$ 3,954,956	$ 1,791,242	

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.	32,695,394
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	295,759
Interest receivable of governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.	17,000
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(60,554,583)
Revenues from an effective hedging instrument are not recognized until the hedge is used by the holder, and therefore are deferred in governmental activities.	(474,591)
Some assets are not a financial resource used in governmental activities and therefore not reported in governmental funds.	995,273
Net assets of governmental activities	$ 3,499,747

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, 2011

	General Fund	2007 Bonds Fund	URA Bonds Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	$ 15,132,234	$ -	$ -	$ 4,358,973	$ 1,579,664	$ 246,011	$ 21,316,882
Licenses and permits	852,282	-	-	-	-	-	852,282
Intergovernmental	273,280	-	341,300	207,256	-	355,409	1,177,245
Fines and forfeitures	1,152,602	-	-	-	-	-	1,152,602
Charges for services	1,356,856	-	-	-	-	1,518,318	2,875,174
Interest income	70	5,921	11,538	16,340	2,633	54	36,556
Contributions	21,852	-	-	-	-	121,679	143,531
Other revenues	88,139	-	-	1,320	66,000	59,000	214,459
Total revenues	18,877,315	5,921	352,838	4,583,889	1,648,297	2,300,471	27,768,731
Expenditures							
Current:							
General government	6,102,722	43,388	15,366	135,104	-	462,478	6,759,058
Public safety	7,732,520	-	-	174,155	-	768,119	8,674,794
Public works	3,222,454	-	-	-	-	-	3,222,454
Recreation	1,395,134	-	-	-	-	1,551,104	2,946,238
Capital outlay	-	3,990,648	2,500,869	447,538	-	-	6,939,055
Debt service:							
Principal retirements	-	-	16,904	253,231	2,040,000	-	2,310,135
Interest expenditures	-	-	808,945	103,708	1,484,349	-	2,397,002
Total expenditures	18,452,830	4,034,036	3,342,084	1,113,736	3,524,349	2,781,701	33,248,736
Excess (deficiency) of revenues over expenditures	424,485	(4,028,115)	(2,989,246)	3,470,153	(1,876,052)	(481,230)	(5,480,005)
Other financing sources (uses):							
Proceeds from sale of capital assets	26,567	-	-	-	-	-	26,567
Transfers in	662,559	970,000	461,750	30,000	-	429,691	2,554,000
Transfers out	(429,691)	(141,301)	(18,826)	(811,750)	-	(205,701)	(1,607,269)
Total other financing sources (uses)	259,435	828,699	442,924	(781,750)	-	223,990	973,298
Net change in fund balance	683,920	(3,199,416)	(2,546,322)	2,688,403	(1,876,052)	(257,240)	(4,506,707)
Fund balances, beginning of year	8,360,136	6,195,389	11,771,334	2,517,413	4,657,894	1,530,036	35,032,202
Fund balances, end of year	$ 9,044,056	$ 2,995,973	$ 9,225,012	$ 5,205,816	$ 2,781,842	$ 1,272,796	$ 30,525,495

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, 2012

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(4,506,707)
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.		5,767,943
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and disposals) is to decrease net assets.		(1,068,663)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		18,858
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.		2,276,735
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.		(1,772,751)
Change in net assets - governmental activities	$	715,415

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 14,957,400	$ 15,000,800	$ 15,132,234	$ 131,434
Licenses and permits	531,100	787,530	852,282	64,752
Fines and forfeitures	745,000	1,255,000	1,152,602	(102,398)
Interest	10,000	1,000	70	(930)
Charges for services	1,134,550	1,270,610	1,356,856	86,246
Intergovernmental	303,970	273,280	273,280	-
Contributions	10,000	22,000	21,852	(148)
Miscellaneous	73,900	90,880	88,139	(2,741)
Total revenues	17,765,920	18,701,100	18,877,315	176,215
Expenditures				
Current:				
General government:				
Commission	95,390	146,140	131,661	14,479
Manager	850,150	890,050	827,669	62,381
Administrative services	1,950,040	2,043,500	1,949,311	94,189
Attorney	200,000	130,000	129,342	658
Community & economic development	1,017,500	1,072,390	1,030,309	42,081
Development and inspection	762,960	839,420	830,124	9,296
Accounting, collection and records	1,297,400	1,273,070	1,204,306	68,764
Total general government	6,173,440	6,394,570	6,102,722	291,848
Public safety:				
General management	1,028,060	953,970	921,730	32,240
Fire	3,305,950	3,280,280	3,220,957	59,323
Police	3,650,190	3,576,160	3,480,502	95,658
Police capital outlay	97,000	97,770	109,331	(11,561)
Total public safety	8,081,200	7,908,180	7,732,520	175,660
Public works:				
Engineering	717,840	692,320	675,404	16,916
Motor maintenance	560,470	569,040	760,221	(191,181)
Buildings and grounds maintenance	1,546,480	1,544,680	1,446,798	97,882
Cemetery	409,480	346,390	340,031	6,359
Total public works	3,234,270	3,152,430	3,222,454	(70,024)
Recreation	1,361,090	1,389,350	1,395,134	(5,784)
Total expenditures	18,850,000	18,844,530	18,452,830	391,700
Excess (deficiency) of revenues over expenditures	(1,084,080)	(143,430)	424,485	567,915
Other financing sources (uses)				
Proceeds from sale of capital assets	15,000	9,700	26,567	16,867
Transfers out	(1,044,680)	(390,000)	(429,691)	(39,691)
Transfers in	784,260	654,390	662,559	8,169
Total other financing sources (uses)	(245,420)	274,090	259,435	(14,655)
Net change in fund balances	(1,329,500)	130,660	683,920	553,260
Fund balances, beginning of year	8,360,136	8,360,136	8,360,136	-
Fund balances, end of year	$ 7,030,636	$ 8,490,796	$ 9,044,056	$ 553,260

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds			
ASSETS	**Conference & Parking Deck Fund**	**Stormwater Utility Fund**	**Solid Waste Fund**	**Totals**
CURRENT ASSETS				
Cash	$ 610,762	$ 1,893,716	$ 2,083,795	$ 4,588,273
Accounts receivable	-	33,321	81,299	114,620
Due from other funds	11,698	-	-	11,698
Total current assets	622,460	1,927,037	2,165,094	4,714,591
NONCURRENT ASSETS				
Construction in progress	-	53,303	-	53,303
Land	194,860	85,205	-	280,065
Infrastructure	-	4,868,321	-	4,868,321
Buildings	8,605,815	-	-	8,605,815
Furniture, fixtures and equipment	184,882	203,252	2,106,099	2,494,233
	8,985,557	5,210,081	2,106,099	16,301,737
Accumulated depreciation	(6,812,258)	(2,521,944)	(1,698,851)	(11,033,053)
Total capital assets	2,173,299	2,688,137	407,248	5,268,684
Other noncurrent assets	-	11,309	35,718	47,027
Total noncurrent assets	2,173,299	2,699,446	442,966	5,315,711
Total assets	2,795,759	4,626,483	2,608,060	10,030,302
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	-	-	99,095	99,095
Compensated absences payable	-	9,056	61,878	70,934
Due to other funds	-	40,410	719,310	759,720
Due to component unit	70,310	-	-	70,310
Unearned revenue	-	402,892	933,045	1,335,937
Total current liabilities	70,310	452,358	1,813,328	2,335,996
NONCURRENT LIABILITIES				
Compensated absences - long term	-	1,598	10,920	12,518
Net OPEB obligation	-	162,296	512,612	674,908
Advances from other funds	-	12,319	301,374	313,693
Total noncurrent liabilities	-	176,213	824,906	1,001,119
Total liabilities	70,310	628,571	2,638,234	3,337,115
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	2,173,299	2,688,137	407,248	5,268,684
Unrestricted	552,150	1,309,775	(437,422)	1,424,503
Total net assets (deficit)	$ 2,725,449	$ 3,997,912	$ (30,174)	$ 6,693,187

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, 2012

	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
OPERATING REVENUE				
Storm water fees	$ -	$ 975,659	$ -	$ 975,659
Sanitation fees	-	-	2,222,944	2,222,944
Miscellaneous	-	-	60,408	60,408
Total operating revenues	-	975,659	2,283,352	3,259,011
OPERATING EXPENSES				
Cost of sales and services	118,505	442,397	1,807,543	2,368,445
Depreciation	273,091	104,303	127,773	505,167
Total operating expenses	391,596	546,700	1,935,316	2,873,612
Operating income (loss)	(391,596)	428,959	348,036	385,399
NON-OPERATING EXPENSES				
Interest expense	-	-	(1,214)	(1,214)
Income (loss) before capital contributions and transfers	(391,596)	428,959	346,822	384,185
Capital contributions	-	1,065,000	-	1,065,000
Transfers in	70,310	-	-	70,310
Transfers out	-	(867,211)	(149,830)	(1,017,041)
Total capital contributions and transfers	70,310	197,789	(149,830)	118,269
Change in net assets	(321,286)	626,748	196,992	502,454
Total net assets (deficit), beginning	3,046,735	3,371,164	(227,166)	6,190,733
Total net assets (deficit), ending	$ 2,725,449	$ 3,997,912	$ (30,174)	$ 6,693,187

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, 2012

	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	$ 7,131	$ 982,433	$ 2,311,183	$ 3,300,747
Payments to suppliers	(54,549)	(149,257)	(173,687)	(377,493)
Payments to employees	-	(329,963)	(963,166)	(1,293,129)
Net cash provided by (used in) operating activities	(47,418)	503,213	1,174,330	1,630,125
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	70,310	-	-	70,310
Transfers out to other funds	-	(867,211)	(149,830)	(1,017,041)
Receipt (payment) of advances from other funds	-	(9,671)	13,142	3,471
Net cash provided by (used in) non-capital financing activities	70,310	(876,882)	(136,688)	(943,260)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on capital leases	-	-	(33,814)	(33,814)
Interest paid	-	-	(1,214)	(1,214)
Purchases of capital assets	(136,440)	-	(90,972)	(227,412)
Net cash used in capital and related financing activities	(136,440)	-	(126,000)	(262,440)
Net increase (decrease) in cash	(113,548)	(373,669)	911,642	424,425
Cash, beginning of year	724,310	2,267,385	1,172,153	4,163,848
Cash, end of year	$ 610,762	$ 1,893,716	$ 2,083,795	$ 4,588,273
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ (391,596)	$ 428,959	$ 348,036	$ 385,399
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	273,091	104,303	127,773	505,167
Change in assets and liabilities:				
Decrease in fees receivable	1,915	16,627	39,696	58,238
Decrease in due from other funds	5,216	-	-	5,216
Decrease in other assets	-	3,830	2,864	6,694
Increase (decrease) in accounts payable	(6,354)	(636)	19,035	12,045
Increase in accrued liabilities	-	2,168	4,075	6,243
Decrease in compensated absences payable	-	(4,271)	(832)	(5,103)
Increase (decrease) in net OPEB obligation	-	(7,263)	80,477	73,214
Decrease in deferred revenue	-	(9,853)	(11,865)	(21,718)
Increase in due to component unit	70,310	-	-	70,310
Increase (decrease) in due to other funds	-	(30,651)	565,071	534,420
Net cash provided by (used in) operating activities	$ (47,418)	$ 503,213	$ 1,174,330	$ 1,630,125
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset transfers from governmental activities	$ -	$ 1,065,000	$ -	$ 1,065,000

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

CITY OF DECATUR, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

ASSETS	Pension Trust Fund	Agency Funds
Cash	$ 517,219	$ 2,188,650
Uncollected taxes	-	694,980
Investments:		
Corporate obligations	2,300,937	-
Mutual funds	16,554,081	-
U.S. government and government agency obligations	8,221,767	-
Benefits receivable	6,619	-
Total assets	27,600,623	2,883,630
LIABILITIES		
Due to others	68,638	2,846,051
Due to component unit	-	37,579
Total liabilities	68,638	2,883,630
NET ASSETS		
Net assets held in trust for pension benefits	$ 27,531,985	$ -

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, 2012

ADDITIONS	
Contributions	
Plan member contributions	$ 907,145
Employer contributions	799,121
Total contributions	1,706,266
Investment income	
Net appreciation in fair value of investmets	372,065
Interest and dividends	395,764
Total investment income	767,829
Total additions	2,474,095
DEDUCTIONS	
Benefit payments	1,439,281
Refunds paid to Plan members and beneficiaries	338,819
Administrative fees	145,459
Total deductions	1,923,559
Net increase in net assets	550,536
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	26,981,449
End of year	$ 27,531,985

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 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.

The Urban Redevelopment Agency of the City of Decatur (the "URA") has been included as a blended component unit in the accompanying financial statements. All members of the City Commission serve on the Commission for the URA. Although it is legally separate from the City, its sole purpose is to finance construction and acquisitions of the City. The debt and assets of the URA have been reported as a form of the City's debt and assets and all debt service activity is reported as debt service activity of the City.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The **2007 Bonds Fund** accounts for the proceeds from the issuance of Series 2007 general obligation bonds and the expenditures of those funds for major capital projects.

The **URA Bonds Fund** accounts for the proceeds from the issuance of Recovery Zone Economic Development bonds and the expenditures of those funds for major capital projects.

The **Capital Improvement Fund** accounts for the receipt and expenditure of funds related to major capital projects throughout the City.

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 capital assets and related 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City also reports the following fund types:

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

The **Capital Projects funds** are used to account for the receipts and expenditures of funds for cemetery projects throughout the City.

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012, are recorded as prepaid items in both government-wide and fund financial statements.

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. The City has reported infrastructure assets consistent with the retroactive reporting requirements of GASB Statement 34.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Commission. Approval of a resolution after a formal vote of the City Commission is required to establish a commitment of fund balance. Similarly, the City Commission may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has expressly delegated to the City Manager the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. The City intends to maintain an unassigned fund balance in the general fund between twenty and thirty percent of the operating budget or an amount equal to 3-4 months' operating expenditures.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 $60,554,583 difference are as follows:

Capital leases payable	$	(92,927)
Certificates of participation		(3,470,000)
Claims and judgements payable		(62,986)
Accrued interest payable		(1,168,715)
Net OPEB obligation		(7,472,484)
Notes payable		(1,713,327)
Bonds payable		(46,124,703)
Bond issuance costs		579,183
Compensated absences		(1,028,624)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(60,554,583)

Another element of the reconciliation explains that "Some assets are not a financial resource used in governmental activities and therefore not reported in governmental funds." The details of this $995,273 difference are as follows:

Net pension asset	$	520,682
Fair value of effective derivative		474,591
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	995,273

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

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 $5,767,943 difference are as follows:

Capital outlay	$ 7,097,245
Depreciation expense	(1,329,302)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 5,767,943

Another element of that reconciliation explains that "The net effect of various miscellaneous transactions involving capital assets (i.e., donations, disposals) is to decrease net assets." The details of this $1,068,663 difference are as follows:

Transfers of capital assets to the City's enterprise funds decrease the net assets of governmental activities, but are not recorded in the governmental funds as they do not use current financial resources.	$ (1,065,000)
In the statement of activities, only the gain on the sale of capital assets is recorded. 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 cost of the capital assets sold.	(3,663)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (1,068,663)

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 "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 $18,858 difference are as follows:

Change in recognition of deferred taxes	$	(135,319)
Change in recognition of intergovernmental revenue		170,177
Accrued interest revenue		(16,000)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	18,858

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 $2,276,735 difference are as follows:

Amortization of premium and deferred charges	$	(33,400)
Principal retirement of long-term debt		2,310,135
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	2,276,735

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 $1,772,751 difference are as follows:

Compensated absences	$	(121,118)
Claims and judgments		(40,062)
Net other post-employement benefits (OPEB) obligation		(1,447,073)
Net pension asset		(17,278)
Accrued interest		(147,220)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(1,772,751)

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, 2012:

Economic Development Fund	$	(2,050)
General Fund departments:		
Police (capital outlays)		(11,561)
Motor maintenance		(191,181)
Recreation		(5,784)

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2012, the City had $27,076,785 invested on behalf of a defined benefit pension fund and $666,603 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	$ 666,603
Corporate Obligations	7.38 years average effective duration	2,300,937
Mutual funds	(1)	16,554,081
U.S. Government and U.S. Government Agency Obligations	4.25 years average effective duration	8,221,767
Fidelity Institutional Money Market Treasury Portfolio	44 days	407,665
Georgia Fund 1 - cash equivalents	48 days	13,201,706
Total		$ 41,352,759

(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, 2012 was 5.07 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, 2012, the City's investment in Georgia Fund 1 was rated AAAm 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 City's pension investments in corporate obligations and obligations of the United States Government and United States Government Agencies had ratings ranging from BBB- to AAA and A to AAA, respectively, by Standard & Poor's. The City's pension investments in mutual funds are not rated by any rating agencies. The City's investments in the Fidelity Institutional Money Market Treasury Portfolio was rated AAA by Moody's. The City's guaranteed contract with GMA was not rated as of June 30, 2012.

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 Office of the State Treasurer of the State of Georgia. 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 the State Treasurer of the State of Georgia. As of June 30, 2012, 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, 2012, the City's cash accounts were 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 which is considered the levy date, 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, 2012, 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	Total Governmental Funds
Receivables:					
Taxes	$ 352,908	$ 44,730	$ 47,027	$ 40,931	$ 485,596
Other	169,958	45,842	-	206,774	422,574
Less allowance for uncollectible	(24,987)	(2,652)	(3,327)	-	(30,966)
Net total receivable	$ 497,879	$ 87,920	$ 43,700	$ 247,705	$ 877,204

	Stormwater	Solid Waste	Total Business-type Activities
Receivables:			
Accounts	$ 60,891	$ 153,700	$ 214,591
Less allowance for uncollectible	(27,570)	(72,401)	(99,971)
Net total receivable	$ 33,321	$ 81,299	$ 114,620

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 3,617,316	$ -	$ -	$ 135,567	$ 3,752,883
Construction in progress	8,062,630	6,790,841	(1,065,000)	(4,504,396)	9,284,075
Total	11,679,946	6,790,841	(1,065,000)	(4,368,829)	13,036,958
Capital assets, being depreciated:					
Land improvements	992,268	-	-	1,225,000	2,217,268
Infrastructure	23,114,054	-	-	2,038,829	25,152,883
Buildings and improvements	10,317,502	-	-	1,105,000	11,422,502
Machinery and equipment	3,920,320	-	(13,951)	-	3,906,369
Vehicles	4,361,294	306,404	(291,471)	-	4,376,227
Total	42,705,438	306,404	(305,422)	4,368,829	47,075,249
Less accumulated depreciation for:					
Land improvements	(755,930)	(66,762)	-	-	(822,692)
Infrastructure	(14,335,081)	(609,473)	-	-	(14,944,554)
Buildings and improvements	(4,449,590)	(309,233)	-	-	(4,758,823)
Machinery and equipment	(3,132,037)	(91,837)	13,951	-	(3,209,923)
Vehicles	(3,716,632)	(251,997)	287,808	-	(3,680,821)
Total	(26,389,270)	(1,329,302)	301,759	-	(27,416,813)
Total capital assets, being depreciated, net	16,316,168	(1,022,898)	(3,663)	4,368,829	19,658,436
Governmental activities capital assets, net	$ 27,996,114	$ 5,767,943	$ (1,068,663)	$ -	$ 32,695,394

In the current year, a $1,065,000 deletion is shown above for construction in progress. This amount represents the Stormwater Fund's portion of a larger project that, when completed during the fiscal year, was transferred to the Stormwater Fund. The amount is re-classified to a transfer between governmental activities and business-type activities on the City's Statement of Activities for the fiscal year ending June 30, 2012.

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	3,803,321	1,065,000	-	4,868,321
Buildings	8,469,375	136,440	-	8,605,815
Furniture, fixtures, and equipment	2,451,768	90,972	(48,507)	2,494,233
Total	14,724,464	1,292,412	(48,507)	15,968,369
Less accumulated depreciation for:				
Infrastructure	(2,250,049)	(94,511)	-	(2,344,560)
Buildings	(6,382,452)	(269,741)	-	(6,652,193)
Furniture, fixtures, and equipment	(1,943,892)	(140,915)	48,507	(2,036,300)
Total	(10,576,393)	(505,167)	48,507	(11,033,053)
Total capital assets, being depreciated, net	4,148,071	787,245	-	4,935,316
Business-type activities capital assets, net	$ 4,481,439	$ 787,245	$ -	$ 5,268,684

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

Governmental activities:	
General government	$ 156,340
Public safety	324,810
Public works	600,916
Recreation	247,236
Total depreciation expense - governmental activities	$ 1,329,302
Business-type activities:	
Conference and Parking Deck	$ 273,091
Stormwater	104,303
Sanitation	127,773
Total depreciation expense - business-type activities	$ 505,167

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit

Capital asset activity for the Downtown Development Authority for the fiscal year ended June 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Leasehold Improvements	$ -	$ 1,139,834	$ -	$ 1,139,834
Total	-	1,139,834	-	1,139,834
Less accumulated depreciation for:				
Leasehold Improvements	-	(12,662)	-	(12,662)
Total	-	(12,662)	-	(12,662)
Total capital assets, being depreciated, net	-	1,127,172	-	1,127,172
Business-type activities capital assets, net	$ -	$ 1,127,172	$ -	$ 1,127,172

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NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 32,615,000	$ -	$ (440,000)	$ 32,175,000	$ 475,000
Revenue bonds	13,760,000	-	(16,904)	13,743,096	17,919
Plus issuance premium	215,040	-	(8,433)	206,607	-
Total bonds payable	46,590,040	-	(465,337)	46,124,703	492,919
Capital leases	231,158	-	(138,231)	92,927	92,927
Notes payable	3,300,000	-	(1,600,000)	1,700,000	1,700,000
Plus issuance premium	49,799	-	(36,472)	13,327	-
Total notes payable	3,349,799	-	(1,636,472)	1,713,327	1,700,000
Certificates of participation	3,585,000	-	(115,000)	3,470,000	120,000
Claims and judgments	22,924	197,314	(157,252)	62,986	62,986
Net OPEB obligation	6,025,411	1,995,631	(548,558)	7,472,484	-
Compensated absences	907,506	787,502	(666,384)	1,028,624	874,330
Governmental activity Long-term liabilities	$ 60,711,838	$ 2,980,447	$ (3,727,234)	$ 59,965,051	$ 3,343,162

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital lease	$ 33,814	$ -	$ (33,814)	$ -	$ -
Net OPEB obligation	601,694	122,759	(49,545)	674,908	-
Compensated absences	88,553	68,103	(73,204)	83,452	70,934
Business-type activity Long-term liabilities	$ 724,061	$ 190,862	$ (156,563)	$ 758,360	$ 70,934

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, 2012, the City had $595,752 for governmental activities of machinery and equipment under capital leases.

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

	Governmental Activities
Fiscal Year Ending June 30,	
2013	$ 96,737
Total minimum lease payments	96,737
Less amount representing interest	3,810
Present value of future minimum lease payments	$ 92,927

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,			
2013	$ 1,700,000	$ 34,000	$ 1,734,000

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, 2012, the floating rate being paid by the City is 0.49% and the market value of this agreement is $474,591, an increase of $242,992 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, 2012 based on the derivative contract and it is reported as a non-current asset 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 unearned 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,			
2013	$ 120,000	$ 146,765	$ 266,765
2014	125,000	142,073	267,073
2015	130,000	137,186	267,186
2016	130,000	132,103	262,103
2017	135,000	127,020	262,020
2018-2022	775,000	550,055	1,325,055
2023-2027	735,000	386,617	1,121,617
2028	1,320,000	62,700	1,382,700
Total	$ 3,470,000	$ 1,684,519	$ 5,154,519

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%.

Revenue Bonds. In December 2010 the Urban Redevelopment Agency of the City of Decatur (URA) issued Series 2010A Bonds and a Series 2010B Bond in the amounts of $12,760,000 and $1,000,000, respectively. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping, and renovating of a fire station, a public works facility, and a recreation center as well as the issuance costs. The bonds are special limited obligations of the URA, payable solely from and secured by pledged revenues under the contract by which the City is required to make installment payments to the URA in amounts sufficient to pay the principal and interest of the bonds. Interest rates range from 2.520% to 5.240% and payments are due semi-annually on July 1 and January 1, beginning July 1, 2011. The bonds mature January 1, 2038.

The City's total debt service requirements to maturity on its bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	$ 492,919	$ 2,215,874	$ 2,708,793
2014	893,994	2,195,798	3,089,792
2015	945,133	2,164,913	3,110,046
2016	1,001,341	2,129,477	3,130,818
2017	1,057,622	2,097,173	3,154,795
2018-2022	6,310,173	9,734,844	16,045,017
2023-2027	8,420,891	8,129,074	16,549,965
2028-2032	11,202,074	5,693,954	16,896,028
2033-2037	14,773,949	2,524,460	17,298,409
2038	820,000	56,744	876,744
Total	$ 45,918,096	$ 36,942,311	$ 82,860,407

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 201,344
General Fund	Solid Waste Fund	719,310
General Fund	Debt Service Fund	1,159,344
General Fund	Stormwater Utility Fund	40,410
General Fund	URA Bonds Fund	11,867
General Fund	Capital Improvement Fund	20,915
General Fund	2007 Bonds Fund	24,458
Nonmajor governmental funds	General Fund	13,200
Conference Center & Parking Deck Fund	Nonmajor governmental funds	11,698
Nonmajor governmental funds	Nonmajor governmental funds	102,104
2007 Bonds Fund	Capital Improvement Fund	350,000
Debt Service Fund	URA Bonds Fund	284,549
		$ 2,939,199

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.

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Component unit - Decatur Tourism Board	Primary government - Nonmajor Governmental funds	$ 11,698
Component unit - Downtown Development Authority	Primary government - Conference Center & Parking Deck	70,310
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	37,579
		$ 119,587

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Solid Waste Fund	$ 149,830
General Fund	2007 Bonds Fund	141,301
General Fund	Nonmajor governmental funds	105,391
General Fund	Stormwater Utility Fund	247,211
General Fund	URA Bonds Fund	18,826
		$ 662,559
2007 Bonds Fund	Capital Improvement Fund	$ 350,000
2007 Bonds Fund	Stormwater Utility Fund	620,000
		$ 970,000
URA Bonds Fund	Capital Improvement Fund	$ 461,750
Capital Improvement Fund	Nonmajor governmental funds	$ 30,000
Nonmajor governmental funds	General Fund	$ 429,691
Conference & Parking Deck Fund	Nonmajor governmental funds	$ 70,310

Transfers are used to (1) reimburse the General Fund, (2) move cash to cover operations to the nonmajor governmental funds, (3) move Hotel/Motel taxes between funds for expending in accordance with State law, and (4) to reimburse the 2007 Bonds Fund and the URA Bonds Fund for construction and other project costs paid.

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Capital Improvement Fund	Solid Waste Fund	$ 301,374
Capital Improvement Fund	Stormwater Fund	12,319
Capital Improvement Fund	Nonmajor governmental funds	81,263
		$ 394,956

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

NOTE 9. PENSION PLANS

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, 2012 the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	76
Terminated vested participants not yet receiving benefits	5
Active participants	186
	267

Employee Contributions

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

Public Safety Employees	11% of compensation
General Employees	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 Employees	9% of compensation
General Employees	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.

NOTE 9. PENSION PLANS (Continued)

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. The method for determining the actuarial valuation of assets is the 20% write up method.

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. The unfunded actuarial accrued liability is amortized over an open, 20 year level dollar method. 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, 2012, 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.

NOTE 9. PENSION PLANS (Continued)

Funding Policy (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, 2012, 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)
6/30/2012	$ 29,363,478	$ 36,577,886	$ 7,214,408	80.3%	$ 9,918,986	72.7%

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, 2012.

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2012, is as follows:

Annual required contribution	$ 794,420
Interest on net pension obligation (asset)	(44,376)
Adjustments to annual required contribution	73,048
Annual pension cost	823,092
Contributions made	799,121
Decrease in net pension obligation (asset)	23,971
Net pension obligation (asset), beginning of year	(591,680)
Net pension obligation (asset), end of year	$ (567,709)

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, 2012, the City's contribution was 8.06% of covered payroll.

NOTE 9. PENSION PLANS (Continued)

Annual Pension Cost (Continued)

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 2012 was determined as part of the July 1, 2011 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, 2012	$ 823,092	97%	$ (567,709)
June 30, 2011	880,235	91%	(591,680)
June 30, 2010	819,325	101%	(673,731)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

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 Commission has the authority to establish and amend the 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.

Benefits

Eligible retirees and former employees are offered a different health and prescription drug plan than active employees and the same vision and dental coverage as active employees. The City pays approximately 80% of the total costs of healthcare for eligible employees and retirees.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Eligibility

Eligible participants for Other Post-Employment Benefits include:

1. The City allows all retirees to enroll in the OPEB plan upon onset of retirement from the City.
2. Surviving spouses/beneficiaries are allowed enrollment into the plan if the employee had elected coverage for the dependents before onset of electing retirement.
3. Employees retiring under the City's disability retirement benefit are allowed to enroll upon onset of retirement from the City.

Plan Membership

As of July 1, 2012, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	63
Fully eligible actives	29
Active participants	148
	240

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, however the City has elected to fund the plan on a pay-as-you go basis.

The annual required contribution for the current year was determined as part of the July 1, 2012, actuarial valuation. The actuarial assumptions included:

Cost Method	Individual Entry Age Normal Level Dollar
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 Trend Rate	2027
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, 2012, 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)
6/30/2012	-	$ 28,845,258	$ 28,845,258	0.0%	$ 8,942,314	322.6%

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, 2012. 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, 2012, is as follows:

Annual required contribution	$ 2,139,842
Interest on net OPEB obligation	231,950
Adjustments to annual required contribution	(253,402)
Annual OPEB cost	2,118,390
Contributions made	598,103
Increase in net OPEB obligation	1,520,287
Net OPEB obligation, beginning of year	6,627,105
Net OPEB obligation, end of year	$ 8,147,392

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost (Continued)

For the year ended June 30, 2012, the City's contribution was 6.69% of covered payroll.

The recommended contribution was determined as part of the July 1, 2012 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, 2012	$ 2,118,390	$ 598,103	28%	$ 8,147,392
June 30, 2011	1,954,476	631,247	32%	6,627,105
June 30, 2010	3,651,771	693,318	19%	5,303,876

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, 2012, there were 61 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, 2012, were $61,240 and $116,973, respectively.

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, 2012, there were 2 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2012, were $4,805.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2012, the City's Solid Waste Fund had deficit net assets of $30,174. 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.

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.

NOTE 15. RISK MANAGEMENT (Continued)

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
2012	$ 62,007	$ 108,133	$ 107,154	$ 62,986
2011	68,951	108,075	115,019	62,007

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.

NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)

Contractual Commitments:

For the fiscal year ended June 30, 2012, contractual commitments on uncompleted contracts were $3,039,770.

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.

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 $246,011 for the year ended June 30, 2012. Of this amount 100% 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2012

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)
6/30/2012	$ 29,363,478	$ 36,577,886	$ 7,214,408	80.3%	$ 9,918,986	72.7%
6/30/2011	27,878,500	36,384,651	8,506,151	76.6%	10,237,604	83.1%
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%

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 EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2012

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)
6/30/2012	-	$ 28,845,258	$ 28,845,258	0.0%	$ 8,942,314	322.6%
6/30/2011	-	28,729,097	28,729,097	0.0%	8,764,803	327.8%
6/30/2010 (1)	-	27,394,389	27,394,389	0.0%	9,999,934	273.9%
6/30/2009	-	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.

(1) The 7/1/2010 actuarial report was revised to reflect changes made to the Plan by the City.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2012

Fiscal Year Ending	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed
June 30, 2012	$ 794,420	$ 799,121	101%
June 30, 2011	843,607	798,184	95%
June 30, 2010	781,383	826,543	106%
June 30, 2009	733,779	763,973	104%
June 30, 2008	729,462	708,216	103%
June 30, 2007	770,443	755,336	102%

Note: See assumptions used for the Schedule of Employer Contributions in Note 9 to the financial statements.

CITY OF DECATUR, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Confiscated Drug Fund – To account for the use of confiscated drug money by the City's Police Department. These revenues are restricted by State law to be expended on investigations and other police department activity.

Emergency Telephone System Fund – To account for emergency services which are provided to all City taxpayers. Financing is provided through user fees and charges. The charges from the telephone providers are restricted by State law O.C.G.A. 46-5-134.

Grant Fund – To account for grants received and the expenditures related to the grants. These revenues are restricted by the external resource providers from whom the City has received the funds.

Children and Youth Services Fund – To account for charges for the City's after school program and the expenditures incurred in operating the program. The City Commission has committed all revenues generated by the after school programs to be used for the operation of the program.

Economic Development Fund – To account for the monies collected from the City's Tree Bank fees. The City Commission has committed all revenues to be expended for the operation of the program.

Hotel/Motel Tax Fund – To account for the 7% lodging tax levied in the City. The tax revenues are restricted by O.C.G.A. 48-13-51.

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, 2012

	Special Revenue Funds						Capital Projects Fund	
ASSETS	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Economic Development Fund	Hotel/Motel Tax Fund	Cemetary Capital Improvement Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 11,999	$ 312,933	$ 96,300	$ 852,988	$ 42,361	$ 57,603	$ 54,049	$ 1,428,233
Taxes receivable	-	-	-	-	-	40,931	-	40,931
Other receivables	-	76,854	121,839	-	6,750	-	1,331	206,774
Due from other funds	-	-	-	102,104	13,200	-	-	115,304
		-		-				
Total assets	$ 11,999	$ 389,787	$ 218,139	$ 955,092	$ 62,311	$ 98,534	$ 55,380	$ 1,791,242
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ -	$ 2,010	$ 89,068	$ 19,261	$ -	$ -	$ -	$ 110,339
Due to component unit	-	-	-	-	-	11,698	-	11,698
Due to other funds	-	77,340	129,071	82,582	-	26,153	-	315,146
Advances from other funds	-	32,404	-	48,859	-	-	-	81,263
Total liabilities	-	111,754	218,139	150,702	-	37,851	-	518,446
FUND BALANCES								
Restricted:								
Law enforcement	11,999	-	-	-	-	-	-	11,999
E911 services	-	278,033	-	-	-	-	-	278,033
Tourism	-	-	-	-	-	60,683	-	60,683
Committed:								
Tree preservation	-	-	-	-	62,311	-	-	62,311
Children and youth services	-	-	-	804,390	-	-	-	804,390
Assigned:								
Cemetery operations	-	-	-	-	-	-	55,380	55,380
Total fund balance	11,999	278,033	-	804,390	62,311	60,683	55,380	1,272,796
Total liabilities and fund balances	$ 11,999	$ 389,787	$ 218,139	$ 955,092	$ 62,311	$ 98,534	$ 55,380	$ 1,791,242

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds						Capital Projects Fund	
	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Economic Development Fund	Hotel/Motel Tax Fund	Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ 246,011	$ -	$ 246,011
Charges for services	-	509,519	-	966,640	42,159	-	-	1,518,318
Intergovernmental	-	-	335,193	18,885	-	-	1,331	355,409
Interest	6	-	-	48	-	-	-	54
Miscellaneous	-	-	-	-	-	-	59,000	59,000
Contributions	-	-	2,200	119,479	-	-	-	121,679
Total revenues	6	509,519	337,393	1,105,052	42,159	246,011	60,331	2,300,471
EXPENDITURES								
Current								
General government	-	-	336,384	-	19,550	90,750	15,794	462,478
Public safety	-	762,419	5,700	-	-	-	-	768,119
Culture and recreation	-	-	-	1,551,104	-	-	-	1,551,104
Total expenditures	-	762,419	342,084	1,551,104	19,550	90,750	15,794	2,781,701
Excess (deficiency) of revenues over (under) expenditures	6	(252,900)	(4,691)	(446,052)	22,609	155,261	44,537	(481,230)
Other financing sources (uses):								
Transfers in	-	200,000	4,691	225,000	-	-	-	429,691
Transfers out	-	-	-	-	-	(175,701)	(30,000)	(205,701)
Total other financing sources (uses)	-	200,000	4,691	225,000	-	(175,701)	(30,000)	223,990
Net change in fund balances	6	(52,900)	-	(221,052)	22,609	(20,440)	14,537	(257,240)
FUND BALANCES, beginning of year	11,993	330,933	-	1,025,442	39,702	81,123	40,843	1,530,036
FUND BALANCES, end of year	$ 11,999	$ 278,033	$ -	$ 804,390	$ 62,311	$ 60,683	$ 55,380	$ 1,272,796

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 10	$ 30	$ 6	$ (24)
EXPENDITURES				
Public safety	500	2,500	-	2,500
Net change in fund balances	(490)	(2,470)	6	2,476
FUND BALANCES, beginning of year	11,993	11,993	11,993	-
FUND BALANCES, end of year	$ 11,503	$ 9,523	$ 11,999	$ 2,476

CITY OF DECATUR, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 550,000	$ 560,000	$ 509,519	$ (50,481)
EXPENDITURES				
Public safety	870,560	786,020	762,419	23,601
Deficiency of revenues over expenditures	(320,560)	(226,020)	(252,900)	(26,880)
OTHER FINANCING SOURCES				
Transfers in	250,000	200,000	200,000	-
Net change in fund balances	(70,560)	(26,020)	(52,900)	(26,880)
FUND BALANCES, beginning of year	330,933	330,933	330,933	-
FUND BALANCES, end of year	$ 260,373	$ 304,913	$ 278,033	$ (26,880)

CITY OF DECATUR, GEORGIA
GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 400,000	$ 339,000	$ 335,193	$ (3,807)
Contributions	-	5,700	2,200	(3,500)
Total revenue	400,000	344,700	337,393	(7,307)
EXPENDITURES				
General government	400,000	339,000	336,384	2,616
Public safety	-	5,700	5,700	-
Total expenditures	400,000	344,700	342,084	2,616
Deficiency of revenues over expenditures	-	-	(4,691)	(4,691)
OTHER FINANCING SOURCES				
Transfer in	-	-	4,691	4,691
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

CITY OF DECATUR, GEORGIA
CHILDREN AND YOUTH SERVICES FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 974,600	$ 944,600	$ 966,640	$ 22,040
Intergovernmental	7,500	18,880	18,885	5
Interest	-	-	48	48
Contributions	118,310	118,310	119,479	1,169
Total revenue	1,100,410	1,081,790	1,105,052	23,262
EXPENDITURES				
Recreation	1,888,420	1,582,043	1,551,104	30,939
Debt service:				
Principal	9,800	9,800	-	9,800
Interest and fiscal charges	500	500	-	500
Total expenditures	1,898,720	1,592,343	1,551,104	41,239
Deficiency of revenues over expenditures	(798,310)	(510,553)	(446,052)	64,501
OTHER FINANCING SOURCES				
Proceeds from capital lease	-	48,860	-	(48,860)
Transfer in	400,000	225,000	225,000	-
Total other financing sources	400,000	273,860	225,000	(48,860)
Net change in fund balances	(398,310)	(236,693)	(221,052)	15,641
FUND BALANCES, beginning of year	1,025,442	1,025,442	1,025,442	-
FUND BALANCES, end of year	$ 627,132	$ 788,749	$ 804,390	$ 15,641

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ -	$ 24,000	$ 42,159	$ 18,159
Interest	500	50	-	(50)
Total revenue	500	24,050	42,159	18,109
EXPENDITURES				
General government	20,000	17,500	19,550	(2,050)
Net change in fund balances	(19,500)	6,550	22,609	16,059
FUND BALANCES, beginning of year	39,702	39,702	39,702	-
FUND BALANCES, end of year	$ 20,202	$ 46,252	$ 62,311	$ 16,059

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 220,000	$ 230,000	$ 246,011	$ 16,011
EXPENDITURES				
General government	100,000	100,000	90,750	9,250
Excess of revenues over expenditures	120,000	130,000	155,261	25,261
OTHER FINANCING USES				
Transfers out	(160,000)	(170,000)	(175,701)	(5,701)
Net change in fund balances	(40,000)	(40,000)	(20,440)	19,560
FUND BALANCES, beginning of year	81,123	81,123	81,123	-
FUND BALANCES, end of year	$ 41,123	$ 41,123	$ 60,683	$ 19,560

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,632,000	$ 1,555,500	$ 1,579,664	$ 24,164
Interest	16,000	4,000	2,633	(1,367)
Miscellaneous	66,000	66,000	66,000	-
Total revenues	1,714,000	1,625,500	1,648,297	22,797
EXPENDITURES				
Debt service:				
Principal	2,040,000	2,040,000	2,040,000	-
Interest	1,489,150	1,486,650	1,484,349	2,301
Total expenditures	3,529,150	3,526,650	3,524,349	2,301
Net change in fund balances	(1,815,150)	(1,901,150)	(1,876,052)	25,098
FUND BALANCES, beginning of year	4,657,894	4,657,894	4,657,894	-
FUND BALANCES, end of year	$ 2,842,744	$ 2,756,744	$ 2,781,842	$ 25,098

CITY OF DECATUR, GEORGIA
2007 BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 400,000	$ -	$ -	$ -
Interest	15,000	10,000	5,921	(4,079)
Total revenues	415,000	10,000	5,921	(4,079)
EXPENDITURES				
General government	152,650	49,120	43,388	5,732
Capital outlay	4,773,855	4,792,160	3,990,648	801,512
Total expenditures	4,926,505	4,841,280	4,034,036	807,244
Deficiency of revenues over expenditures	(4,511,505)	(4,831,280)	(4,028,115)	(811,323)
OTHER FINANCING SOURCES (USES)				
Transfers in	158,150	970,000	970,000	-
Transfers out	-	(158,000)	(141,301)	16,699
Total other financing sources (uses)	158,150	812,000	828,699	16,699
Net change in fund balances	(4,353,355)	(4,019,280)	(3,199,416)	819,864
FUND BALANCES, beginning of year	6,195,389	6,195,389	6,195,389	-
FUND BALANCES, end of year	$ 1,842,034	$ 2,176,109	$ 2,995,973	$ 819,864

CITY OF DECATUR, GEORGIA
URA BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 341,320	$ 341,300	$ 341,300	$ -
Interest	10,000	10,500	11,538	1,038
Total revenues	351,320	351,800	352,838	1,038
EXPENDITURES				
General government	107,000	-	15,366	(15,366)
Capital outlay	5,515,270	2,637,860	2,500,869	136,991
Debt service:				
Principal retirements	17,000	16,910	16,904	6
Interest and fiscal charges	809,000	808,950	808,945	5
Total expenditures	6,448,270	3,463,720	3,342,084	121,636
Deficiency of revenues over expenditures	(6,096,950)	(3,111,920)	(2,989,246)	122,674
OTHER FINANCING SOURCES (USES)				
Transfers in	484,680	461,750	461,750	-
Transfers out	-	-	(18,826)	(18,826)
Total other financing sources (uses)	484,680	461,750	442,924	(18,826)
Net change in fund balances	(5,612,270)	(2,650,170)	(2,546,322)	103,848
FUND BALANCES, beginning of year	11,771,334	11,771,334	11,771,334	-
FUND BALANCES, end of year	$ 6,159,064	$ 9,121,164	$ 9,225,012	$ 103,848

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,257,000	$ 4,368,960	$ 4,358,973	$ (9,987)
Intergovernmental	250,000	275,000	207,256	(67,744)
Interest	1,000	10,000	16,340	6,340
Miscellaneous	-	1,320	1,320	-
Total revenues	1,508,000	4,655,280	4,583,889	(71,391)
EXPENDITURES				
General government	690,200	200,760	135,104	65,656
Public safety	200,000	180,000	174,155	5,845
Capital outlay	400,200	425,000	447,538	(22,538)
Debt service:				
Principal retirements	319,000	255,000	253,231	1,769
Interest expenditures	110,600	109,750	103,708	6,042
Total expenditures	1,720,000	1,170,510	1,113,736	56,774
Excess (deficiency) of revenues over expenditures	(212,000)	3,484,770	3,470,153	(14,617)
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	30,000	-
Transfers out	(283,150)	(811,750)	(811,750)	-
Total other financing sources (uses)	(253,150)	(781,750)	(781,750)	-
Net change in fund balances	(465,150)	2,703,020	2,688,403	(14,617)
FUND BALANCES, beginning of year	2,517,413	2,517,413	2,517,413	-
FUND BALANCES, end of year	$ 2,052,263	$ 5,220,433	$ 5,205,816	$ (14,617)

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 1,331	$ 1,331
Miscellaneous	50,000	45,000	59,000	14,000
Total revenues	50,000	45,000	60,331	15,331
EXPENDITURES				
General government	25,000	35,000	15,794	19,206
Excess of revenues over expenditures	25,000	10,000	44,537	34,537
OTHER FINANCING USES				
Transfers out	(30,000)	(30,000)	(30,000)	-
Net change in fund balances	(5,000)	(20,000)	14,537	34,537
FUND BALANCES, beginning of year	40,843	40,843	40,843	-
FUND BALANCES, end of year	$ 35,843	$ 20,843	$ 55,380	$ 34,537

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, 2012

ASSETS	Municipal Court Fund	Board of Education Fund	Downtown Development Authority Fund	Totals
Cash	$ 77,901	$ 2,073,170	$ 37,579	$ 2,188,650
Uncollected taxes	-	694,980	-	694,980
Total assets	$ 77,901	$ 2,768,150	$ 37,579	$ 2,883,630
LIABILITIES				
Due to others	$ 77,901	$ 2,768,150	$ -	$ 2,846,051
Due to component unit	-	-	37,579	37,579
Total liabilities	$ 77,901	$ 2,768,150	$ 37,579	$ 2,883,630

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
MUNICIPAL COURT				
Assets - cash	$ 118,969	$ 1,685,468	$ 1,726,536	$ 77,901
Liabilities - due to others	$ 118,969	$ 1,685,468	$ 1,726,536	$ 77,901
BOARD OF EDUCATION				
Assets:				
Cash	$ 2,147,466	$ 25,208,714	$ 25,283,010	$ 2,073,170
Uncollected taxes	640,048	22,497,601	22,442,669	694,980
Total assets	$ 2,787,514	$ 47,706,315	$ 47,725,679	$ 2,768,150
Liabilities - due to others	$ 2,787,514	$ 47,706,315	$ 47,725,679	$ 2,768,150
DOWNTOWN DEVELOPMENT AUTHORITY				
Assets - cash	$ 40,099	$ 437,204	$ 439,724	$ 37,579
Liabilities - due to component unit	$ 40,099	$ 437,204	$ 439,724	$ 37,579
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 2,306,534	$ 27,331,386	$ 27,449,270	$ 2,188,650
Uncollected taxes	640,048	22,497,601	22,442,669	694,980
Total assets	$ 2,946,582	$ 49,828,987	$ 49,891,939	$ 2,883,630
Liabilities:				
Due to others	$ 2,906,483	$ 49,391,783	$ 49,452,215	$ 2,846,051
Due to component unit	40,099	437,204	439,724	37,579
Total liabilities	$ 2,946,582	$ 49,828,987	$ 49,891,939	$ 2,883,630

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2012

ASSETS		
Cash	$	307,691
Taxes receivable		17,082
Other receivables		9,327
Due from primary government		107,889
Prepaids		42,052
Total assets	$	484,041
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	2,756
Deferred revenue		4,589
Total liabilities		7,345
FUND BALANCE		
Nonspendable - prepaids		42,052
Unassigned		434,644
Total fund balance		476,696
Total liabilities and fund balance	$	484,041

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, 2012

REVENUES		
Taxes	$	514,224
Miscellaneous		403,752
Total revenues		917,976
EXPENDITURES		
Downtown development		772,335
Total expenditures		772,335
Net change in fund balance		145,641
FUND BALANCE, beginning of year		331,055
FUND BALANCE, end of year	$	476,696

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DECATUR TOURISM BOARD
JUNE 30, 2012

ASSETS		
Cash	$	62,204
Accounts Receivable		11,698
Total assets	$	73,902
FUND BALANCE		
Restricted for promotion of tourism	$	73,902
Total fund balance	$	73,902

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, 2012

REVENUES		
Taxes	$	70,750
Intergovernmental		20,000
Interest		83
Total revenues		90,833
EXPENDITURES		
Tourism		58,825
Total expenditures		58,825
Net change in fund balance		32,008
FUND BALANCE, beginning of year		41,894
FUND BALANCE, end of year	$	73,902

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 **88**

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 **91**

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

Debt Capacity **99**

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 **103**

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 **106**

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.

CITY OF DECATUR, GEORGIA

NET ASSETS BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2012	2011	2010	2009
Governmental activities				
Invested in capital assets, net of related debt	**$ 12,964**	$ 12,718 (2)	$ 52,582	$ 49,255
Restricted	**2,024**	1,073	663	129
Unrestricted	**(11,488)**	(11,007) (2)	11,384	9,040
Total governmental activities net assets	**$ 3,500**	$ 2,784 (2)	$ 64,629	$ 58,424
Business-type activities				
Invested in capital assets, net of related debt	**$ 5,269**	$ 4,448	$ 4,754	$ 5,027
Unrestricted	**1,424**	1,743	1,469	1,524
Total business-type activities net assets	**$ 6,693**	$ 6,191	$ 6,223	$ 6,551
Primary government				
Invested in capital assets, net of related debt	**$ 18,233**	$ 17,166	$ 57,336	$ 54,282
Restricted	**2,024**	1,073	663	129
Unrestricted	**(10,064)**	(9,264)	12,853	10,564
Total primary government net assets	**$ 10,193**	$ 8,975	$ 70,852	$ 64,975

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.

(2) In May 2011 the City of Decatur transferred title to all of the capital assets related to the schools to the City Schools of Decatur. This reduced the amount reported as invested in capital assets, net of related debt and net assets overall for governmental activities.

2008	2007		2006	2005	2004	2003
$ 33,445	$ 28,897	(1)	$ 46,046	$ 42,667	$ 42,074	$ 43,864
1,044	823		595	-	-	-
12,270	8,875		7,517	8,822	10,051	9,997
$ 46,759	$ 38,595		$ 54,158	$ 51,489	$ 52,125	$ 53,861
$ 4,661	$ 4,154		$ 3,387	$ 3,021	$ 2,658	$ 2,444
1,054	895		929	618	585	656
$ 5,715	$ 5,049		$ 4,316	$ 3,639	$ 3,243	$ 3,100
$ 38,106	$ 33,051		$ 49,433	$ 45,688	$ 44,732	$ 46,308
1,044	823		595	-	-	-
13,324	9,770		8,446	9,440	10,636	10,653
$ 52,474	$ 43,644		$ 58,474	$ 55,128	$ 55,368	$ 56,961

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS
LAST TEN YEARS

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

	2012	2011	2010	2009	
Expenses					
Governmental activities:					
General government	**$ 7,301**	$ 6,951	$ 6,804	$ 6,382	
Education	**-**	-	2,071	1,314	
Public safety	**9,828**	9,648	10,511	10,295	(9)
Public works	**3,935**	3,731	3,883	3,855	
Recreation	**3,335**	2,887	3,041	3,163	
Community & economic development	**-**	-	-	-	
Interest on long-term debt	**2,422**	1,869	1,878	1,586	
Total governmental activities expenses	**26,821**	25,084	28,188	26,595	
Business-type activities:					
Conference center	**392**	314	325	363	(10)
Stormwater	**547**	592	713	641	
Solid waste	**1,936**	1,979	2,154	2,017	
Total business-type activities expenses	**2,875**	2,885	3,192	3,021	
Total primary government expenses	**$ 29,696**	$ 27,969	$ 31,380	$ 29,616	
Program Revenues					
Governmental activities:					
Charges for services:					
General government	**$ 1,232**	$ 1,142	$ 842	$ 839	
Education	**-**	36	91	-	
Public safety	**2,404**	2,252	1,985	1,657	
Public works	**95**	79	114	89	
Recreation	**1,510**	1,399	1,322	1,075	
Community & economic development	**-**	-	-	-	
Operating grants and contributions	**501**	324	320	356	
Capital grants and contributions	**605**	624	10,474	16,419	(11)
Total governmental activities program revenues	**6,347**	5,856	15,148	20,435	
Business-type activities:					
Charges for services:					
Conference center	**-**	81	84	84	
Stormwater	**976**	988	928	1,023	
Solid waste	**2,283**	2,226	2,223	2,266	
Capital grants and contributions	**-**	-	-	-	
Total business-type activities program revenues	**3,259**	3,295	3,235	3,373	
Total primary government program revenues	**$ 9,606**	$ 9,151	$ 18,383	$ 23,808	

2008	2007	2006	2005	2004	2003
$ 5,406 (6)	$ 8,589 (6)	$ 8,729 (1)	$ 5,233	$ 4,118	$ 4,030
1,945	2,007	1,845	1,926	1,914	1,499
8,331	8,043	8,414	7,659	7,133	6,340
3,508	3,310	3,544	3,380	3,163	2,758
2,152	1,865	1,873	1,605	1,818	1,649
-	-	-	-	-	318
1,632 (7)	804 (7)	106	99	24	35
22,974	24,618	24,511	19,902	18,170	16,629
516	516	561	595	611	671
662	552	793	1,588	670	648
2,085	2,076	1,945	1,796	1,830	1,857
3,263	3,144	3,299	3,979	3,111	3,176
$ 26,237	$ 27,762	$ 27,810	$ 23,881	$ 21,281	$ 19,805
$ 1,229	$ 905	$ 773	$ 433	$ 588	$ 414
249	230	-	-	-	-
1,672	1,500	1,214	1,241	1,257	1,246
103	88	379	84	117	149
776	639	618	524	677	712
-	-	261	197	214	-
657	790	997	1,065	479	435
7,582 (8)	3,362 (8)	8,153 (1)	1,786	1,949	7,493
12,268	7,514	12,395	5,330	5,281	10,449
84	79	76	106	66	74
984	1,000	973	889	780	924
2,377	2,342	2,332	2,154	2,043	2,039
-	-	-	-	-	47
3,445	3,421	3,381	3,149	2,889	3,084
$ 15,713	$ 10,935	$ 15,776	$ 8,479	$ 8,170	$ 13,533

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS
LAST TEN YEARS

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

	2012	2011	2010	2009
Net (expense)/revenue				
Governmental activities	**$ (20,474)**	$ (19,228)	$ (12,840)	$ (10,706)
Business-type activities	**384**	409	43	182
Total primary government net expense	**$ (20,090)**	$ (18,818)	$ (12,797)	$ (10,524)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	**$ 14,634**	$ 14,571	$ 15,135	$ 14,585
Franchise taxes	**1,509**	1,466	1,377	1,364
Sales taxes	**3,706**	694	617	641
Other taxes	**1,332**	1,397	1,394	1,399
Unrestricted investment earnings	**37**	55	151	307
Gain on sale of capital assets	**23**	-	-	13
Miscellaneous	**67**	-	-	-
Transfers	**(118)**	442	371	(484)
Special item	**-**	(61,242) (12)	-	-
Total governmental activities	**21,190**	(42,617)	19,045	17,825
Business-type activities:				
Other taxes	**-**	-	-	-
Gain on sale of capital assets	**-**	-	-	-
Transfers	**118**	(442)	(371)	484
Total business-type activities	**118**	(442)	(371)	484
Total primary government	**$ 21,308**	$ (43,059)	$ 18,674	$ 18,309
Change in Net Assets				
Governmental activities	**$ 716**	$ (61,845)	$ 6,205	$ 11,665
Business-type activities	**502**	(32)	(328)	836
Total primary government	**$ 1,218**	$ (61,877)	$ 5,877	$ 12,501

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 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.

2008	2007	2006	2005	2004	2003
$ (10,706)	$ (17,104)	$ (12,116)	$ (14,572)	$ (12,889)	$ (6,180)
182	277	82	(830)	(222)	(92)
$ (10,524)	$ (16,827)	$ (12,034)	$ (15,402)	$ (13,111)	$ (6,272)
$ 14,852	$ 14,456 (3)	$ 11,847	$ 11,287	$ 9,848	$ 10,322
1,354	1,227	1,254	1,067	1,034	1,047
662	608	579	250	261	219
1,397	1,495	1,363	1,252	1,220	1,125
1,081	710 (4)	312	188	40	35
7	1	24	8	16	11
-	-	-	-	-	-
(483)	(456)	(595)	(116)	(110)	(50)
-	(16,500) (5)	-	-	-	-
18,870	1,541	14,784	13,936	12,309	12,709
-	-	-	275	254	259
-	-	-	835	-	-
483	456	595	116	110	50
483	456	595	1,226	364	309
$ 19,353	$ 1,997	$ 15,379	$ 15,162	$ 12,673	$ 13,018
$ 8,164	$ (15,563)	$ 2,668	$ (636)	$ (580)	$ 6,529
665	733	677	396	142	217
$ 8,829	$ (14,830)	$ 3,345	$ (240)	$ (438)	$ 6,746

(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 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.

(12) In May 2011 the City of Decatur transferred title to all of the capital assets related to the schools to the City Schools of Decatur. There was no compensation provided by the School District and therefore the City reports a loss for this activity.

CITY OF DECATUR, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN 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
2011	14,571	1,466	694	977	420	18,129
2012	14,634	1,509	3,706 (2)	907	425	21,181

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.

(2) The increase is the result of the fact that 2012 was the first fiscal year in which the City received payments of Homestead Option Sales Taxes (HOST) from DeKalb County.

CITY OF DECATUR, GEORGIA

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

	2012	2011 (2)	2010	2009
General fund				
Reserved	**$ -**	$ -	$ 23	$ 391
Unreserved	**-**	-	7,670	6,300
Nonspendable - prepaids	**6**	88	-	-
Assigned:				
Greenspace acquisition	**12**	12	-	-
Beacon School redevelopment	**3,000**	-	-	-
Fiscal year 2013 operations	**702**	1,295	-	-
Unassigned	**5,324**	6,965	-	-
Total general fund	**$ 9,044**	$ 8,360	$ 7,693	$ 6,691
All other governmental funds				
Reserved	**$ -**	$ -	$ 14,985	$ 13,095
Unreserved, reported in:				
Special revenue funds	**-**	-	1,560	1,475
Capital projects funds	**-**	-	1,884	1,560
Nonspendable - prepaids				
Prepaids	**42**	1,157	-	-
Advances	**395**	343	-	-
Restricted:				
Capital construction	**15,661**	17,566	-	-
Equipment purchases	**667**	705	-	-
Debt service	**3,189**	3,949	-	-
Law enforcement	**12**	12	-	-
Public safety	**278**	331	-	-
Tourism	**61**	81	-	-
Committed:				
Tree preservation	**62**	40	-	-
Children and youth services	**804**	1,023	-	-
Assigned:				
Cemetery operations	**55**	41	-	-
Equipment purchases	**255**	1,425	-	-
Total all other governmental funds	**$ 21,481**	$ 26,672	$ 18,429	$ 16,130

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.

(2) The City implemented GASB Statement 54 in fiscal year 2011.

2008	2007	2006	2005	2004	2003
$ 11	$ 64	$ 10	$ -	$ -	$ -
7,203	6,224	5,524	5,689	6,144	6,476
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 7,214	$ 6,288	$ 5,534	$ 5,689	$ 6,144	$ 6,476
$ 17,131	$ 19,952 (1)	$ 1,193	$ 1,425	$ 922	$ 539
623	482	347	(1)	-	-
2,356	542	1,578	1,314	545	450
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 20,110	$ 20,976	$ 3,118	$ 2,738	$ 1,467	$ 989

CITY OF DECATUR, GEORGIA

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

	2012	2011	2010	2009	
Revenues					
Taxes	**$ 21,317**	$ 18,323	$ 18,748	$ 17,912	
Licenses and permits	**852**	730	481	440	(8)
Intergovernmental	**1,177**	891	784	448	(9)
Fines and forfeitures	**1,153**	1,039	767	512	
Charges for services	**2,875**	2,732	2,682	2,312	
Interest income	**37**	55	110	307	
Other revenues	**358**	465	318	452	
Total revenues	**27,769**	24,235	23,890	22,383	
Expenditures					
General government	**6,759**	6,523	5,836	5,804	
Education	**-**	-	-	10	(10)
Public safety	**8,675**	8,406	8,430	8,667	
Public works	**3,223**	3,171	3,139	3,080	
Recreation	**2,946**	2,679	2,745	2,827	
Non-departmental	**-**	-	-	-	
Capital outlay	**6,939**	4,639	3,502	4,182	
Debt service					
Principal retirements	**2,310**	2,198	1,546	259	
Interest and fiscal charges	**2,397**	1,644	1,623	1,592	
Cost of issuance	**-**	271	140	-	
Total expenditures	**33,250**	29,530	26,961	26,421	
Excess of revenues over (under) expenditures	**(5,481)**	(5,294)	(3,071)	(4,038)	
Other financing sources (uses)					
Proceeds from capital leases	**-**	-	-	-	
Issuance of long-term debt	**-**	13,760	5,900	-	
Premium on bond issuance	**-**	-	101	-	
Proceeds from sale of capital assets	**27**	3	-	18	
Transfers in	**2,554**	9,936	1,446	2,268	
Transfers out	**(1,607)**	(9,494)	(1,075)	(2,752)	
Total other financing sources (uses)	**974**	14,206	6,372	(466)	
Special item	**-**	-	-	-	
Net change in fund balances	**$ (4,507)**	$ 8,911	$ 3,301	$ (4,504)	
Debt service as a percentage of noncapital expenditures	**18.00%**	15.42%	14.18%	(11) 8.32%	

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.

2008	2007	2006	2005	2004	2003
$ 17,789	$ 17,796 (2)	$ 15,133	$ 13,845	$ 12,477	$ 12,281
758	603	721	354	517	398
2,323	3,179	3,693 (1)	1,701	1,105	1,855
485	575	653	523	530	821
2,264	1,867	1,542	1,321	1,473	1,404
1,081	710	312	188	40	35
391	287	1,155	190	554	350
25,091	25,017	23,209	18,122	16,696	17,144
5,327 (5)	8,353	8,518 (1)	4,733	4,085	3,175
561	751	693	777	458	545
8,074	7,793	7,736	7,585	6,948	6,545
2,976	2,663	2,839	2,821	2,592	2,290
2,035	1,752	1,656	1,525	1,777	1,683
-	-	-	-	-	883
4,023 (6)	1,373	3,597	692	401	385
323	316	262	189	309	415
1,472 (7)	543	108	101	25	36
-	-	-	-	-	-
24,791	23,544	25,409	18,423	16,595	15,957
300	1,473	(2,200)	(301)	101	1,187
235	596 (3)	186	210	123	167
-	33,245 (3)	2,810	-	-	-
-	253	-	-	-	-
7	1	24	8	32	11
830	722	1,338	1,018	1,012	535
(1,314)	(1,178)	(1,933)	(1,135)	(1,122)	(903)
(242)	33,639	2,425	101	45	(190)
-	(16,500) (4)	-	-	-	-
$ 58	$ 18,613	$ 225	$ (200)	$ 146	$ 997
8.64%	3.87%	1.70%	1.64%	2.06%	2.90%

(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 grants. 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
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
2011	14,766	1,466	694	977	420	18,323
2012	14,769	1,510	3,706 (2)	907	425	21,317

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.

(2) The increase is the result of the fact that 2012 was the first fiscal year in which the City received payments of Homestead Option Sales Taxes (HOST) from DeKalb County.

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			
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	15,989	46,120
2011	993,586	158,863	21,086	13,590	46,724
2012	1,000,689	167,430	22,174	14,299	49,311

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
$ 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	1,123,190	1.266	2,246,380	50.00%
125,110	1,108,739	1.262	2,217,478	50.00%
126,914	1,126,989	1.262	2,253,978	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		
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	0.038	0.25	44.110
2010	1.122	0.144	1.266	40.09	1.990	0.038	0.25	44.900
2011	1.130	0.132	1.262	44.44	2.090	0.038	0.25	49.342
2012	1.120	0.142	1.262	45.39	2.090	0.038	0.25	50.292

Source: City of Decatur Tax Department and Dekalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

(amounts expressed in thousands)

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Decatur Plaza, LLC	$ 13,275	1	1.18 %	$ -	-	- %
DTC Partners, LLC	9,858	2	0.87	-	-	-
Noble I Decatur LLC	9,235	3	0.82	-	-	-
Devry	6,803	4	0.60	-	-	-
DCP Renaissance Investors, LLC	6,720	5	0.60	-	-	-
N G One West Court LLC	6,676	6	0.59	-	-	-
Georgia Power	6,185	7	0.55	-	-	-
Parmenter Clairmont LLC	6,086	8	0.54	-	-	-
Pulte Home Corporation	5,874	9	0.52	-	-	-
CD Decatur Court LLC	5,490	10	0.49	-	-	-
Bell South Communications	-	-	-	15,271	1	1.96
Decatur Towncenter Association	-	-	-	8,336	2	1.07
Dawson Decatur Redevelopment, LLC	-	-	-	7,074	3	0.91
Prime Bank	-	-	-	5,897	4	0.76
Ackerman Decatur LP	-	-	-	5,604	5	0.72
Lexington Decatur, LLC	-	-	-	4,784	6	0.61
Clairemont Partners, LLP	-	-	-	4,223	7	0.54
Deck-Decatur Court, LLC	-	-	-	4,140	8	0.53
Bask Decatur Hotel, LLC	-	-	-	4,128	9	0.53
Avery Properties	-	-	-	3,811	10	0.49
	$ 76,202		6.76 %	$ 63,268		8.13 %

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
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%	19,701	35,143	99.97%
2010	34,872	16,682	47.8%	18,190	34,872	100.00%
2011	35,855	16,759	46.7%	18,854	35,613	99.33%

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)

	Governmental Activities					Business-type Activities				
Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Note Payable	Capital Leases	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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
2011	32,615	13,760	3,585	3,300	231	-	34	53,525	7.46%	2,768
2012	32,175	13,743	3,470	1,700	93	-	-	51,181	6.72%	2,617

(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 SIX 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
2011	32,615	649	31,966	1.44%	1,653
2012	32,175	1,082	31,093	1.38%	1,590

(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, 2012
(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	$ 309,085	5.014%	$ 15,498
Capital leases	1,553	5.014%	78
Certificates of participation	17,810	5.014%	893
Intergovernmental contracts	88,270	5.014%	4,426
Fulton Dekalb Hospital Authority	176,237	5.014%	8,837
Total overlapping debt	592,955		29,731
City direct debt:			
General obligation debt	32,175	100.000%	32,175
Revenue bonds	13,743	100.000%	13,743
Capital leases	93	100.000%	93
Notes payable	1,700	100.000%	1,700
Certificates of participation	3,470	100.000%	3,470
	51,181		51,181
Total direct and overlapping debt	$ 644,136		$ 80,912

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 SIX FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year					
	2007	2008	2009	2010	2011	2012
Debt limit	$ 117,204	$ 120,813	$ 124,906	$ 124,437	$ 123,385	$ 125,390
Total net debt applicable to limit	32,047	32,324	32,744	32,372	31,966	31,093
Legal debt margin	$ 85,157	$ 88,489	$ 92,162	$ 92,065	$ 91,419	$ 94,297

Assessed Value	$ 1,126,989
Add back: exempt real property	126,914
Total assessed value	1,253,903
Debt limit (10% of total assessed value)	125,390
Debt applicable to limit:	
General obligation bonds	32,175
Less: Amount set aside for repayment of general obligation debt	(1,082)
Total net debt applicable to limit	31,093
Legal debt margin	$ 94,297
Total net debt applicable to the limit as a percentage of debt limit	24.80%

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) (1)	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)
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%	2,656	4.1%
2009	18,147	532,850	29,363	36	75%	2,693	10.6% (5)
2010	18,942	556,194	29,363	36	88%	2,888	8.7%
2011	19,335	717,909	37,130	37	91%	3,246	10.7%
2012	19,555	762,097	38,972	37	92%	3,644	9.4%

(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 SIX YEARS AGO

	2012			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 & Candler	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

	2012	2011	2010	2009	2008
Function					
General government	**27**	28	27	24	28
Public safety					
Police					
Officers	**39**	44	42	41	33
Civilians	**13**	14	13	16	18
Fire					
Firefighters and officers	**39**	40	39	38	39
Highways and streets					
Engineering	**13**	14	14	14	13
Maintenance	**27**	25	20	24	28
Sanitation	**17**	18	15	19	13
Culture and recreation	**16**	17	16	18	19
Total	**191**	200	186	194	191

Source: City of Decatur department records

Notes: (1) The decrease in 2007 represents position vacancies which occurred during fiscal year 2007, but were not filled until after year end.

2007		2006	2005	2004	2003
29		28	25	25	21
34	(1)	53	50	51	52
15	(1)	27	29	28	27
39		39	40	40	39
13	(1)	20	20	19	19
27	(1)	39	34	36	36
17		17	17	15	15
16		18	17	18	14
190		241	232	232	223

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Function					
Physical arrests	**1,170**	1,321	1,363	1,054	1,179
Parking violations (1)	**10,497**	10,971	14,186	9,554	11,411
Traffic violations	**10,583**	9,567	13,112 (2)	6,820	5,563
Fire					
Number of calls answered	**3,106**	2,958	2,755	2,975	2,927
Inspections	**506**	546	764	1,023	971
Highways and streets					
Street resurfacing (miles)	**1.16**	1.14	0.80	0.71	-
Potholes repaired	**30**	35	92	38	35
Sanitation					
Refuse collected (tons/day)	**23.20**	27.20	27.80	28.00	36.70
Recyclables collected (tons/day)	**21.90**	22.30	22.53	18.25	13.67
Culture and recreation					
Athletic field permits issued	**195**	180	185	169 **	209
Community center admissions (3)	**27,628**	23,104	20,190	13,008	14,409

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.

2007	2006	2005	2004	2003
1,308	1,874	1,655	1,758	1,869
4,230	5,699	4,126	N/A	N/A
8,454	8,011	8,195	9,129	6,991
2,552	2,430	2,353	2,200	2,551
884	370	427	278	213
-	-	0.65	0.75	1.65
40	48	24	31	34
42.28	46.43	46.91	49.93	51.64
10.58	11.92	10.40	10.98	10.89
542	608	642	513 *	N/A
5,081	6,135	6,268	4,143 *	N/A

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2012	2011	2010	2009	2008
Function					
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	40	37	37	37	37
Fire stations	2	2	2	2	1
Sanitation					
Collection trucks	10	10	10	9	9
Highways and streets					
Streets (miles)	62	62	62	62	62
Culture and recreation					
Parks acreage	56.5	66.7	66.7	66.7	64.7
Parks	14	14	14	14	13
Swimming pools	3	3	3	3	3
Tennis courts	9	9	9	9	9
Community centers	3	3	3	3	3

Source: Various City departments

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

2007	2006	2005	2004	2003
1	1	1	1	1
35	35	40	42	40
2	2	2	2	2
8	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