CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

Prepared By:
Administrative Services Department

Janet Kindelberger
City Clerk

CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

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City of Decatur

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November 11, 2013

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, 2013.

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, 2013 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 unmodified opinion that the City of Decatur, Georgia's financial statements for the fiscal year ended June 30, 2013, 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).

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, facilities and grounds 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 19,853. 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 City also provides multiple opportunities for public involvement in the budgeting process ranging from informal meetings to an online forum.

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 24 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 2013 real estate property digest shows a very modest growth rate of approximately 1.2% compared to the 2012 digest. Initial projections for the 2012 digest indicated that there would be some growth in the digest but after appeals were completed, the 2012 digest actually decreased 1.1%, in spite of actual real estate sales prices increasing approximately 5%. Essentially, the real estate digest has been flat since 2009. We believe that the real estate digest in the City of Decatur has been undervalued by the DeKalb County Property Appraisal Department. We have met with their staff in order to present market data for their future consideration. Despite current concerns about the digest being undervalued, stability of the City's real property digest over the past six years has been an asset compared to the significant decreases in property values seen in other nearby jurisdictions.

Based on actual real estate market data, the 2014 real estate property digest should show a strong 5%-8% growth rate based on the level of new residential construction and continued increasing values associated with the desirability of the community; however, based on our recent experience with property assessments, we anticipate using a limited growth rate of 1%- 2% in preparing the fiscal year 2014-2015 budget.

Residential Activity

The residential housing market is showing a sustained and robust 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 2012 the City issued permits for 73 new single-family dwellings, 10 new townhouses and in the last six months of the year issued 43 demolition permits. It is anticipated that by the end of calendar year 2013, the City will issue permits for 74 new single-family dwellings, 12 new townhouses, 1 mixed use development with 235 multi-family dwellings and 56 demolition permits. Overall, permit and inspection fees increased 10% during fiscal year 2012-2013 following a 15% increase during fiscal year 2011-2012. Sales volume of existing housing stock increased 29% during fiscal year 2012-2013 compared to fiscal year 2011-2012. During that same period, the average sales price in the City of Decatur increased 11% from $384,000 to $428,160. The average sales price in the "In-town" Atlanta market is $367,980.

A 24 unit townhouse development for the property at the corner of East Howard Avenue and Hillyer Place has been approved. Permits should be issued in Spring 2014.

Commercial Activity

In addition to government-related employers, mainly DeKalb County, the City's employment base continues to be centered on professional occupations. The vacancy rate for available office space in the City of Decatur is approximately 7.5%, much lower than in surrounding office market areas. Interest in restaurant activity continues to be strong 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. This area is becoming a center of local artisanal manufacturing with the opening of two craft breweries, a winery and a small batch whiskey distillery.

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. The City's 2010 strategic plan calls for a mixture of housing types and the availability of rental apartments has consistently been identified as an underserved market. With the rebounding economy and the availability of financing, a number of projects are underway, or will be under construction in the next nine to twelve months, to meet this need.

Construction of a 235 unit apartment building and 10,000 square feet of commercial space is underway at 315 West Ponce de Leon Avenue. Occupancy is expected to be available in Mid-Fall, 2014.

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. Final design is underway with the expectation that permitting will occur in early 2014.

Development of 176 units of rental apartments has been approved for the Fidelity Building surface parking lot adjacent to Commerce Drive. Final design is underway with the expectation that permitting will occur in mid-2014.

Developers are also showing interest in mixed-use developments on other properties in the central business district including the Bank of America site on Commerce Drive between Clairemont Avenue. The City's Urban Redevelopment Authority has purchased the Callaway Building site from DeKalb County. Over the next twenty-four months, the County will be relocating its staff to other facilities and the property will be sold to a private developer for redevelopment as a mixed-use site. It is anticipated that this will occur in 2016.

In the East Decatur area, the City has partnered with the Metropolitan Atlanta Rapid Transit Authority (MARTA) to issue a "Request for Proposals" for redevelopment of an underutilized 7.6 acre surface parking lot that is part of the Avondale MARTA train station. This property was identified for mixed-use redevelopment as part of the Avondale-Decatur Livable Centers Initiative planning effort in 2003. Due to economic factors, a previous redevelopment plan did not occur. Once a developer is selected, the project could be underway in 2015.

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.

The City Schools of Decatur has completed the majority of a $30 million construction program; however, increasing enrollments, particularly in the K-3 grade levels has put pressure on the capacity of existing facilities. In order to address the need for space for additional elementary school students, the City Schools administrative offices will move in May, 2014 to a new 20,000 square foot facility in the Beacon Municipal Center and its current location will be re-opened as Westchester Elementary School to serve K-3 students in Fall 2014. In addition, a Phase 2 addition at the Fifth Avenue $4^{th}/5^{th}$ Academy is under construction. The City Schools are using funds from a special purpose local option sales tax for education capital construction as well as general operations funds for these projects.

The City Schools have identified approximately $60 million in additional capital improvements to meet the needs of increasing middle-school and high-school enrollments. Currently, they are looking at a combination of capital funding methods, including the use of certificates of participation (COPs) and issuance of general bonded debt to meet their financing needs. At this time a referendum on general bonded debt has not been scheduled.

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 and Phase 2, a four-story 80-unit apartment building for senior residents, have been completed and occupied. Phase 3, which includes 71 units of townhouses and apartments is under construction and occupancy, is expected in early 2014. Phase 4 will consist of selling a portion of the existing property facing West Trinity Place to a private developer for construction of market-rate dwellings. Phase 4 will likely take place in late 2014.

DHA has started a master planning effort for redevelopment of the Gateway Manor apartment complex located off of West Trinity Place. This project could be underway in 2015.

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 supports 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 December, 2010, the Urban Redevelopment Agency issued $12.76 million in revenue bonds and at that time Moody's Investors Service upgraded the City's rating from Aa3 to Aa2 and Standard & Poor's upgraded the City's rating to AA+ from AA. In December, 2012 the City issued $5,415,000 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. With the exception of the match portion of several transportation projects, all of the other improvements have been completed, including the 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. Fire Station Number 1 and the Decatur Recreation Center have been completed. Construction is almost complete at the Decatur Public Works facility with anticipated occupancy in January, 2014. The debt will be repaid using proceeds of the Homestead Option Sales Tax (HOST). In February, 2013, President Barack Obama visited the Decatur Recreation Center to promote early childhood education.

In May, 2013 the Urban Redevelopment Agency of the City of Decatur issued $29,290,000 in revenue bonds to cover the cost of construction for redevelopment of the Beacon Municipal Complex which will include construction of improvements for City police services, municipal court, Ebster Recreation Center and Gymnasium and to Ebster Pool; renovations to provide administrative space for the relocation of the City Schools of Decatur central office; and, construction of a major storm water management system. Funding for the $38,300,000 project will come from a combination of bond proceeds, a transfer from the general fund balance and HOST proceeds.

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.

In conjunction with private and institutional construction projects in the central business district, the City has financed substantial capital improvements through the storm water utility over the past several years. It is anticipated that a final improvement to the downtown system will occur in 2014 which should complete the upgrade to that system. The City has completed a comprehensive storm drainage master plan to guide major capital improvements to the City's drainage system. It is anticipated that an update of the master plan will occur in 2015.

The hotel/motel tax is 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 Decatur Tourism Bureau is 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 privately-owned 179 room hotel also built in 1987. In 2011, the hotel property was sold to Noble Investment Group. Noble 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 47 tons of electronic equipment being recycled and not sent to the landfill. Since starting the electronics recycling program in 2005, the City has collected 547 tons or 1,094,000 pounds of electronic equipment to be recycled. In addition, the City has added a paper shredding event which resulted in approximately 20,000 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 civic emergencies. 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.

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 ongoing stream of payments 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 the 2012-2013 fiscal year was approximately $3,662,000. We are expecting similar revenues for the current 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 motor vehicles 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 GASB's unrealistic definition of a "pay-as-you-go" system of benefits funding.

In 2012, the City Commission contracted with the Center for State and Local Government Excellence for a review of the City of Decatur Employees' Retirement System. The results of the study indicated that

- the City consistently made its annual required contribution, which keeps the pension plan on track to be fully funded over time;
- the Plan amortizes its liabilities over a 20-year period which is more conservative than most pension plans that amortize their unfunded liabilities over a 30-year period;
- the return on investment assumption for Decatur's plan is 7.5 percent compared to 7.9 percent nationwide;
- the vesting period for both public safety and general employees is 10 years, which is somewhat higher than many state and local pension plans;
- the Plan does not provide automatic cost of living adjustments.

The study indicated that since 2005, the Retirement Plan's funding ratio fluctuated from a low of 76.6 percent (in 2011) to a high of 85.9 percent (in 2007, before the economic downturn). In addition, the employer contributions have been steady, with total payroll costs ranging from 7.53 percent in 2011 to a high of 8.95 percent in 2005. The review concluded that the City is positioned to strengthen the funded status of its retirement plan more quickly than most other pension plans because of fiscally conservative practices.

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 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 were beginning to feel a little better about the economy, with 2012 responses being very similar to the responses in 2006 before the economic downturn. The next survey is scheduled to be conducted in February, 2014.

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 accumulate a healthy fund balance over the years which has been used to fund capital improvements and maintain a stable millage rate.

While there will continue to be challenges, we currently anticipate being able to manage for the next several fiscal years with slight revenue increases supported by some growth in the real property digest and continued use of the City's traditional conservative budgeting practices. Recommendations to increase property tax rates would only be considered in order to meet the community's increased 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 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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

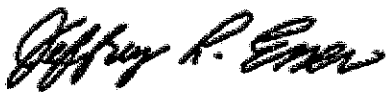
Presented to

City of Decatur

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2013

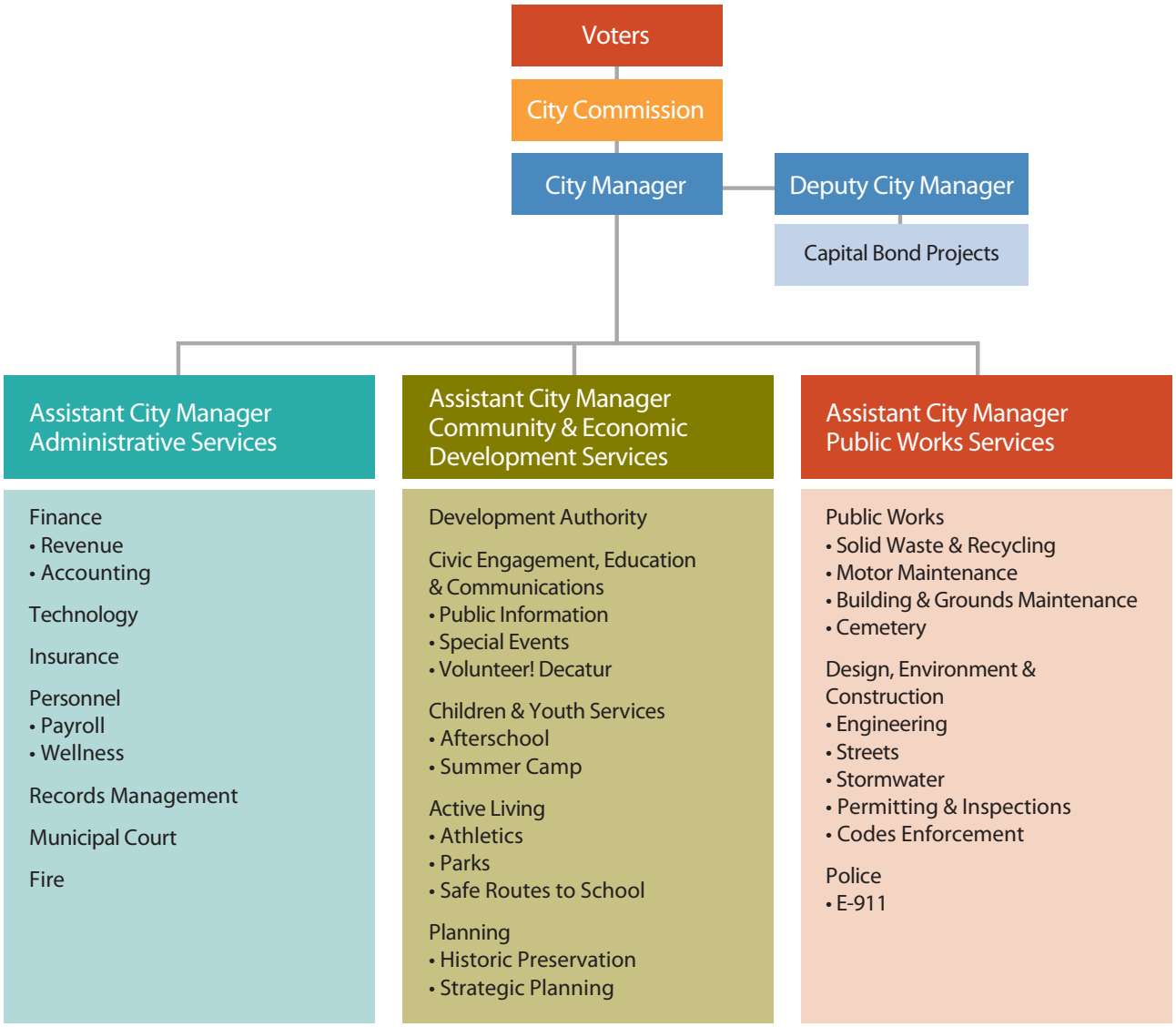
CITY COMMISSION

Jim Baskett	Mayor
Kecia Cunningham	Mayor Pro-Tem
Fred C. Boykin, Jr.	Commissioner
Patti Garrett	Commissioner
Scott Drake	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
Janet Kindelberger	City Clerk

City Organization



Revised February 2013

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (the "City")** as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 18) and Schedules of Funding Progress and Employer Contributions (on pages 68 through 70) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as well as the introductory and statistical sections, 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.

Other Information (Continued)

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2013

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, 2013. 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 and deferred inflows of resources at the close of the most recent fiscal year by $9,571,271 (total net position-previously total 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 $360,000 was spent on City capital bond projects from the 2007 bonds, including the Decatur recreation center and Decatur Cemetery.

- 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 was 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 $8,000,000 was spent from the 2010 bond proceeds on these projects with the majority being spent on the completion of the Decatur recreation center and improvements to the public works facility.

- In December 2012, the City issued $5,415,000 in sales tax bonds on behalf of the City Schools of Decatur. The final payment on the 2012 notes is due November 2017.

- In April 2013, the Urban Redevelopment Agency of the City of Decatur issued $29,290,000 in revenue bonds for the construction of the Beacon Municipal center to include the police department, E911 operations, and municipal court as well as a large stormwater project on the site. City Schools of Decatur is responsible for $5,360,000 of the overall bond issue for the school's administrative facility on the site.

- The City had $28,532,378 in expenses related to governmental activities and $5,779,299 or 20% of these expenses were offset by program specific charges for services, grants or contributions. General revenues were $22,521,078 and $14,679,481 or 65% 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 $55,551,462, an increase of $25,025,967 in comparison with the prior year. The increase is due to the capital financing in the 2013 Urban Redevelopment Agency fund and the school system financing which is accounted for in the Debt Service fund. At the end of the current fiscal year, unassigned fund balance for the general fund was $5,065,621 or 26% 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, decreased by $297,738 to $8,746,318.

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 position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related 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 19 and 20 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 thirteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2010 and 2013 URA Bonds Funds, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 21 through 24 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 25 through 27 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 28 and 29 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 30 through 67 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year the City's net position was $9,571,271 or $42,480 less than the prior year. This is approximately a 0.4% decrease from fiscal year 2012. The issuance of capital debt for the city and school system in fiscal year 2013 contributed to an increase in total liabilities and a slight reduction in overall net position. Following is a description of the City's net position (in thousands) as compared to the previous year.

City of Decatur Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Assets						
Current assets	$ 33,082	$ 59,357	$ 3,641	$ 3,256	$ 36,723	$ 62,613
Capital assets	32,695	46,460	5,269	5,574	37,964	52,034
Other non-current assets	995	827	47	43	1,042	870
Total assets	66,772	106,644	8,957	8,873	75,729	115,517
Liabilities & deferred inflows of resources						
Long-term liabilities	59,965	98,063	759	826	60,724	98,889
Other liabilities & deferred inflows of resources	3,886	5,313	1,505	1,744	5,391	7,057
Total liabilities and deferred inflows of resources	63,851	103,376	2,264	2,570	66,115	105,946
Net Position						
Net investment in capital assets	12,964	14,725	5,269	5,574	18,233	20,299
Restricted	2,024	1,946	-	-	2,024	1,946
Unrestricted	(12,067)	(13,403)	1,424	729	(10,643)	(12,674)
Total net position	$ 2,921	$ 3,268	$ 6,693	$ 6,303	$ 9,614	$ 9,571

The largest portion of the City's net position 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 position are either restricted $1,946,329 or unrestricted deficit $(12,674,034). The negative unrestricted net position results 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 position, thus resulting in the deficit. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its business-type activities, with the exception of the Solid Waste Fund and the deficit explained above.

Changes in Net Position

At the conclusion of fiscal year 2012-2013 the City's net position decreased by $42,480, much of which can be attributed to projects undertaken through the City's active capital improvement program.

The schedule on the following page presents a summary of changes in net position for the fiscal year ending June 30, 2013 (in thousands):

City of Decatur Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Revenues						
Program revenues:						
Charges for services	$ 5,241	$ 4,901	$ 3,259	$ 3,247	$ 8,500	$ 8,148
Operating grants & contributions	501	573	-	-	501	573
Capital grants & contributions	605	305	-	-	605	305
General revenues:						
Property taxes	14,634	14,679	-	-	14,634	14,679
Franchise taxes	1,509	1,486	-	-	1,509	1,486
Sales taxes	3,706	4,580	-	-	3,706	4,580
Other taxes	1,332	1,464	-	-	1,332	1,464
Investment earnings	37	33	-	-	37	33
Gain on sale of capital assets	23	-	-	9	23	9
Miscellaneous	67	278	-	-	67	278
Total revenues	27,655	28,299	3,259	3,256	30,914	31,555
Expenses						
General government	7,301	8,572	-	-	7,301	8,572
Public safety	9,828	9,960	-	-	9,828	9,960
Public works	3,935	3,941	-	-	3,935	3,941
Recreation	3,335	3,513	-	-	3,335	3,513
Interest on long-term debt	2,422	2,546	-	-	2,422	2,546
Conference center	-	-	392	463	392	463
Stormwater	-	-	547	537	547	537
Sanitation	-	-	1,936	2,066	1,936	2,066
Total expenses	26,821	28,532	2,875	3,066	29,696	31,598
Income (Loss) before transfers	834	(233)	384	190	1,218	(43)
Transfers	(118)	580	118	(580)	-	-
Change in net position	716	347	502	(390)	1,218	(43)
Net position, beginning of year	2,205	2,921	6,191	6,693	8,396	9,614
Net position, end of year	$ 2,921	$ 3,268	$ 6,693	$ 6,303	$ 9,614	$ 9,571

Revenues

Governmental charges for services decreased by approximately $340,000 or 6.5% from the previous fiscal year. The decrease is primarily due to an almost 50% reduction in public safety related fines and forfeitures. During part of the fiscal year, the traffic enforcement unit was not in operation due to vacancies and because court was not in session while the department transitioned to temporary facilities. General government charges for services increased five percent with much of that due to an increase in property development activity. Recreation charges for services increased twelve percent resulting from a strong demand for the programs provided by the Active Living department. Operating grants and contributions increased slightly by $72,285 which reflects the FEMA grant received by the Fire department to install smoke and carbon monoxide detectors in homes. Capital grants and contributions decreased by $297,488. Property taxes, including real estate and personal property, increased $45,401 or less than one percent from the prior year. This increase occurred in spite of the 2% decrease in the 2012 digest mostly due to appeals. The business personal property digest increased almost 5% which helped boost tax revenues. Sales taxes increased $874,000 due to an increase in revenue from the homestead option sales tax (HOST). The lawsuit with DeKalb County over the HOST distribution was resolved in 2012 which resulted in the Georgia 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). Other revenues increased by $210,642 as a result of increased payments from the City Schools of Decatur related to the Sales Tax Notes issued on their behalf.

Expenses

General Government expenses increased $1,270,932 or 17%. Public Safety expenses increased $132,693 or 1%; Public Works expenses increased $5,117 or less than 1%; Recreation expenses increased $178,710 or 5%. Increase in general operating expenses were in personnel-related areas and professional services, while increases in capital expenses resulted from the capital project activity.

Conference Center expenses increased $71,500 for a number of scheduled repair and maintenance projects. Sanitation expenses increased $129,348 due to personnel-related expenses and increased overhead costs. Stormwater expenses decreased $9,955 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 $55,551,462, an increase of $25,025,967 in comparison with the prior year. Approximately nine percent of the total amount, $5,065,191, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($50,486,271) is within the following classifications: $499,337 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; $43,737,123 is restricted which means that it is legally restricted for specific purposes. Specifically, this fund balance is restricted for 1) capital construction ($35,889,762) equipment purchases ($659,296); 3) debt service ($6,862,398); 4) law enforcement ($12,004), 5) Public Safety-E911 ($269,099); 6) tourism ($44,564). $799,138 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 ($50,726) and 2) Children and Youth Services ($748,412). $5,450,673 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 ($11,765); 2) cemetery operations ($77,550); 3) equipment purchases ($1,707,258); 4) fiscal year 2013-2014 operations ($654,100); 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 $8,746,318, while the total fund balance for all governmental funds was $55,551,462. 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-six percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2012 and 2013 (in thousands).

	2012	2013	$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	$ 15,132	$ 15,265	$ 133	% 1
Licenses & permits	852	882	30	4
Intergovernmental	273	350	77	28
Fines & forfeitures	1,153	581	(572)	(50)
Charges for services	1,357	1,341	(16)	(1)
Interest income	-	1	1	100
Other revenues	110	89	(21)	(19)
Total revenues	18,877	18,509	(368)	(2)
Expenditures				
General government	6,103	6,472	369	6
Public safety	7,733	7,990	257	3
Public works	3,222	3,231	9	-
Recreation	1,395	1,484	89	6
Total expenditures	18,453	19,177	724	4
Excess of revenues over expenditures	424	(668)	(1,092)	(258)
Other financing sources (uses)				
Proceeds from sale of capital assets	27	10	(17)	(63)
Transfers in	663	835	172	26
Transfers out	(430)	(475)	(45)	10
Total other financing sources (uses)	260	370	110	42
Net change in fund balances	684	(298)	(982)	(144)
Fund balances, beginning of year	8,360	9,044	684	8
Fund balances, end of year	$ 9,044	$ 8,746	$ (298)	% (3)

General Fund Revenues

Revenue from all taxes increased approximately $133,000 or less than one percent from than the prior year even as the real property digest dropped by two percent due to assessment changes. The largest single source of revenue for the City's general fund operations is real property taxes which total over $10,000,000. Other, non-real estate taxes contributed to the increase in tax revenues. Specifically, the intangibles tax, which is essentially a tax on the value of real estate mortgages in the city, was $95,000 higher than the prior fiscal year. In addition to the intangibles tax, public utility taxes increased 26%, occupation taxes increased 18%, business personal property taxes increased 14%, insurance premium taxes increased 6%, alcohol sales taxes increased 14%, and motor vehicle taxes increased 9%. Other tax revenues dropped slightly or remained stable. Licenses and permits increased $30,000 or 4% as building permits continued to increase with residential new construction and renovations.

Intergovernmental revenues increased $77,000 or 28% due to an increase in management fees charged by the City to the Decatur Downtown Development Authority. Fines and forfeitures experienced a decrease of $572,000 or a reduction of almost 50%, which is because the Police traffic enforcement unit was not in operation due to vacancies and court was not in session for approximately 2 months while the police and court facilities were relocated. Charges for services decreased $16,000 or 1% due to fewer facilities rentals and lower collections from parking meters.

General Fund Expenditures

Overall general fund expenditures increased $724,000 or just over 4% from the prior year and remained well within the overall budget. About 40% of the increase is in personnel services due to a budgeted merit increase for regular, full-time employees and a number of reclassifications of existing or modified positions. Health insurance costs increased about 10% over the prior year even with premium increases being partially offset by employee contributions. Professional services and telecommunications costs increased as a result of the physical move of the Police, E911 and Courts to temporary facilities. Specialized consultants were used to plan and coordinate the move of the E911 center to avoid downtime of this critical operation. Additional Internet and telephone connectivity costs were incurred with the move as well. Rental of land and buildings increased over $50,000 since Police and E911 moved into leased space while the original facility is being re-built. Other increases in professional services included an amended agreement for additional development-related services by a private firm. Contractual services increased including contracts for such services as records storage, payroll processing and public wireless internet access. Gasoline expenditures were higher than anticipated. General Government expenditures increased $369,000 or 6% due to personnel related increases, outsourced development services and contractual services such as offsite records storage. Public Safety increased $257,000 or 3% due to personnel-related expenses and professional services used to plan the move of the E911 operation. Public Works essentially stayed flat with increased expenditures of $9,000 while the department continued to provide a variety of services including litter collection, invasive plant control, mulch application on playgrounds, installation of bike racks, to name a few. Recreation expenditures increased $89,000 or 6% which reflects the increases in personnel-related expenditures due to the merit increases, health insurance costs and addition of two new part-time positions for Athletics and Senior programming in conjunction with the opening of the renovated Decatur recreation center.

Transfers from other funds increased from $663,000 to $835,000 which reflects an increase of $94,600 in hotel/motel taxes due to the re-opening of the downtown hotel after being closed for major renovations and an increase in the Solid Waste and Stormwater funds' overhead costs by $81,100 and $10,200, respectively. Transfers to other funds increased because the E911 fund needed more general fund support to cover all of its expenses. Before accounting for transfers, expenditures exceeded revenues by $668,498, a deficit that was reduced after transfers by $370,760 resulting in a use of fund balance of $297,738 to total $8,746,318.

Other Fund Activities

2010 URA Bonds Fund. The 2010 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 $7,131,515 to $2,093,497. These funds are financing major improvements to fire station #1, Decatur recreation center and the public works facility.

2013 URA Bonds Fund. The 2013 URA Bonds Fund accounts for the $29,290,000 in revenue bonds that were issued in April 2013 for the construction of the Beacon Municipal center to include the police department, E911 operations, and municipal court as well as a large stormwater project on the site. City Schools of Decatur is responsible for $5,360,000 of the overall bond issue for the school's administrative facility on the site. At the end of the fiscal year, the fund balance was $26,849,188.

Capital Improvement Fund. The Capital Improvement Fund's fund balance increased by $2,372,346 to $7,578,162. The increase from the previous year is due to the approximately $3,660,000 in the homestead option sales tax proceeds which was $600,000 higher than the prior year. 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 2013 included the purchase of new ballfield lighting for McKoy and Oakhurst parks, a scoreboard for McKoy park, rights-of-way acquisition for streetscapes projects, an upgrade to the Decatur wireless network, a replacement telephone system and lease payments for a variety of vehicles and other equipment.

Debt Service Fund. The Debt Service Fund's fund balance increased by $3,673,429 to $6,455,271 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 fund balance was increased due to accounting principles which required the school system's 2012 sales tax notes of $5,415,000 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 2012 sales tax notes in fiscal year 2017. The principal payments also include the last payment for the school system's 2009 sales tax bonds that totaled $5,900,000.

The activities of other non-major governmental funds can be found on pages 71 and 72.

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 $50,830 because of conference center and parking deck improvements including elevator repairs and painting and lighting for the parking deck. Depreciation expenses remained relatively flat. This fund received $133,446 in hotel/motel tax distributions, an increase of $63,136, which helped to offset the operating loss of this fund.

Stormwater Utility Fund. The total net position increased by $185,677 to $4,183,589. Revenue from stormwater fees decreased slightly by $7,739 or less than 1%. Expenses decreased $11,298 or 2.5% due to lower personnel costs for full-time and part-time salaries and lower workers compensation costs. The fund transferred $257,500 to the general fund for indirect costs. Almost $500,000 was spent on the capital project at McDonough and Maple Streets. Major stormwater improvements are included in the Beacon School construction project.

Solid Waste Fund. Revenues in this fund decreased $4,587 or less than 1% from the prior year. In March 2013, the City Commission increased the single-family residential fee from $233 to $235 and increased rates for the 95 gallon carts and 3 cubic yard containers. Operating expenses increased $123,257 or 7% due to increased personnel costs including full-time positions, overtime and health insurance, and increases in gasoline costs. An increase in overhead costs resulted in a transfer to the general fund in the amount of $231,000 which was $81,170 higher than the prior year. Total net position declined by $9,555 which increased the fund deficit to ($39,729). A combination of service reductions and fees collected in the next fiscal year contributed to the decline in revenues. By June 30, 2013 the commercial sanitation collection rate for the 2013 service year was 84.3%. Nonetheless, the collection rate should reach over 99% within 10 months of billing. The solid waste fund ended with a positive cash position with cash balances at June 30, 2013 of $1,616,078. 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 position.

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 $3,537,417 to net position during fiscal year 2012-2013 reflecting the improvement in financial markets.

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 24. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were $190,744 less than the final budgeted amounts. Although the City was conservative with its revenue estimates, actual revenues came in lower than anticipated. Taxes were $82,929 less than budgeted due to appeals-driven assessment changes to the real property digest. As stated earlier, fines and forfeitures were lower than expected due to police officer vacancies and court not being held for two months while the police and court operations were relocated. Other revenue areas were higher than anticipated, specifically alcoholic beverage taxes, occupation taxes, building permits and recreation program fees. Actual expenditures were $550,826 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 lower than anticipated revenues and lower than budgeted expenditures resulted in a reduction of fund balance of $297,738 or an ending fund balance of $8,746,318 which is greater than budgeted.

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, 2013, amounts to $52,033,787 (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 $37,964,078 to $52,033,787 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, public works facility renovation and the Beacon Municipal center capital project. Additional information on the City's capital assets can be found in Note 6 on pages 48 through 50 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	
	2012	2013	2012	2013	2012	2013
Land	$ 3,753	$ 3,863	$ 280	$ 280	$ 4,033	$ 4,143
Construction in progress	9,284	11,714	53	548	9,337	12,262
Land improvements	1,395	2,760	-	-	1,395	2,760
Infrastructure	10,208	9,615	2,524	2,428	12,732	12,043
Building & improvements	6,664	16,411	1,954	1,679	8,618	18,090
Machinery & equipment	696	1,345	-	-	696	1,345
Vehicles	695	752	-	-	695	752
Furniture, fixtures, & equipment	-	-	458	639	458	639
Total	$ 32,695	$ 46,460	$ 5,269	$ 5,574	$ 37,964	$ 52,034

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 $78,315,654 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 2013 is $1,147,171,000 with a current debt limitation for the City of $125,872,000, 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, 2013 was $744,142 for governmental activities.

At June 30, 2013, the City had long-term debt in the amount of $98,889,934 which was comprised of $78,315,654 in bonds payable, $19,747,725 in capital leases, notes payable, certificates of participation, claims and judgments, net OPEB obligation and compensated absences in the governmental activities and $826,555 in net OPEB obligation and compensated absences in the business-type activities. The long-term debt in governmental activities includes $5,660,321 in notes payable and related issuance premium for the school system sales tax notes. The long-term debt includes the general obligation bonds issued in January 2007, the recovery zone economic development bonds issued in December 2010 and revenue bonds issued in April 2013. 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. The 2013 bond issuance is funding the construction of the Beacon Municipal center to include the police department, E911 operation, and municipal court as well as a large stormwater project on the site. City Schools of Decatur is responsible for $5,360,000 of the overall bond issue for the school's administrative facility on the site.

Additional information on the City's long-term debt can be found in Note 7 on pages 50 through 55 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 8.46% of payroll during fiscal year ending June 30, 2013 to fund the system's liability for projected benefits earned by employees which resulted in a funding of the annual required contribution of 99%.

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 $9,748,506. This amount was accounted for as a liability on the City's statement of net position.

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. Although the 2013 certified real property digest is only 1% higher than the final 2012 digest once adjusted for appeals, real estate market indicators are showing strong performances in terms of increasing prices and fewer days on the market. Large commercial development projects are in various phases of development with 315 West Ponce de Leon under construction, the Trinity Triangle nearing permitting and the DeKalb County Callaway Building now owned by the City. Additional growth is anticipated for 2014 based on the level of new residential construction and increasing values associated with the desirability of the community. The City's tax collection rate remains high at 99.9% and the City has not experienced a significant increase in delinquent accounts. Other revenue concerns include the uncertain future of franchise taxes and motor vehicle 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 8.6%, down from 9.4% a year ago. 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 92.5% as compared to the greater Atlanta area that averages an 80.6% 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, 2013, unassigned fund balance in the general fund was $5,065,621. The City has assigned $654,100 of fund balance for spending in the 2014 fiscal year budget. Next year's budget includes funding for a 2.5% merit adjustment for employees who are still below the maximum in their salary range. This is reduced from the 5% used in most years. An additional $3,000,000 has been identified towards the re-development of the Beacon Municipal center 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, recovery zone economic development bonds that were issued in December 2010 and revenue bonds that were issued in April 2013.

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 POSITION
JUNE 30, 2013

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board
Cash and cash equivalents	$ 17,072,347	$ 3,589,970	$ 20,662,317	$ 474,093	$ 71,417
Taxes receivable	433,331	-	433,331	12,242	-
Other receivables	280,956	-	280,956	6,136	-
Accounts receivable, net of allowances	-	131,949	131,949	-	-
Due from primary government	-	-	-	262,499	27,266
Due from other governments	5,433,050	-	5,433,050	-	-
Due from component units	370,503	-	370,503	-	-
Internal balances	465,515	(465,515)	-	-	-
Prepaid items	164,870	-	164,870	50,847	-
Restricted:					
Cash equivalents	34,471,031	-	34,471,031	-	-
Investments	659,296	-	659,296	-	-
Other current assets	6,500	-	6,500	-	-
Lease receivable	-	-	-	868,773	-
Other non-current assets	518,524	42,778	561,302	-	-
Fair market value of derivative	309,055	-	309,055	-	-
Capital assets:					
Non-depreciable	15,576,917	828,071	16,404,988	-	-
Depreciable, net of accumulated depreciation	30,882,652	4,746,147	35,628,799	1,079,679	-
Total assets	106,644,547	8,873,400	115,517,947	2,754,269	98,683
LIABILITIES					
Accounts payable	1,940,681	189,525	2,130,206	23,498	-
Accrued liabilities	2,856,578	-	2,856,578	-	55
Unearned revenue	-	1,350,555	1,350,555	-	-
Due to component unit	51,220	203,756	254,976	-	-
Due to primary government	-	-	-	370,503	-
Certificates of participation due within one year	125,000	-	125,000	-	-
Certificates of participation due in more than one year	3,225,000	-	3,225,000	-	-
Claims and judgments payable due within one year	29,104	-	29,104	-	-
Compensated absences, due within one year	922,235	71,062	993,297	-	-
Compensated absences, long-term	162,746	12,541	175,287	-	-
Capital leases due within one year	132,705	-	132,705	-	-
Capital leases due in more than one year	485,060	-	485,060	-	-
Notes payable due in more than one year	5,660,321	-	5,660,321	-	-
Bonds payable due within one year	893,994	-	893,994	-	-
Bonds payable due in more than one year	77,421,660	-	77,421,660	-	-
Net OPEB obligation, due in more than one year	9,005,554	742,952	9,748,506	-	-
Total liabilities	102,911,858	2,570,391	105,482,249	394,001	55
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - intergovernmental	155,372	-	155,372	-	-
Accumulated increase in fair value of hedging derivative	309,055	-	309,055	-	-
Deferred service concession arrangement receipts	-	-	-	1,882,828	-
Total deferred inflows of resources	464,427	-	464,427	1,882,828	-
NET POSITION					
Net investment in capital assets	14,724,758	5,574,218	20,298,976	1,079,679	-
Restricted for debt service	1,620,662	-	1,620,662	-	-
Restricted for law enforcement	12,004	-	12,004	-	-
Restricted for public safety	269,099	-	269,099	-	-
Restricted for tourism	44,564	-	44,564	-	98,628
Unrestricted	(13,402,825)	728,791	(12,674,034)	(602,239)	-
Total net position	$ 3,268,262	$ 6,303,009	$ 9,571,271	$ 477,440	$ 98,628

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, 2013

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	$ 8,571,937	$ 1,294,770	$ 29,431	$ -
Public safety	9,960,378	1,802,939	79,189	-
Public works	3,940,676	108,851	-	305,292
Recreation	3,513,648	1,694,592	123,880	-
Interest on long-term debt	2,545,739	-	340,355	-
Total governmental activities	28,532,378	4,901,152	572,855	305,292
Business-type activities:				
Solid waste	2,065,878	2,278,765	-	-
Stormwater	536,745	967,922	-	-
Conference center & parking deck	463,101	-	-	-
Total business-type activities	3,065,724	3,246,687	-	-
Total primary government	$ 31,598,102	$ 8,147,839	$ 572,855	$ 305,292
Component units:				
Downtown Development Authority	$ 1,221,247	$ -	$ -	$ -
Decatur Tourism Board	139,712	-	20,000	-
Total component units	$ 1,360,959	$ -	$ 20,000	$ -

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

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, restated

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position					
Primary Government				Component Units	
Governmental Activities	Business-type Activities	Total		Downtown Development Authority	Decatur Tourism Board
$ (7,247,736)	$ -	$ (7,247,736)		$ -	$ -
(8,078,250)	-	(8,078,250)		-	-
(3,526,533)	-	(3,526,533)		-	-
(1,695,176)	-	(1,695,176)		-	-
(2,205,384)	-	(2,205,384)		-	-
(22,753,079)	-	(22,753,079)		-	-
-	212,887	212,887		-	-
-	431,177	431,177		-	-
-	(463,101)	(463,101)		-	-
-	180,963	180,963		-	-
(22,753,079)	180,963	(22,572,116)		-	-
-	-	-		(1,221,247)	-
-	-	-		-	(119,712)
$ -	$ -	$ -		$ (1,221,247)	$ (119,712)
$ 14,679,481	$ -	$ 14,679,481		$ 557,687	$ -
1,486,336	-	1,486,336		-	-
4,580,387	-	4,580,387		-	-
1,464,220	-	1,464,220		-	133,447
32,692	-	32,692		-	31
277,962	-	277,962		632,637	10,960
-	8,558	8,558		-	-
579,699	(579,699)	-		-	-
23,100,777	(571,141)	22,529,636		1,190,324	144,438
347,698	(390,178)	(42,480)		(30,923)	24,726
2,920,564	6,693,187	9,613,751		508,363	73,902
$ 3,268,262	$ 6,303,009	$ 9,571,271		$ 477,440	$ 98,628

CITY OF DECATUR, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	General Fund	2010 URA Bonds Fund	2013 URA Bonds Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 8,013,779	$ -	$ -	$ 6,231,533	$ 978,557	$ 1,848,478	$ 17,072,347
Taxes receivable	311,206	-	-	36,276	45,669	40,180	433,331
Other receivables	137,219	-	-	57,312	-	86,425	280,956
Due from other funds	914,692	-	-	368,483	34,549	125,068	1,442,792
Due from component units	370,503	-	-	-	-	-	370,503
Due from other governments	-	-	-	-	5,415,000	-	5,415,000
Restricted:							
Cash equivalents	-	3,458,312	28,372,712	-	-	2,640,007	34,471,031
Investments	-	-	-	659,296	-	-	659,296
Advances to other funds	-	-	-	334,467	-	-	334,467
Prepaid expenditures	14,832	-	100,000	50,038	-	-	164,870
Other current assets	6,500	-	-	-	-	-	6,500
Total assets	$ 9,768,731	$ 3,458,312	$ 28,472,712	$ 7,737,405	$ 6,473,775	$ 4,740,158	$ 60,651,093
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 386,591	$ -	$ 1,522,325	$ -	$ -	$ 31,765	$ 1,940,681
Accrued liabilities	468,136	911,609	-	108,469	-	-	1,488,214
Due to component unit	23,954	-	-	-	-	27,266	51,220
Due to other funds	22,965	297,834	101,199	37,033	612	822,786	1,282,429
Advances from other funds	-	-	-	-	-	29,315	29,315
Total liabilities	901,646	1,209,443	1,623,524	145,502	612	911,132	4,791,859
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	120,767	-	-	13,741	17,892	-	152,400
Unearned revenue - intergovernmental	-	155,372	-	-	-	-	155,372
Total deferred inflows of resources	120,767	155,372	-	13,741	17,892	-	307,772
FUND BALANCES							
Fund balances:							
Nonspendable:							
Prepaids	14,832	-	100,000	50,038	-	-	164,870
Advances	-	-	-	334,467	-	-	334,467
Restricted:							
Capital construction	-	1,686,370	26,749,188	4,827,103	-	2,627,101	35,889,762
Equipment purchases	-	-	-	659,296	-	-	659,296
Debt service	-	407,127	-	-	6,455,271	-	6,862,398
Law enforcement	-	-	-	-	-	12,004	12,004
E911 services	-	-	-	-	-	269,099	269,099
Tourism	-	-	-	-	-	44,564	44,564
Committed:							
Tree preservation	-	-	-	-	-	50,726	50,726
Children and youth services	-	-	-	-	-	748,412	748,412
Assigned:							
Greenspace acquisition	11,765	-	-	-	-	-	11,765
Cemetery operations	-	-	-	-	-	77,550	77,550
Equipment purchases	-	-	-	1,707,258	-	-	1,707,258
Beacon School redevelopment	3,000,000	-	-	-	-	-	3,000,000
Fiscal year 2014 operations	654,100	-	-	-	-	-	654,100
Unassigned	5,065,621	-	-	-	-	(430)	5,065,191
Total fund balances	8,746,318	2,093,497	26,849,188	7,578,162	6,455,271	3,829,026	55,551,462
Total liabilities, deferred inflows of resources, and fund balances	$ 9,768,731	$ 3,458,312	$ 28,472,712	$ 7,737,405	$ 6,473,775	$ 4,740,158	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,459,569
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	152,400
Interest receivable of governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.	18,050
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(99,431,743)
Revenues from an effective hedging instrument are not recognized until the hedge is used by the holder, and therefore are deferred in governmental activities.	(309,055)
Some assets are not a financial resource used in governmental activities and therefore are not reported in governmental funds.	827,579
Net position of governmental activities	$ 3,268,262

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, 2013

	General Fund	2010 URA Bonds Fund	2013 URA Bonds Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	$ 15,265,241	$ -	$ -	$ 4,783,887	$ 1,833,853	$ 470,802	$ 22,353,783
Licenses and permits	882,248	-	-	-	-	-	882,248
Intergovernmental	349,790	340,355	-	224,892	-	94,842	1,009,879
Fines and forfeitures	580,738	-	-	-	-	-	580,738
Charges for services	1,341,344	-	-	-	-	1,677,935	3,019,279
Interest income	181	10,803	1,018	16,073	438	4,179	32,692
Contributions	20,227	-	-	-	-	117,431	137,658
Other revenues	69,097	-	-	31,590	246,372	80,400	427,459
Total revenues	18,508,866	351,158	1,018	5,056,442	2,080,663	2,445,589	28,443,736
Expenditures							
Current:							
General government	6,471,918	32,302	102,424	425,998	-	220,621	7,253,263
Public safety	7,990,179	-	-	-	-	999,664	8,989,843
Public works	3,231,516	-	-	-	-	-	3,231,516
Recreation	1,483,751	-	-	-	-	1,532,391	3,016,142
Capital outlay	-	7,924,370	5,266,943	1,342,526	-	353,016	14,886,855
Debt service:							
Principal retirements	-	17,919	-	331,423	2,175,000	7,881	2,532,223
Interest expenditures	-	815,330	-	103,060	1,474,272	1,649	2,394,311
Debt issuance costs	-	-	381,944	-	443,694	-	825,638
Total expenditures	19,177,364	8,789,921	5,751,311	2,203,007	4,092,966	3,115,222	43,129,791
Excess (deficiency) of revenues over expenditures	(668,498)	(8,438,763)	(5,750,293)	2,853,435	(2,012,303)	(669,633)	(14,686,055)
Other financing sources (uses):							
Proceeds from issuance of revenue bonds	-	-	29,290,000	-	-	-	29,290,000
Proceeds from issuance sales tax notes	-	-	-	-	5,415,000	-	5,415,000
Premium on issuance of debt	-	-	3,402,303	-	270,732	-	3,673,035
Capital leases	-	-	-	614,444	-	129,698	744,142
Proceeds from sale of capital assets	10,146	-	-	-	-	-	10,146
Transfers in	835,614	1,443,000	-	347,467	-	475,000	3,101,081
Transfers out	(475,000)	(135,752)	(92,822)	(1,443,000)	-	(374,808)	(2,521,382)
Total other financing sources (uses)	370,760	1,307,248	32,599,481	(481,089)	5,685,732	229,890	39,712,022
Net change in fund balances	(297,738)	(7,131,515)	26,849,188	2,372,346	3,673,429	(439,743)	25,025,967
Fund balances, beginning of year	9,044,056	9,225,012	-	5,205,816	2,781,842	4,268,769	30,525,495
Fund balances, end of year	$ 8,746,318	$ 2,093,497	$ 26,849,188	$ 7,578,162	$ 6,455,271	$ 3,829,026	$ 55,551,462

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, 2013

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

Net change in fund balances - total governmental funds	$	25,025,967
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.		13,787,537
In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold.		(23,362)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(142,309)
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(36,542,783)
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.		(1,757,352)
Change in net position - governmental activities	$	347,698

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 15,344,600	$ 15,348,170	$ 15,265,241	$ (82,929)
Licenses and permits	771,800	893,900	882,248	(11,652)
Fines and forfeitures	1,260,000	715,000	580,738	(134,262)
Interest	2,000	100	181	81
Charges for services	1,300,000	1,262,750	1,341,344	78,594
Intergovernmental	382,320	349,790	349,790	-
Contributions	15,000	21,500	20,227	(1,273)
Miscellaneous	63,900	108,400	69,097	(39,303)
Total revenues	19,139,620	18,699,610	18,508,866	(190,744)
Expenditures				
Current:				
General government:				
Commission	157,400	169,100	164,890	4,210
Manager	895,020	883,960	848,011	35,949
Administrative services	2,046,230	2,064,950	2,002,120	62,830
Attorney	160,000	155,000	137,979	17,021
Community & economic development	1,248,600	1,163,110	1,087,957	75,153
Development and inspection	995,270	985,640	991,533	(5,893)
Accounting, collection and records	1,293,920	1,314,120	1,239,428	74,692
Total general government	6,796,440	6,735,880	6,471,918	263,962
Public safety:				
General management	1,053,070	1,098,920	1,029,116	69,804
Fire	3,378,390	3,397,210	3,335,435	61,775
Police	3,878,050	3,629,740	3,526,881	102,859
Police capital outlay	105,000	97,770	98,747	(977)
Total public safety	8,414,510	8,223,640	7,990,179	233,461
Public works:				
Engineering	787,710	723,520	688,681	34,839
Motor maintenance	600,580	610,430	636,274	(25,844)
Buildings and grounds maintenance	1,661,470	1,598,140	1,520,560	77,580
Cemetery	406,170	394,110	386,001	8,109
Total public works	3,455,930	3,326,200	3,231,516	94,684
Recreation	1,426,080	1,442,470	1,483,751	(41,281)
Total expenditures	20,092,960	19,728,190	19,177,364	550,826
Deficiency of revenues over expenditures	(953,340)	(1,028,580)	(668,498)	360,082
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	10,000	10,146	146
Transfers out	(550,000)	(475,000)	(475,000)	-
Transfers in	791,360	855,580	835,614	(19,966)
Total other financing sources (uses)	251,360	390,580	370,760	(19,820)
Net change in fund balances	(701,980)	(638,000)	(297,738)	340,262
Fund balances, beginning of year	9,044,056	9,044,056	9,044,056	-
Fund balances, end of year	$ 8,342,076	$ 8,406,056	$ 8,746,318	$ 340,262

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities - Enterprise Funds			
ASSETS	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund Conference & Parking Deck Fund	Totals
CURRENT ASSETS				
Cash	$ 1,616,078	$ 1,789,741	$ 184,151	$ 3,589,970
Accounts receivable, net of allowances	99,027	32,922	-	131,949
Due from other funds	-	12,000	145,144	157,144
Total current assets	1,715,105	1,834,663	329,295	3,879,063
NONCURRENT ASSETS				
Construction in progress	-	548,006	-	548,006
Land	-	85,205	194,860	280,065
Infrastructure	-	4,868,321	-	4,868,321
Buildings	-	-	8,605,815	8,605,815
Furniture, fixtures and equipment	1,923,351	203,251	340,382	2,466,984
	1,923,351	5,704,783	9,141,057	16,769,191
Accumulated depreciation	(1,461,359)	(2,627,590)	(7,106,024)	(11,194,973)
Total capital assets	461,992	3,077,193	2,035,033	5,574,218
Other noncurrent assets	34,142	8,636	-	42,778
Total noncurrent assets	496,134	3,085,829	2,035,033	5,616,996
Total assets	2,211,239	4,920,492	2,364,328	9,496,059
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	46,356	141,746	1,423	189,525
Compensated absences payable	65,018	6,044	-	71,062
Due to other funds	284,085	33,422	-	317,507
Due to component unit	-	-	203,756	203,756
Unearned revenue	945,910	404,645	-	1,350,555
Total current liabilities	1,341,369	585,857	205,179	2,132,405
NONCURRENT LIABILITIES				
Compensated absences - long term	11,474	1,067	-	12,541
Net OPEB obligation	592,973	149,979	-	742,952
Advances from other funds	305,152	-	-	305,152
Total noncurrent liabilities	909,599	151,046	-	1,060,645
Total liabilities	2,250,968	736,903	205,179	3,193,050
NET POSITION (DEFICIT)				
Investment in capital assets	461,992	3,077,193	2,035,033	5,574,218
Unrestricted	(501,721)	1,106,396	124,116	728,791
Total net position (deficit)	$ (39,729)	$ 4,183,589	$ 2,159,149	$ 6,303,009

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

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds			
	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund: Conference & Parking Deck Fund	Totals
OPERATING REVENUE				
Storm water fees	$ -	$ 967,920	$ -	$ 967,920
Sanitation fees	2,213,203	-	-	2,213,203
Miscellaneous	65,562	2	-	65,564
Total operating revenues	2,278,765	967,922	-	3,246,687
OPERATING EXPENSES				
Cost of sales and services	1,930,800	431,099	169,335	2,531,234
Depreciation	135,078	105,646	293,766	534,490
Total operating expenses	2,065,878	536,745	463,101	3,065,724
Operating income (loss)	212,887	431,177	(463,101)	180,963
NONOPERATING REVENUE				
Gain on sale of capital assets	8,558	-	-	8,558
Net income (loss) before transfers	221,445	431,177	(463,101)	189,521
Transfers in	-	12,000	133,446	145,446
Transfers out	(231,000)	(257,500)	(236,645)	(725,145)
Total transfers	(231,000)	(245,500)	(103,199)	(579,699)
Change in net position	(9,555)	185,677	(566,300)	(390,178)
Total net position (deficit), beginning	(30,174)	3,997,912	2,725,449	6,693,187
Total net position (deficit), ending	$ (39,729)	$ 4,183,589	$ 2,159,149	$ 6,303,009

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, 2013

	Business-type Activities - Enterprise Funds			
	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund: Conference & Parking Deck Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 2,273,902	$ 970,074	$ -	$ 3,243,976
Payments to suppliers	(1,312,424)	(32,932)	(34,466)	(1,379,822)
Payments to employees	(1,020,709)	(288,596)	-	(1,309,305)
Net cash provided by (used in) operating activities	(59,231)	648,546	(34,466)	554,849
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	12,000	-	12,000
Transfers out to other funds	(231,000)	(257,500)	(236,645)	(725,145)
Receipt (payment) of advances from other funds	3,778	(12,319)	-	(8,541)
Net cash used in non-capital financing activities	(227,222)	(257,819)	(236,645)	(721,686)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	8,731	-	-	8,731
Purchases of capital assets	(189,995)	(494,702)	(155,500)	(840,197)
Net cash used in capital and related financing activities	(181,264)	(494,702)	(155,500)	(831,466)
Net decrease in cash	(467,717)	(103,975)	(426,611)	(998,303)
Cash, beginning of year	2,083,795	1,893,716	610,762	4,588,273
Cash, end of year	$ 1,616,078	$ 1,789,741	$ 184,151	$ 3,589,970
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 212,887	$ 431,177	$ (463,101)	$ 180,963
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	135,078	105,646	293,766	534,490
Change in assets and liabilities:				
(Increase) decrease in fees receivable	(17,728)	399	-	(17,329)
Increase in due from other funds	-	(12,000)	-	(12,000)
Decrease in other assets	1,576	2,673	-	4,249
Increase (decrease) in accounts payable	(52,739)	141,746	1,423	90,430
Increase in accrued liabilities	-	6,619	-	6,619
Increase (decrease) in compensated absences payable	3,694	(3,543)	-	151
Increase (decrease) in net OPEB obligation	80,361	(12,317)	-	68,044
Increase in deferred revenue	12,865	1,753	-	14,618
Increase in due to component unit	-	-	133,446	133,446
Decrease in due to other funds	(435,225)	(13,607)	-	(448,832)
Net cash provided by (used in) operating activities	$ (59,231)	$ 648,546	$ (34,466)	$ 554,849

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

ASSETS	Pension Trust Fund	Agency Funds
Cash	$ 390,713	$ 2,125,750
Uncollected taxes	-	681,793
Investments:		
Corporate obligations	2,679,304	-
Mutual funds	20,002,650	-
U.S. government and government agency obligations	7,929,068	-
Benefits receivable	76,622	-
Total assets	31,078,357	2,807,543
LIABILITIES		
Due to others	8,955	2,772,754
Due to component unit	-	34,789
Total liabilities	8,955	2,807,543
NET POSITION		
Net position held in trust for pension benefits	$ 31,069,402	$ -

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

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ADDITIONS	
Contributions	
Plan member contributions	$ 921,630
Employer contributions	846,745
Total contributions	1,768,375
Investment income	
Net appreciation in fair value of investmets	3,277,102
Interest and dividends	499,239
Total investment income	3,776,341
Total additions	5,544,716
DEDUCTIONS	
Benefit payments	1,622,288
Refunds paid to Plan members and beneficiaries	249,417
Administrative fees	135,594
Total deductions	2,007,299
Change in net position	3,537,417
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	27,531,985
End of year	$ 31,069,402

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 position 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 position 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 **2010 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 **2013 URA Bonds Fund** accounts for the proceeds from the issuance of the Series 2013 revenue 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 **Solid Waste Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

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

The City also reports the following fund types:

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

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 (continued):

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.

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA* Pronouncements. This statement incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

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, 2013, 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. Deferred Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several types of items that qualify for reporting in this category.

The statement of net position reports the *accumulated increase in the fair value of the hedging derivative* as a deferred inflow of resources. As the derivative qualifies as an effective hedge, the change in fair market value occurs each fiscal year and thus the asset and deferred inflow are adjusted.

The statement of net position also reports the *deferred service concession arrangement receipts* as a deferred inflow of resources. This balance includes the effect of deferring the recognition of revenue from the present value of installment payments to be received by the Decatur Downtown Development Authority under the conference center facilities service concession arrangement. The balance of the deferred inflow of resources as of June 30, 2013 will be recognized as revenue and increase net position over the remaining life of the contract.

The final items reported as deferred inflows of resources arise from the revenue recognition of property taxes and intergovernmental revenues. The first item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, *unearned revenue*, which is reported in both the governmental funds balance sheet and the government-wide statement of net position, pertains to intergovernmental revenues received by the City in advance of meeting certain eligibility requirements and thus will be recognized as inflows (revenue) in future periods once those requirements are met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. 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 position. Bond premiums and discounts 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. Bond issuance costs are reported as expenses in the periods in which they are incurred.

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

M. 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 position."

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)

M. 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. Through the adoption of a resolution, the City Commission has expressly delegated to the City Manager the authority to assign fund balances 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)

M. Fund Equity (Continued)

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

N. 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.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 $99,431,743 difference are as follows:

Capital leases payable	$	(617,765)
Certificates of participation		(3,350,000)
Claims and judgements payable		(29,104)
Accrued interest payable		(1,368,364)
Net OPEB obligation		(9,005,554)
Notes payable		(5,660,321)
Bonds payable		(78,315,654)
Compensated absences		(1,084,981)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(99,431,743)

Another element of the reconciliation explains that "Some assets are not a financial resource used in governmental activities and therefore are not reported in governmental funds." The details of this $827,579 difference are as follows:

Net pension asset	$	518,524
Fair value of effective hedging derivative		309,055
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	827,579

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 position 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 $13,787,537 difference are as follows:

Capital outlay	$	15,027,527
Depreciation expense		(1,239,990)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	13,787,537

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 $142,309 difference are as follows:

Change in recognition of deferred taxes	$	26,818
Change in recognition of intergovernmental revenue		(170,177)
Accrued interest revenue		1,050
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(142,309)

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

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

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $36,542,783 difference are as follows:

Proceeds from issuance of revenue bonds	$ (29,290,000)
Proceeds from issuance of sales tax notes	(5,415,000)
Premiums on issuances of debt	(3,673,035)
Capital leases	(744,142)
Principal retirements	2,532,223
Amortization of premiums	47,171
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (36,542,783)

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 $1,757,352 difference are as follows:

Compensated absences	$ (56,357)
Claims and judgments	33,882
Net other post-employment benefits (OPEB) obligation	(1,533,070)
Net pension asset	(2,158)
Accrued interest	(199,649)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (1,757,352)

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, 2013:

Economic Development Fund	$	(1,108)
Emergency Telephone System Fund		(53,175)
Hotel / Motel Tax Fund		(1,986)
2010 URA Bonds Fund		(574,661)
Capital Improvement Fund		(329,977)
Cemetery Capital Improvement Fund		(10,559)
General Fund departments:		
Development and inspection		(5,893)
Police capital outlays		(977)
Motor maintenance		(25,844)

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

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2013, the City had $30,611,022 invested on behalf of a defined benefit pension fund and $659,296 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 corporate obligations, mutual funds, and U.S. government and government agency securities based on asset allocation ranges and performance benchmarks. The table on the following page summarizes the City's investments by type.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investment	Maturities	Fair Value
Guaranteed Investment Contract	June 1, 2028	$ 659,296
Corporate Obligations	10.63 years average effective duration	2,679,304
Mutual funds	(1)	20,002,650
U.S. Government and U.S. Government Agency Obligations	7.30 years average effective duration	7,929,068
Fidelity Institutional Money Market Treasury Portfolio - cash equivalents	57 days	690,772
Morgan Stanley Institutional Liquidity Funds - cash equivalents	27 days	28,372,712
Georgia Fund 1 - cash equivalents	43 days	5,666,600
Total		$ 66,000,402

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

Interest rate risk: The pension trust holds assets to collateralize the pension promises. The projected benefits extend out over 50+ years. The investment policy considers the duration of the assets and liabilities when managing interest rate risk in the bond portfolio. However, no formal policy to address potential fair value losses from rising interest rates has been adopted by the City Commission.

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.

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 AAAf 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, 2013, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Credit risk (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 Baa3 to Aa1 and A3 to Aaa, respectively, by Moody'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 as well as the Morgan Stanley Institutional Liquidity Funds were rated Aaa-mf by Moody's. The City's guaranteed contract with GMA was not rated as of June 30, 2013.

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, 2013, the City's cash accounts were secured, insured or collateralized in accordance with State law; however, as of June 30, 2013, $20,931 of the Decatur Downtown Development Authority's deposits at a financial institution were not insured or collateralized.

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.

NOTE 5. RECEIVABLES (Continued)

Receivables at June 30, 2013, 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	$ 335,238	$ 38,856	$ 48,974	$ 40,180	$ 463,248
Other	137,219	57,312	-	86,425	280,956
Less allowance for uncollectible	(24,032)	(2,580)	(3,305)	-	(29,917)
Net total receivable	$ 448,425	$ 93,588	$ 45,669	$ 126,605	$ 714,287

	Stormwater	Solid Waste	Total Business-type Activities
Receivables:			
Accounts	$ 63,936	$ 156,675	$ 220,611
Less allowance for uncollectible	(31,014)	(57,648)	(88,662)
Net total receivable	$ 32,922	$ 99,027	$ 131,949

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NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2013, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 3,752,883	$ 110,143	$ -	$ -	$ 3,863,026
Construction in progress	9,284,075	13,610,128	-	(11,180,312)	11,713,891
Total	13,036,958	13,720,271	-	(11,180,312)	15,576,917
Capital assets, being depreciated:					
Land improvements	2,217,268	236,645	-	1,148,368	3,602,281
Infrastructure	25,152,883	-	-	-	25,152,883
Buildings and improvements	11,422,502	-	-	10,031,944	21,454,446
Machinery and equipment	3,906,369	762,672	-	-	4,669,041
Vehicles	4,376,227	307,939	(125,820)	-	4,558,346
Total	47,075,249	1,307,256	(125,820)	11,180,312	59,436,997
Less accumulated depreciation for:					
Land improvements	(822,692)	(19,972)	-	-	(842,664)
Infrastructure	(14,944,554)	(593,735)	-	-	(15,538,289)
Buildings and improvements	(4,758,823)	(284,456)	-	-	(5,043,279)
Machinery and equipment	(3,209,923)	(114,041)	-	-	(3,323,964)
Vehicles	(3,680,821)	(227,786)	102,458	-	(3,806,149)
Total	(27,416,813)	(1,239,990)	102,458	-	(28,554,345)
Total capital assets, being depreciated, net	19,658,436	67,266	(23,362)	11,180,312	30,882,652
Governmental activities capital assets, net	$ 32,695,394	$ 13,787,537	$ (23,362)	$ -	$ 46,459,569

Depreciation expense was charged to functions / programs of the City's governmental activities as follows:

Governmental activities:	
General government	$ 197,084
Public safety	316,483
Public works	567,588
Recreation	158,835
Total depreciation expense - governmental activities	$ 1,239,990

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 53,303	$ 494,703	$ -	$ 548,006
Land	280,065	-	-	280,065
Total	333,368	494,703	-	828,071
Capital assets, being depreciated:				
Infrastructure	4,868,321	-	-	4,868,321
Buildings	8,605,815	-	-	8,605,815
Furniture, fixtures, and equipment	2,494,233	345,494	(372,743)	2,466,984
Total	15,968,369	345,494	(372,743)	15,941,120
Less accumulated depreciation for:				
Infrastructure	(2,344,560)	(95,880)	-	(2,440,440)
Buildings	(6,652,193)	(274,243)	-	(6,926,436)
Furniture, fixtures, and equipment	(2,036,300)	(164,367)	372,570	(1,828,097)
Total	(11,033,053)	(534,490)	372,570	(11,194,973)
Total capital assets, being depreciated, net	4,935,316	(188,996)	(173)	4,746,147
Business-type activities capital assets, net	$ 5,268,684	$ 305,707	$ (173)	$ 5,574,218

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-type activities:	
Solid Waste	$ 135,078
Stormwater	105,646
Conference Center and Parking Deck	293,766
Total depreciation expense - business-type activities	$ 534,490

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit

Capital asset activity for the Decatur Downtown Development Authority for the fiscal year ended June 30, 2013, 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)	(47,493)	-	(60,155)
Total	(12,662)	(47,493)	-	(60,155)
Total capital assets, being depreciated, net	$ 1,127,172	$ (47,493)	$ -	$ 1,079,679

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 32,175,000	$ -	$ (475,000)	$ 31,700,000	$ 520,000
Revenue bonds	13,743,096	29,290,000	(17,919)	43,015,177	373,994
Plus issuance premium	206,607	3,402,303	(8,433)	3,600,477	-
Total bonds payable	46,124,703	32,692,303	(501,352)	78,315,654	893,994
Capital leases	92,927	744,142	(219,304)	617,765	132,705
Notes payable	1,700,000	5,415,000	(1,700,000)	5,415,000	-
Plus issuance premium	13,327	270,732	(38,738)	245,321	-
Total notes payable	1,713,327	5,685,732	(1,738,738)	5,660,321	-
Certificates of participation	3,470,000	-	(120,000)	3,350,000	125,000
Claims and judgments	62,986	37,386	(71,268)	29,104	29,104
Net OPEB obligation	7,472,484	1,870,420	(337,350)	9,005,554	-
Compensated absences	1,028,624	958,412	(902,055)	1,084,981	922,235
Governmental activity Long-term liabilities	$ 59,965,051	$ 41,988,395	$ (3,890,067)	$ 98,063,379	$ 2,103,038

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Net OPEB obligation	$ 674,908	$ 95,875	$ (27,831)	$ 742,952	$ -
Compensated absences	83,452	70,198	(70,047)	83,603	71,062
Business-type activity Long-term liabilities	$ 758,360	$ 166,073	$ (97,878)	$ 826,555	$ 71,062

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.

Capital Leases – Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (including communication equipment) and improvements used in general governmental activities. The lease agreements qualify as capital leases for accounting purposes as either the titles transfer at the end of the lease terms or the leases include bargain purchase options 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, 2013, the City had $744,142 for governmental activities of equipment and improvements under capital leases.

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

	Governmental Activities
Fiscal Year Ending June 30,	
2014	$ 148,472
2015	148,472
2016	148,472
2017	109,794
2018	102,646
Total minimum lease payments	657,856
Less amount representing interest	40,091
Present value of future minimum lease payments	$ 617,765

NOTE 7. LONG-TERM DEBT (Continued)

Notes Payable. In December 2012, the City issued $5,415,000 in general obligation sales tax notes, with a premium of $270,732 and principal and interest payments beginning May 1, 2013 through November 1, 2017 at an interest rate of 1.00%. 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 balance of the sales tax notes. 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. Debt service requirements to maturity on the notes are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2014	$ -	$ 108,300	$ 108,300
2015	-	108,300	108,300
2016	1,770,000	90,600	1,860,600
2017	1,805,000	54,850	1,859,850
2018	1,840,000	18,400	1,858,400
Total	$ 5,415,000	$ 380,450	$ 5,795,450

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.

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation (continued). 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.

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, 2013, the floating rate being paid by the City is 0.40036% and the market value of this agreement is $309,055, a decrease of $165,536 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, 2013 based on the derivative contract and it is reported as a non-current asset in the statement of net position. 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 a deferred inflow of resources in the statement of net position.

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.

NOTE 7. LONG-TERM DEBT (Continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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	145,000	121,741	266,741
2019-2023	805,000	519,753	1,324,753
2024-2028	1,880,000	357,879	2,237,879
Total	$ 3,350,000	$ 1,537,755	$ 4,887,755

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 were 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.

NOTE 7. LONG-TERM DEBT (Continued)

Revenue Bonds. In May 2013 the Urban Redevelopment Agency of the City of Decatur (URA) issued Series 2013A and Series 2013B Revenue Bonds in the amounts of $23,930,000 and $5,360,000, respectively. The proceeds from the bonds will be used to pay for the costs related to the Beacon Center redevelopment project 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 2.0% to 5.0% and payments are due semi-annually on July 1 and January 1, beginning July 1, 2013. The bonds mature January 1, 2044.

The City's total debt service requirements to maturity on all outstanding bond issues are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	$ 893,994	$ 3,046,065	$ 3,940,059
2015	1,565,133	3,440,310	5,005,443
2016	1,626,341	3,388,280	5,014,621
2017	1,702,622	3,330,600	5,033,222
2018	1,783,979	3,268,755	5,052,734
2019-2023	10,353,283	15,214,905	25,568,188
2024-2028	13,381,745	12,675,115	26,056,860
2029-2033	17,491,598	8,898,790	26,390,388
2034-2038	18,291,482	4,267,435	22,558,917
2039-2043	6,210,000	1,194,295	7,404,295
2044	1,415,000	64,357	1,479,357
Total	$ 74,715,177	$ 58,788,907	$ 133,504,084

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 493,591
General Fund	Solid Waste Fund	97,868
General Fund	Debt Service Fund	612
General Fund	Stormwater Utility Fund	21,104
General Fund	2010 URA Bonds Fund	263,285
General Fund	Capital Improvement Fund	37,033
General Fund	2013 URA Bonds Fund	1,199
Nonmajor governmental funds	General Fund	22,965
Capital Improvement Fund	Solid Waste Fund	186,217
Capital Improvement Fund	2013 URA Bonds Fund	100,000
Capital Improvement Fund	Nonmajor governmental funds	69,948
Capital Improvement Fund	Stormwater Utility Fund	12,318
Stormwater Utility Fund	Nonmajor governmental funds	12,000
Nonmajor enterprise funds	Nonmajor governmental funds	145,144
Nonmajor governmental funds	Nonmajor governmental funds	102,103
Debt Service Fund	2010 URA Bonds Fund	34,549
Total		$ 1,599,936

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	$ 27,266
Component unit - Downtown Development Authority	Primary government - Nonmajor enterprise funds	203,756
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	34,789
Component unit - Downtown Development Authority	Primary government - General Fund	23,954
Primary government - General Fund	Component unit - Downtown Development Authority	370,503
		$ 660,268

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Solid Waste Fund	$ 231,000
General Fund	2010 URA Bonds Fund	135,752
General Fund	Nonmajor governmental funds	211,362
General Fund	Stormwater Utility Fund	257,500
		$ 835,614
2010 URA Bonds Fund	Capital Improvement Fund	$ 1,443,000
Capital Improvement Fund	Nonmajor enterprise funds	$ 236,645
Capital Improvement Fund	2013 URA Bonds Fund	92,822
Capital Improvement Fund	Nonmajor governmental funds	18,000
		$ 347,467
Nonmajor governmental funds	General Fund	$ 475,000
Nonmajor enterprise funds	Nonmajor governmental funds	$ 133,446
Stormwater Utility Fund	Nonmajor governmental funds	$ 12,000

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 2010 URA Bonds Fund and the Capital Improvement Fund for construction and other capital asset acquisition costs paid.

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Capital Improvement Fund	Solid Waste Fund	$ 305,152
Capital Improvement Fund	Nonmajor governmental funds	29,315
		$ 334,467

The amounts payable from the Solid Waste 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, 2013, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	81
Terminated vested participants not yet receiving benefits	5
Active participants	190
	276

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, 2013, 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, 2013, 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)
6/30/2013	$ 31,343,758	$ 38,208,541	$ 6,864,783	82.0%	$ 10,012,057	68.6%

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, 2013.

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2013, is as follows:

Annual required contribution	$ 824,767
Interest on net pension obligation (asset)	(42,578)
Adjustments to annual required contribution	70,963
Annual pension cost	853,152
Contributions made	(846,745)
Decrease in net pension obligation (asset)	6,407
Net pension obligation (asset), beginning of year	(567,709)
Net pension obligation (asset), end of year	$ (561,302)

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

For the year ended June 30, 2013, the City's contribution was 8.46% 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 2013 was determined as part of the July 1, 2012 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, 2013	$ 853,152	99%	$ (561,302)
June 30, 2012	823,092	97%	(567,709)
June 30, 2011	880,235	91%	(591,680)

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)
6/30/2013	-	$ 30,119,169	$ 30,119,169	0.0%	$ 9,165,872	328.6%

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, 2013, is as follows:

Annual required contribution	$ 1,992,669
Interest on net OPEB obligation	285,159
Adjustments to annual required contribution	(311,533)
Annual OPEB cost	1,966,295
Contributions made	(365,181)
Increase in net OPEB obligation	1,601,114
Net OPEB obligation, beginning of year	8,147,392
Net OPEB obligation, end of year	$ 9,748,506

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost (Continued)

For the year ended June 30, 2013, the City's contribution was 3.98% 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, 2013	$ 1,966,295	$ 365,181	19%	$ 9,748,506
June 30, 2012	2,118,390	598,103	28%	8,147,392
June 30, 2011	1,954,476	631,247	32%	6,627,105

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, 2013, there were 59 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, 2013, were $61,587 and $166,766, 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, 2013, there were 2 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2013, were $5,369.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2013, the City's Solid Waste Fund had a deficit net position of $39,729. This deficit in the fund's net position will be reduced through increased user charges, reduced collection fees and General Fund appropriations, as needed. Additionally, the City's Grant Fund had a deficit fund balance of $430. This deficit will be reduced through 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. In response to these risks, the City has purchased commercial insurance for all property and liability coverage. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

NOTE 15. RISK MANAGEMENT (Continued)

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
2013	$ 62,986	$ 37,386	$ 71,268	$ 29,104
2012	62,007	108,133	107,154	62,986

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Contractual Commitments:

For the fiscal year ended June 30, 2013, contractual commitments on uncompleted contracts were $31,141,275.

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 $470,802 for the year ended June 30, 2013. Of this amount 100% was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows as well as to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

NOTE 18. CHANGES IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than accrued and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatement was required to the beginning net position of the Governmental Activities to properly recognize debt issuance costs as expenses in the periods in which they were incurred:

Net position, Governmental Activities, previously reported	$	3,499,747
Recognition of issuance costs incurred in prior periods		(579,183)
Beginning net position, Governmental Activities, restated	$	2,920,564

NOTE 19. SUBSEQUENT EVENTS

On October 10, 2013, the City's Urban Redevelopment Agency issued a taxable revenue bond in the amount of $5,120,000 for the purchase of property from DeKalb County, Georgia for the purpose of redevelopment. Through a competitive bid process, a developer was selected to purchase and redevelop the site upon the County's departure from the building. The lease payments from the tenant will cover the interest payments until the building is sold to the developer. The purchase price from the selected developer is expected to be sufficient to pay the principal amount of the bond in full. Interest will accrue at 1.57% and will be paid semiannually on May 1 and November 1 until the bond matures on November 1, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013

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)
6/30/2013	$ 31,343,758	$ 38,208,541	$ 6,864,783	82.0%	$ 10,012,057	68.6%
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%

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, 2013

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)
6/30/2013	-	$ 30,119,169	$ 30,119,169	0.0%	$ 9,165,872	328.6%
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, 2013

Fiscal Year Ending	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed
June 30, 2013	$ 824,767	$ 846,745	103%
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%

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.

2007 GO Bonds Fund – To account for the proceeds of the Series 2007 General Obligation bonds and the expenditure of these funds towards the construction, acquisition and equipping of capital assets.

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, 2013

	Special Revenue Funds						Capital Projects Funds		
ASSETS	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Economic Development Fund	Hotel/Motel Tax Fund	2007 GO Bonds Fund	Cemetary Capital Improvement Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 12,004	$ 290,921	$ 119,832	$ 888,572	$ 24,921	$ 406,929	$ -	$ 105,299	$ 1,848,478
Taxes receivable	-	-	-	-	-	40,180	-	-	40,180
Other receivables	-	60,659	14,000	6,366	5,400	-	-	-	86,425
Due from other funds	-	-	-	102,104	20,713	-	-	2,251	125,068
Restricted cash	-	-	-	-	-	-	2,640,007	-	2,640,007
		-		-					
Total assets	$ 12,004	$ 351,580	$ 133,832	$ 997,042	$ 51,034	$ 447,109	$ 2,640,007	$ 107,550	$ 4,740,158
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ 4,888	$ 5,191	$ 13,895	$ 308	$ -	$ 7,483	$ -	$ 31,765
Due to component unit	-	-	-	-	-	27,266	-	-	27,266
Due to other funds	-	77,593	129,071	205,420	-	375,279	5,423	30,000	822,786
Advances from other funds	-	-	-	29,315	-	-	-	-	29,315
Total liabilities	-	82,481	134,262	248,630	308	402,545	12,906	30,000	911,132
FUND BALANCES									
Restricted:									
Law enforcement	12,004	-	-	-	-	-	-	-	12,004
E911 services	-	269,099	-	-	-	-	-	-	269,099
Tourism	-	-	-	-	-	44,564	-	-	44,564
Capital construction	-	-	-	-	-	-	2,627,101	-	2,627,101
Committed:									
Tree preservation	-	-	-	-	50,726	-	-	-	50,726
Children and youth services	-	-	-	748,412	-	-	-	-	748,412
Assigned:									
Cemetery operations	-	-	-	-	-	-	-	77,550	77,550
Unassigned	-	-	(430)	-	-	-	-	-	(430)
Total fund balance (deficit)	12,004	269,099	(430)	748,412	50,726	44,564	2,627,101	77,550	3,829,026
Total liabilities and fund balances	$ 12,004	$ 351,580	$ 133,832	$ 997,042	$ 51,034	$ 447,109	$ 2,640,007	$ 107,550	$ 4,740,158

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds						Capital Projects Funds		
	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Economic Development Fund	Hotel/Motel Tax Fund	2007 GO Bonds Fund	Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ 470,802	$ -	$ -	$ 470,802
Charges for services	-	540,943	-	1,129,479	7,513	-	-	-	1,677,935
Intergovernmental	-	-	84,189	1,324	-	-	-	9,329	94,842
Interest	5	-	-	-	-	-	4,174	-	4,179
Miscellaneous	-	-	-	-	-	-	-	80,400	80,400
Contributions	-	-	-	117,431	-	-	-	-	117,431
Total revenues	5	540,943	84,189	1,248,234	7,513	470,802	4,174	89,729	2,445,589
EXPENDITURES									
Current:									
General government	-	-	1,821	-	19,098	153,446	8,697	37,559	220,621
Public safety	-	920,045	79,619	-	-	-	-	-	999,664
Culture and recreation	-	-	3,179	1,529,212	-	-	-	-	1,532,391
Capital outlay	-	-	-	-	-	-	353,016	-	353,016
Debt service:									
Principal	-	7,881	-	-	-	-	-	-	7,881
Interest	-	1,649	-	-	-	-	-	-	1,649
Total expenditures	-	929,575	84,619	1,529,212	19,098	153,446	361,713	37,559	3,115,222
Excess (deficiency) of revenues over (under) expenditures	5	(388,632)	(430)	(280,978)	(11,585)	317,356	(357,539)	52,170	(669,633)
Other financing sources (uses):									
Capital leases	-	129,698	-	-	-	-	-	-	129,698
Transfers in	-	250,000	-	225,000	-	-	-	-	475,000
Transfers out	-	-	-	-	-	(333,475)	(11,333)	(30,000)	(374,808)
Total other financing sources (uses)	-	379,698	-	225,000	-	(333,475)	(11,333)	(30,000)	229,890
Net change in fund balances	5	(8,934)	(430)	(55,978)	(11,585)	(16,119)	(368,872)	22,170	(439,743)
FUND BALANCES, beginning of year	11,999	278,033	-	804,390	62,311	60,683	2,995,973	55,380	4,268,769
FUND BALANCES (deficit), end of year	$ 12,004	$ 269,099	$ (430)	$ 748,412	$ 50,726	$ 44,564	$ 2,627,101	$ 77,550	$ 3,829,026

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ 20	$ 5	$ (15)
EXPENDITURES				
Public safety	2,500	-	-	-
Net change in fund balances	(2,500)	20	5	(15)
FUND BALANCES, beginning of year	11,999	11,999	11,999	-
FUND BALANCES, end of year	$ 9,499	$ 12,019	$ 12,004	$ (15)

CITY OF DECATUR, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 560,000	$ 510,000	$ 540,943	$ 30,943
EXPENDITURES				
Public safety	924,730	869,250	920,045	(50,795)
Debt service:				
Principal	-	7,150	7,881	(731)
Interest	-	-	1,649	(1,649)
Total expenditures	924,730	876,400	929,575	(53,175)
Deficiency of revenues over expenditures	(364,730)	(366,400)	(388,632)	(22,232)
OTHER FINANCING SOURCES				
Capital leases	-	-	129,698	129,698
Transfers in	-	250,000	250,000	-
Total other financing sources	-	250,000	379,698	129,698
Net change in fund balances	(364,730)	(116,400)	(8,934)	107,466
FUND BALANCES, beginning of year	278,033	278,033	278,033	-
FUND BALANCES, end of year	$ (86,697)	$ 161,633	$ 269,099	$ 107,466

CITY OF DECATUR, GEORGIA
GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 93,000	$ 93,000	$ 84,189	$ (8,811)
Total revenue	93,000	93,000	84,189	(8,811)
EXPENDITURES				
General government	1,600	1,600	1,821	(221)
Public safety	86,400	86,400	79,619	6,781
Culture and recreation	5,000	5,000	3,179	1,821
Total expenditures	93,000	93,000	84,619	8,381
Net change in fund balances	-	-	(430)	(430)
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES (deficit), end of year	$ -	$ -	$ (430)	$ (430)

CITY OF DECATUR, GEORGIA
CHILDREN AND YOUTH SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 1,000,020	$ 1,100,000	$ 1,129,479	$ 29,479
Intergovernmental	-	-	1,324	1,324
Contributions	118,310	111,870	117,431	5,561
Total revenue	1,118,330	1,211,870	1,248,234	36,364
EXPENDITURES				
Recreation	1,866,040	1,769,410	1,529,212	240,198
Debt service:				
Principal	-	9,800	-	9,800
Interest and fiscal charges	-	500	-	500
Total expenditures	1,866,040	1,779,710	1,529,212	250,498
Deficiency of revenues over expenditures	(747,710)	(567,840)	(280,978)	286,862
OTHER FINANCING SOURCES				
Transfer in	-	225,000	225,000	-
Net change in fund balances	(747,710)	(342,840)	(55,978)	286,862
FUND BALANCES, beginning of year	804,390	804,390	804,390	-
FUND BALANCES, end of year	$ 56,680	$ 461,550	$ 748,412	$ 286,862

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ -	$ 7,500	$ 7,513	$ 13
Interest	100	-	-	-
Total revenue	100	7,500	7,513	13
EXPENDITURES				
General government	18,000	17,990	19,098	(1,108)
Net change in fund balances	(17,900)	(10,490)	(11,585)	(1,095)
FUND BALANCES, beginning of year	62,311	62,311	62,311	-
FUND BALANCES, end of year	$ 44,411	$ 51,821	$ 50,726	$ (1,095)

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 370,000	$ 460,000	$ 470,802	$ 10,802
EXPENDITURES				
General government	145,000	151,460	153,446	(1,986)
Excess of revenues over expenditures	225,000	308,540	317,356	8,816
OTHER FINANCING USES				
Transfers out	(265,000)	(328,540)	(333,475)	(4,935)
Net change in fund balances	(40,000)	(20,000)	(16,119)	3,881
FUND BALANCES, beginning of year	60,683	60,683	60,683	-
FUND BALANCES, end of year	$ 20,683	$ 40,683	$ 44,564	$ 3,881

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,568,000	$ 1,800,000	$ 1,833,853	$ 33,853
Interest	10,000	2,500	438	(2,062)
Miscellaneous	34,000	246,380	246,372	(8)
Total revenues	1,612,000	2,048,880	2,080,663	31,783
EXPENDITURES				
Debt service:				
Principal retirements	2,175,000	2,175,000	2,175,000	-
Interest and fiscal charges	1,439,550	1,478,960	1,474,272	4,688
Issuance costs	-	443,700	443,694	6
Total expenditures	3,614,550	4,097,660	4,092,966	4,694
Deficiency of revenues over expenditures	(2,002,550)	(2,048,780)	(2,012,303)	36,477
OTHER FINANCING SOURCES				
Proceeds from issuance of sales tax notes	-	5,415,000	5,415,000	-
Original issue premiums received	-	270,740	270,732	(8)
Total other financing sources	-	5,685,740	5,685,732	(8)
Net change in fund balances	(2,002,550)	3,636,960	3,673,429	36,469
FUND BALANCES, beginning of year	2,781,842	2,781,842	2,781,842	-
FUND BALANCES, end of year	$ 779,292	$ 6,418,802	$ 6,455,271	$ 36,469

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 1,200,000	$ 3,700	$ -	$ (3,700)
Interest	10,000	-	4,174	4,174
Total revenues	1,210,000	3,700	4,174	474
EXPENDITURES				
General government	60,650	52,700	8,697	44,003
Capital outlay	2,183,430	1,477,000	353,016	1,123,984
Total expenditures	2,244,080	1,529,700	361,713	1,167,987
Deficiency of revenues over expenditures	(1,034,080)	(1,526,000)	(357,539)	1,168,461
OTHER FINANCING USES				
Transfers out	(170,000)	(155,150)	(11,333)	143,817
Net change in fund balances	(1,204,080)	(1,681,150)	(368,872)	1,312,278
FUND BALANCES, beginning of year	2,995,973	2,995,973	2,995,973	-
FUND BALANCES, end of year	$ 1,791,893	$ 1,314,823	$ 2,627,101	$ 1,312,278

CITY OF DECATUR, GEORGIA
2010 URA BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 340,350	$ 340,350	$ 340,355	$ 5
Interest	10,500	10,500	10,803	303
Total revenues	350,850	350,850	351,158	308
EXPENDITURES				
General government	-	-	32,302	(32,302)
Capital outlay	9,360,000	7,382,000	7,924,370	(542,370)
Debt service:				
Principal retirements	17,920	17,920	17,919	1
Interest and fiscal charges	815,340	815,340	815,330	10
Total expenditures	10,193,260	8,215,260	8,789,921	(574,661)
Deficiency of revenues over expenditures	(9,842,410)	(7,864,410)	(8,438,763)	(574,353)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,086,000	1,443,000	1,443,000	-
Transfers out	-	-	(135,752)	(135,752)
Total other financing sources (uses)	1,086,000	1,443,000	1,307,248	(135,752)
Net change in fund balances	(8,756,410)	(6,421,410)	(7,131,515)	(710,105)
FUND BALANCES, beginning of year	9,225,012	9,225,012	9,225,012	-
FUND BALANCES, end of year	$ 468,602	$ 2,803,602	$ 2,093,497	$ (710,105)

CITY OF DECATUR, GEORGIA
2013 URA BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 1,018	$ 1,018
Total revenues	-	-	1,018	1,018
EXPENDITURES				
General government	2,065,700	2,065,700	102,424	1,963,276
Capital outlay	8,990,000	8,990,000	5,266,943	3,723,057
Debt service:		-		
Bond issuance costs	67,990	67,990	381,944	(313,954)
Total expenditures	11,123,690	11,123,690	5,751,311	5,372,379
Deficiency of revenues over expenditures	(11,123,690)	(11,123,690)	(5,750,293)	5,373,397
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of revenue bonds	32,565,440	32,565,440	29,290,000	(3,275,440)
Original issue premiums received	-	-	3,402,303	3,402,303
Transfers out	-	-	(92,822)	(92,822)
Total other financing sources (uses)	32,565,440	32,565,440	32,599,481	34,041
Net change in fund balances	21,441,750	21,441,750	26,849,188	5,407,438
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ 21,441,750	$ 21,441,750	$ 26,849,188	$ 5,407,438

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 3,700,000	$ 4,762,000	$ 4,783,887	$ 21,887
Intergovernmental	175,000	175,000	224,892	49,892
Interest	10,000	10,000	16,073	6,073
Miscellaneous	-	32,100	31,590	(510)
Total revenues	3,885,000	4,979,100	5,056,442	77,342
EXPENDITURES				
General government	588,650	560,930	425,998	134,932
Capital outlay	2,170,700	864,000	1,342,526	(478,526)
Debt service:				
Principal retirements	440,000	332,000	331,423	577
Interest expenditures	116,100	116,100	103,060	13,040
Total expenditures	3,315,450	1,873,030	2,203,007	(329,977)
Excess of revenues over expenditures	569,550	3,106,070	2,853,435	(252,635)
OTHER FINANCING SOURCES (USES)				
Capital lease	1,295,000	614,440	614,444	4
Transfers in	18,000	18,000	347,467	329,467
Transfers out	(1,086,000)	(1,443,000)	(1,443,000)	-
Total other financing sources (uses)	227,000	(810,560)	(481,089)	329,471
Net change in fund balances	796,550	2,295,510	2,372,346	76,836
FUND BALANCES, beginning of year	5,205,816	5,205,816	5,205,816	-
FUND BALANCES, end of year	$ 6,002,366	$ 7,501,326	$ 7,578,162	$ 76,836

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ -	$ 9,329	$ 9,329
Miscellaneous	55,000	75,000	80,400	5,400
Total revenues	55,000	75,000	89,729	14,729
EXPENDITURES				
General government	25,000	27,000	37,559	(10,559)
Excess of revenues over expenditures	30,000	48,000	52,170	4,170
OTHER FINANCING USES				
Transfers out	(30,000)	(30,000)	(30,000)	-
Net change in fund balances	-	18,000	22,170	4,170
FUND BALANCES, beginning of year	55,380	55,380	55,380	-
FUND BALANCES, end of year	$ 55,380	$ 73,380	$ 77,550	$ 4,170

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, 2013

ASSETS	Municipal Court Fund	Board of Education Fund	Downtown Development Authority Fund	Totals
Cash	$ 67,951	$ 2,023,010	$ 34,789	$ 2,125,750
Uncollected taxes	-	681,793	-	681,793
Total assets	$ 67,951	$ 2,704,803	$ 34,789	$ 2,807,543
LIABILITIES				
Due to others	$ 67,951	$ 2,704,803	$ -	$ 2,772,754
Due to component unit	-	-	34,789	34,789
Total liabilities	$ 67,951	$ 2,704,803	$ 34,789	$ 2,807,543

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
MUNICIPAL COURT				
Assets - cash	$ 77,901	$ 884,597	$ 894,547	$ 67,951
Liabilities - due to others	$ 77,901	$ 884,597	$ 894,547	$ 67,951
BOARD OF EDUCATION				
Assets:				
Cash	$ 2,073,170	$ 25,057,748	$ 25,107,908	$ 2,023,010
Uncollected taxes	694,980	22,466,452	22,479,639	681,793
Total assets	$ 2,768,150	$ 47,524,200	$ 47,587,547	$ 2,704,803
Liabilities - due to others	$ 2,768,150	$ 47,524,200	$ 47,587,547	$ 2,704,803
DOWNTOWN DEVELOPMENT AUTHORITY				
Assets - cash	$ 37,579	$ 429,082	$ 431,872	$ 34,789
Liabilities - due to component unit	$ 37,579	$ 429,082	$ 431,872	$ 34,789
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 2,188,650	$ 26,371,427	$ 26,434,327	$ 2,125,750
Uncollected taxes	694,980	22,466,452	22,479,639	681,793
Total assets	$ 2,883,630	$ 48,837,879	$ 48,913,966	$ 2,807,543
Liabilities:				
Due to others	$ 2,846,051	$ 48,408,797	$ 48,482,094	$ 2,772,754
Due to component unit	37,579	429,082	431,872	34,789
Total liabilities	$ 2,883,630	$ 48,837,879	$ 48,913,966	$ 2,807,543

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2013

ASSETS		
Cash	$	474,093
Taxes receivable		12,242
Other receivables		6,136
Due from primary government		262,499
Prepaids		50,847
Total assets	$	805,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	$	23,498
Due to primary government		370,503
Total liabilities		394,001
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues - property taxes		5,235
Total deferred inflows of resources		5,235
FUND BALANCES		
Nonspendable - prepaids		50,847
Unassigned		355,734
Total fund balances		406,581
Total liabilities, deferred inflows of resources, and fund balances	$	805,817

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, 2013

REVENUES	
Taxes	$ 557,041
Miscellaneous	546,598
Total revenues	1,103,639
EXPENDITURES	
Downtown development	1,173,754
Total expenditures	1,173,754
Net change in fund balance	(70,115)
FUND BALANCE, beginning of year	476,696
FUND BALANCE, end of year	$ 406,581

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DECATUR TOURISM BOARD
JUNE 30, 2013

ASSETS		
Cash	$	71,417
Accounts Receivable		27,266
Total assets	$	98,683
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued liabilities	$	55
Total liabilities		55
FUND BALANCE		
Restricted for promotion of tourism		98,628
Total fund balance		98,628
Total liabilities and fund balance	$	98,683

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, 2013

REVENUES		
Taxes	$	133,447
Intergovernmental		20,000
Interest		31
Other		10,960
Total revenues		164,438
EXPENDITURES		
Tourism		139,712
Total expenditures		139,712
Net change in fund balance		24,726
FUND BALANCE, beginning of year		73,902
FUND BALANCE, end of year	$	98,628

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 **91**

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 **94**

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

Debt Capacity **102**

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 **106**

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 **109**

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

	2013	2012	2011	2010
Governmental activities				
Net investment in capital assets	**$ 14,725**	$ 12,964	$ 12,718 (2)	$ 52,582
Restricted	**1,946**	2,024	1,073	663
Unrestricted	**(13,403)**	(12,067) (3)	(11,007) (2)	11,384
Total governmental activities net position	**$ 3,268**	$ 2,921 (3)	$ 2,784 (2)	$ 64,629
Business-type activities				
Net investment in capital assets	**$ 5,574**	$ 5,269	$ 4,448	$ 4,754
Unrestricted	**729**	1,424	1,743	1,469
Total business-type activities net position	**$ 6,303**	$ 6,693	$ 6,191	$ 6,223
Primary government				
Net investment in capital assets	**$ 20,299**	$ 18,233	$ 17,166	$ 57,336
Restricted	**1,946**	2,024	1,073	663
Unrestricted	**(12,674)**	(10,643) (3)	(9,264)	12,853
Total primary government net position	**$ 9,571**	$ 9,614 (3)	$ 8,975	$ 70,852

NOTES: (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 net investment in capital assets and net position overall for governmental activities.

(3) Unrestricted net position of governmental activities was restated to reflect the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65. Additional information about this restatement can be found in Note 18.

2009	2008	2007	2006	2005	2004
$ 49,255	$ 33,445	$ 28,897 (1)	$ 46,046	$ 42,667	$ 42,074
129	1,044	823	595	-	-
9,040	12,270	8,875	7,517	8,822	10,051
$ 58,424	$ 46,759	$ 38,595	$ 54,158	$ 51,489	$ 52,125
$ 5,027	$ 4,661	$ 4,154	$ 3,387	$ 3,021	$ 2,658
1,524	1,054	895	929	618	585
$ 6,551	$ 5,715	$ 5,049	$ 4,316	$ 3,639	$ 3,243
$ 54,282	$ 38,106	$ 33,051	$ 49,433	$ 45,688	$ 44,732
129	1,044	823	595	-	-
10,564	13,324	9,770	8,446	9,440	10,636
$ 64,975	$ 52,474	$ 43,644	$ 58,474	$ 55,128	$ 55,368

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2013	2012	2011	2010
Expenses				
Governmental activities:				
General government	**$ 8,572**	$ 7,301	$ 6,951	$ 6,804
Education	**-**	-	-	2,071
Public safety	**9,960**	9,828	9,648	10,511
Public works	**3,941**	3,935	3,731	3,883
Recreation	**3,513**	3,335	2,887	3,041
Community & economic development	**-**	-	-	-
Interest on long-term debt	**2,546**	2,422	1,869	1,878
Total governmental activities expenses	**28,532**	26,821	25,084	28,188
Business-type activities:				
Conference center	**463**	392	314	325
Stormwater	**537**	547	592	713
Solid waste	**2,066**	1,936	1,979	2,154
Total business-type activities expenses	**3,066**	2,875	2,885	3,192
Total primary government expenses	**$ 31,598**	$ 29,696	$ 27,969	$ 31,380
Program Revenues				
Governmental activities:				
Charges for services:				
General government	**$ 1,295**	$ 1,232	$ 1,142	$ 842
Education	**-**	-	36	91
Public safety	**1,803**	2,404	2,252	1,985
Public works	**109**	95	79	114
Recreation	**1,694**	1,510	1,399	1,322
Community & economic development	**-**	-	-	-
Operating grants and contributions	**573**	501	324	320
Capital grants and contributions	**305**	605	624	10,474
Total governmental activities program revenues	**5,779**	6,347	5,856	15,148
Business-type activities:				
Charges for services:				
Conference center	**-**	-	81	84
Stormwater	**968**	976	988	928
Solid waste	**2,279**	2,283	2,226	2,223
Capital grants and contributions	**-**	-	-	-
Total business-type activities program revenues	**3,247**	3,259	3,295	3,235
Total primary government program revenues	**$ 9,026**	$ 9,606	$ 9,151	$ 18,383

2009	2008	2007	2006	2005	2004
$ 6,382	$ 5,406 (6)	$ 8,589 (6)	$ 8,729 (1)	$ 5,233	$ 4,118
1,314	1,945	2,007	1,845	1,926	1,914
10,295 (9)	8,331	8,043	8,414	7,659	7,133
3,855	3,508	3,310	3,544	3,380	3,163
3,163	2,152	1,865	1,873	1,605	1,818
-	-	-	-	-	-
1,586	1,632 (7)	804 (7)	106	99	24
26,595	22,974	24,618	24,511	19,902	18,170
363 (10)	516	516	561	595	611
641	662	552	793	1,588	670
2,017	2,085	2,076	1,945	1,796	1,830
3,021	3,263	3,144	3,299	3,979	3,111
$ 29,616	$ 26,237	$ 27,762	$ 27,810	$ 23,881	$ 21,281
$ 839	$ 1,229	$ 905	$ 773	$ 433	$ 588
-	249	230	-	-	-
1,657	1,672	1,500	1,214	1,241	1,257
89	103	88	379	84	117
1,075	776	639	618	524	677
-	-	-	261	197	214
356	657	790	997	1,065	479
16,419 (11)	7,582 (8)	3,362 (8)	8,153 (1)	1,786	1,949
20,435	12,268	7,514	12,395	5,330	5,281
84	84	79	76	106	66
1,023	984	1,000	973	889	780
2,266	2,377	2,342	2,332	2,154	2,043
-	-	-	-	-	-
3,373	3,445	3,421	3,381	3,149	2,889
$ 23,808	$ 15,713	$ 10,935	$ 15,776	$ 8,479	$ 8,170

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2013	2012	2011	2010
Net (expense)/revenue				
Governmental activities	**$ (22,753)**	$ (20,474)	$ (19,228)	$ (12,840)
Business-type activities	**181**	384	409	43
Total primary government net expense	**$ (22,572)**	$ (20,090)	$ (18,818)	$ (12,797)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	**$ 14,680**	$ 14,634	$ 14,571	$ 15,135
Franchise taxes	**1,486**	1,509	1,466	1,377
Sales taxes	**4,580**	3,706	694	617
Other taxes	**1,464**	1,332	1,397	1,394
Unrestricted investment earnings	**33**	37	55	151
Gain on sale of capital assets	**-**	23	-	-
Miscellaneous	**278**	67	-	-
Transfers	**580**	(118)	442	371
Special item	**-**	-	(61,242) (12)	-
Total governmental activities	**23,101**	21,190	(42,617)	19,045
Business-type activities:				
Other taxes	**-**	-	-	-
Gain on sale of capital assets	**9**	-	-	-
Transfers	**(580)**	118	(442)	(371)
Total business-type activities	**(571)**	118	(442)	(371)
Total primary government	**$ 22,530**	$ 21,308	$ (43,059)	$ 18,674
Change in Net Position				
Governmental activities	**$ 348**	$ 716	$ (61,845)	$ 6,205
Business-type activities	**(390)**	502	(32)	(328)
Total primary government	**$ (42)**	$ 1,218	$ (61,877)	$ 5,877

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.

2009	2008	2007	2006	2005	2004
$ (10,706)	$ (10,706)	$ (17,104)	$ (12,116)	$ (14,572)	$ (12,889)
182	182	277	82	(830)	(222)
$ (10,524)	$ (10,524)	$ (16,827)	$ (12,034)	$ (15,402)	$ (13,111)
$ 14,585	$ 14,852	$ 14,456 (3)	$ 11,847	$ 11,287	$ 9,848
1,364	1,354	1,227	1,254	1,067	1,034
641	662	608	579	250	261
1,399	1,397	1,495	1,363	1,252	1,220
307	1,081	710 (4)	312	188	40
13	7	1	24	8	16
-	-	-	-	-	-
(484)	(483)	(456)	(595)	(116)	(110)
-	-	(16,500) (5)	-	-	-
17,825	18,870	1,541	14,784	13,936	12,309
-	-	-	-	275	254
-	-	-	-	835	-
484	483	456	595	116	110
484	483	456	595	1,226	364
$ 18,309	$ 19,353	$ 1,997	$ 15,379	$ 15,162	$ 12,673
$ 11,665	$ 8,164	$ (15,563)	$ 2,668	$ (636)	$ (580)
836	665	733	677	396	142
$ 12,501	$ 8,829	$ (14,830)	$ 3,345	$ (240)	$ (438)

(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
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
2013	14,680	1,486	4,580	963	501	22,211

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)

	2013	2012	2011 (2)	2010
General fund				
Reserved	**$ -**	$ -	$ -	$ 23
Unreserved	**-**	-	-	7,670
Nonspendable - prepaids	**15**	6	88	-
Assigned:				
Greenspace acquisition	**12**	12	12	-
Beacon School redevelopment	**3,000**	3,000	-	-
Fiscal year 2013 operations	**654**	702	1,295	-
Unassigned	**5,065**	5,324	6,965	-
Total general fund	**$ 8,746**	$ 9,044	$ 8,360	$ 7,693
All other governmental funds				
Reserved	**$ -**	$ -	$ -	$ 14,985
Unreserved, reported in:				
Special revenue funds	**-**	-	-	1,560
Capital projects funds	**-**	-	-	1,884
Nonspendable - prepaids				
Prepaids	**150**	42	1,157	-
Advances	**334**	395	343	-
Restricted:				
Capital construction	**35,890** (3)	15,661	17,566	-
Equipment purchases	**659**	667	705	-
Debt service	**6,862**	3,189	3,949	-
Law enforcement	**12**	12	12	-
Public safety	**269**	278	331	-
Tourism	**45**	61	81	-
Committed:				
Tree preservation	**51**	62	40	-
Children and youth services	**748**	804	1,023	-
Assigned:				
Cemetery operations	**78**	55	41	-
Equipment purchases	**1,707**	255	1,425	-
Total all other governmental funds	**$ 46,805**	$ 21,481	$ 26,672	$ 18,429

NOTES: (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.

(3) The increase from 2012 to 2013 is the result of the issuance of URA Bonds, Series 2013 which will be used to fund capital projects in future periods.

2009	2008	2007		2006	2005	2004
$ 391	$ 11	$ 64		$ 10	$ -	$ -
6,300	7,203	6,224		5,524	5,689	6,144
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
$ 6,691	$ 7,214	$ 6,288		$ 5,534	$ 5,689	$ 6,144
$ 13,095	$ 17,131	$ 19,952	(1)	$ 1,193	$ 1,425	$ 922
1,475	623	482		347	(1)	-
1,560	2,356	542		1,578	1,314	545
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
$ 16,130	$ 20,110	$ 20,976		$ 3,118	$ 2,738	$ 1,467

CITY OF DECATUR, GEORGIA

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

	2013	2012	2011	2010
Revenues				
Taxes	**$ 22,354**	$ 21,317	$ 18,323	$ 18,748
Licenses and permits	**882**	852	730	481
Intergovernmental	**1,010**	1,177	891	784
Fines and forfeitures	**581**	1,153	1,039	767
Charges for services	**3,019**	2,875	2,732	2,682
Interest income	**33**	37	55	110
Other revenues	**565**	358	465	318
Total revenues	**28,444**	27,769	24,235	23,890
Expenditures				
General government	**7,253**	6,759	6,523	5,836
Education	**-**	-	-	-
Public safety	**8,990**	8,675	8,406	8,430
Public works	**3,232**	3,223	3,171	3,139
Recreation	**3,016**	2,946	2,679	2,745
Non-departmental	**-**	-	-	-
Capital outlay	**14,887**	6,939	4,639	3,502
Debt service				
Principal retirements	**2,532**	2,310	2,198	1,546
Interest and fiscal charges	**2,394**	2,397	1,644	1,623
Cost of issuance	**826**	-	271	140
Total expenditures	**43,130**	33,250	29,530	26,961
Excess of revenues over (under) expenditures	**(14,686)**	(5,481)	(5,294)	(3,071)
Other financing sources (uses)				
Proceeds from capital leases	**744**	-	-	-
Issuance of long-term debt	**34,705**	-	13,760	5,900
Premium on bond issuance	**3,673**	-	-	101
Proceeds from sale of capital assets	**10**	27	3	-
Transfers in	**3,101**	2,554	9,936	1,446
Transfers out	**(2,521)**	(1,607)	(9,494)	(1,075)
Total other financing sources (uses)	**39,712**	974	14,206	6,372
Special item	**-**	-	-	-
Net change in fund balances	**$ 25,026**	$ (4,507)	$ 8,911	$ 3,301
Debt service as a percentage of noncapital expenditures	**20.47%**	18.00%	15.42%	14.18% (11)

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.

2009	2008	2007	2006	2005	2004
$ 17,912	$ 17,789	$ 17,796 (2)	$ 15,133	$ 13,845	$ 12,477
440 (8)	758	603	721	354	517
448 (9)	2,323	3,179	3,693 (1)	1,701	1,105
512	485	575	653	523	530
2,312	2,264	1,867	1,542	1,321	1,473
307	1,081	710	312	188	40
452	391	287	1,155	190	554
22,383	25,091	25,017	23,209	18,122	16,696
5,804	5,327 (5)	8,353	8,518 (1)	4,733	4,085
10 (10)	561	751	693	777	458
8,667	8,074	7,793	7,736	7,585	6,948
3,080	2,976	2,663	2,839	2,821	2,592
2,827	2,035	1,752	1,656	1,525	1,777
-	-	-	-	-	-
4,182	4,023 (6)	1,373	3,597	692	401
259	323	316	262	189	309
1,592	1,472 (7)	543	108	101	25
-	-	-	-	-	-
26,421	24,791	23,544	25,409	18,423	16,595
(4,038)	300	1,473	(2,200)	(301)	101
-	235	596 (3)	186	210	123
-	-	33,245 (3)	2,810	-	-
-	-	253	-	-	-
18	7	1	24	8	32
2,268	830	722	1,338	1,018	1,012
(2,752)	(1,314)	(1,178)	(1,933)	(1,135)	(1,122)
(466)	(242)	33,639	2,425	101	45
-	-	(16,500) (4)	-	-	-
$ (4,504)	$ 58	$ 18,613	$ 225	$ (200)	$ 146
8.32%	8.64%	3.87%	1.70%	1.64%	2.06%

(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
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
2013	14,824	1,486	4,580	963	501	22,354

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			
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
2013	1,003,607	175,035	23,054	14,640	42,384

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
$ 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%
111,549	1,147,171	1.262	2,294,342	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		
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
2013	1.120	0.142	1.262	45.34	2.090	0.038	0.15	50.142

Source: City of Decatur Tax Department and Dekalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

(amounts expressed in thousands)

	2013			2004		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
SNH Medical Office Properties	$ 7,310 *	1	0.64 %	$ -	-	- %
Noble I Decatur LLC	6,100 *	2	0.53	-	-	-
N G One West Court LLC	5,675 *	3	0.49	-	-	-
Parmenter Clairemont LLC	5,173 *	4	0.45	-	-	-
Ashton Park Trace Apartments'	4,530	5	0.39	-	-	-
DCP Renaissance Investors LLC	4,505 *	6	0.39	-	-	-
Devry Inc	4,165 *	7	0.36	-	-	-
CB Decatur Court LLC	4,038 *	8	0.35	-	-	-
DTC Partners LLC	3,506 *	9	0.31	-	-	-
Avery Properties Inc	3,432 *	10	0.30	-	-	-
Bell South Communications	-	-	-	13,789	1	1.68
DDR - Tower/Office, LLC	-	-	-	8,479	2	1.03
Decatur Towncenter Association	-	-	-	8,305	3	1.01
Ackerman Decatur LP	-	-	-	6,593	4	0.80
Prime Bank	-	-	-	5,897	5	0.72
Bask Decatur Hotel, LLC	-	-	-	4,857	6	0.59
Lexington Decatur, LLC	-	-	-	4,529	7	0.55
Deck-Decatur Court, LLC	-	-	-	4,140	8	0.50
Clairemont Partners, LLP	-	-	-	4,101	9	0.50
Park Trace Properties, LTD	-	-	-	3,961	10	0.48
	$ 48,434		4.22 %	$ 64,651		7.87 %

(*) As of the publication of this report, these property values were under appeal and therefore have been reported at 85% of their actual assessed values

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
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%	19,084	35,843	99.97%
2012	35,781	17,185	48.0%	18,423	35,608	99.52%

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

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

CITY OF DECATUR, GEORGIA

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

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Note Payable	Capital Leases	Notes Payable	Capital Leases			
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
2013	31,700	43,015	3,350	5,415	618	-	-	84,098	9.87%	4,236

(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 SEVEN 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	1,081	31,094	1.38%	1,590
2013	31,700	1,040	30,660	1.34%	1,544

(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, 2013
(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	31,700	100.000%	31,700
Revenue bonds	43,015	100.000%	43,015
Capital leases	618	100.000%	618
Notes payable	5,415	100.000%	5,415
Certificates of participation	3,350	100.000%	3,350
	84,098		84,098
Total direct and overlapping debt	$ 677,053		$ 113,829

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 SEVEN FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year						
	2007	2008	2009	2010	2011	2012	2013
Debt limit	$ 117,204	$ 120,813	$ 124,906	$ 124,437	$ 123,385	$ 125,390	$ 125,872
Total net debt applicable to limit	32,047	32,324	32,744	32,372	31,966	31,093	30,660
Legal debt margin	$ 85,157	$ 88,489	$ 92,162	$ 92,065	$ 91,419	$ 94,297	$ 95,212

Assessed Value	$ 1,147,171
Add back: exempt real property	111,549
Total assessed value	1,258,720
Debt limit (10% of total assessed value)	125,872
Debt applicable to limit:	
General obligation bonds	31,700
Less: Amount set aside for repayment of general obligation debt	(1,040)
Total net debt applicable to limit	30,660
Legal debt margin	$ 95,212
Total net debt applicable to the limit as a percentage of debt limit	24.36%

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)
2004	18,147	$ 532,850	$ 29,363	36.0	75%	2,499	4.1%
2005	18,147	532,850	29,363	36.0	75%	2,487	4.1%
2006	18,147	532,850	29,363	36.0	75%	2,514	4.1%
2007	18,147	532,850	29,363	36.0	75%	2,535	4.1%
2008	18,147	532,850	29,363	36.0	75%	2,656	4.1%
2009	18,147	532,850	29,363	36.0	75%	2,693	10.6% (5)
2010	18,942	556,194	29,363	36.0	88%	2,888	8.7%
2011	19,335	717,909	37,130	37.0	91%	3,246	10.7%
2012	19,555	762,097	38,972	37.0	92%	3,644	9.4%
2013	19,853	852,210	42,926	37.5	95%	3,991	8.6%

(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 SEVEN YEARS AGO

	2013			2006		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dekalb County Government	1,614	1	N/A %	1,100	1	N/A %
The City Schools of Decatur (education)	586	2	N/A	481	2	N/A
Agnes Scott College (education)	271	3	N/A	400	3	N/A
City of Decatur	199	4	N/A	206	5	N/A
Emory University (satellite offices)	137	5	N/A	239	4	N/A
DeVry University	123	6	N/A	-	-	N/A
CCP Games	109	7	N/A			N/A
DeKalb Medical - Decatur Hospital	105	8	N/A	178	6	N/A
Columbia Theological Sem	75	9	N/A	116	8	N/A
Art Institute of Atlanta - Decatur	52	10	N/A	-	-	N/A
Allied Systems	-	-	N/A	175	7	N/A
McCurdy & Candler	-	-	N/A	74	9	N/A
Third Millennium	-	-	N/A	50	10	N/A
	3,271		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

	2013	2012	2011	2010	2009
Function					
General government	**27**	27	28	27	24
Public safety					
Police					
Officers	**44**	39	44	42	41
Civilians	**13**	13	14	13	16
Fire					
Firefighters and officers	**39**	39	40	39	38
Highways and streets					
Engineering	**15**	13	14	14	14
Maintenance	**27**	27	25	20	24
Sanitation	**17**	17	18	15	19
Culture and recreation	**17**	16	17	16	18
Total	**199**	191	200	186	194

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.

2008	2007		2006	2005	2004
28	29		28	25	25
33	34	(1)	53	50	51
18	15	(1)	27	29	28
39	39		39	40	40
13	13	(1)	20	20	19
28	27	(1)	39	34	36
13	17		17	17	15
19	16		18	17	18
191	190		241	232	232

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009
Function					
Physical arrests	**968**	1,170	1,363	1,363	1,054
Parking violations (1)	**9,897**	10,497	14,186	14,186	9,554
Traffic violations	**6,884** (2)	10,583	13,112	13,112 (2)	6,820
Fire					
Number of calls answered	**3,409**	3,106	2,755	2,755	2,975
Inspections	**1,408**	506	764	764	1,023
Highways and streets					
Street resurfacing (miles)	**1.15**	1.16	0.80	0.80	0.71
Potholes repaired	**26**	30	92	92	38
Sanitation					
Refuse collected (tons/day)	**20.12**	23.20	27.80	27.80	28.00
Recyclables collected (tons/day)	**20.00**	21.90	22.53	22.53	18.25
Culture and recreation					
Athletic field permits issued	**26**	195	185	185	169 **
Community center admissions (3)	**16,252**	27,628	20,190	20,190	13,008

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; this division was eliminated during 2013.

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

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

2008	2007	2006	2005	2004
1,179	1,308	1,874	1,655	1,758
11,411	4,230	5,699	4,126	N/A
5,563	8,454	8,011	8,195	9,129
2,927	2,552	2,430	2,353	2,200
971	884	370	427	278
-	-	-	0.65	0.75
35	40	48	24	31
36.70	42.28	46.43	46.91	49.93
13.67	10.58	11.92	10.40	10.98
209	542	608	642	513
14,409	5,081	6,135	6,268	4,143

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009
Function					
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	43	40	37	37	37
Fire stations	2	2	2	2	2
Sanitation					
Collection trucks	10	10	10	10	9
Highways and streets					
Streets (miles)	62	62	62	62	62
Culture and recreation					
Parks acreage	56.5	56.5	66.7	66.7	66.7
Parks	14	14	14	14	14
Swimming pools	3	3	3	3	3
Tennis courts	9	9	9	9	9
Community centers	2	3	3	3	3

Source: Various City departments

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

2008	2007	2006	2005	2004
1	1	1	1	1
37	35	35	40	42
1	2	2	2	2
9	8	7	7	7
62	62	62	62	62
64.7	56.5	56.5	56.5	56.5
13	13	13	13	13
3	3	3	3	3
9	11	11	11	11
3	2	2	2	2