CITY OF DORAVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

CITY OF DORAVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Doraville, Georgia
Doraville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Doraville, Georgia (the "City")** as of and for the fiscal year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Doraville, Georgia as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Confiscated Assets 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 4-11 and Schedule of Funding Progress on page 47 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 of Doraville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2014 on our consideration of the City of Doraville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Doraville, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 25, 2014

CITY OF DORAVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

As management of the City of Doraville, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Doraville for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented in this analysis with their review of the financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at June 30, 2013 by $15,125,047. Of this amount, unrestricted net position of $4,099,269 may be used to meet the City's ongoing obligations to citizens and creditors.

- The total net position increased by $660,989. Of this amount, an increase of $161,404 was associated with governmental activities and an increase of $499,585 was from business-type activities.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,577,993, an increase of $1,130,186 in comparison with the prior fiscal year. Of this amount, $2,694,607 is unassigned and available for spending; $398,512 is restricted for police safety activities; $416,245 is restricted for capital projects; $20,385 is committed for tree removal and planting, and $48,244 is non-spendable related to prepaid items.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,694,607 or 34.5 percent of total General Fund expenditures.

- The City's total long term debt obligations consisted of accrued compensated absences of $279,156 and an accrued net pension obligation of $167,619. It has been a past and present policy of the City's Mayor and Council to keep the City out of debt and financially sound.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources (if any), deferred inflows of resources (if any), and liabilities, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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, culture and recreation, and tourism, economic, and community development.

The government-wide financial statements are presented on pages 12 and 13 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 (3) 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains two major governmental funds. The City's major governmental funds are the General and the Confiscated Assets Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these major funds.

The City adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with the fiscal year ended 2013 budget. These statements can be found beginning on page 17. Nonmajor governmental fund budgets can be found in the individual fund statements and schedules.

The basic governmental fund financial statements are presented on pages 14 to 18 of this report.

Proprietary funds. The City maintains two (2) proprietary funds. Enterprise funds (a component of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in statement of net position and the statement of revenues, expenses and changes in fund net position of the Stormwater Fund Enterprise Fund and the Solid Waste Enterprise Fund. The basic proprietary fund financial statements are presented on pages 19 to 21 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City.

Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Doraville's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The agency fund statement of fiduciary assets and liabilities is presented on page 22 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 begin on page 23 of this report.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of the required supplemental information regarding the City's defined benefit Pension Plan.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2013, the City's assets exceeded liabilities by $15,125,047. The City's net position reflects its investment in capital assets (67.5 percent) less related debt, if any. As of June 30, 2013, there was no debt related to capital assets. Capital assets are used to provide services to citizens and they are not available for future spending. Of the total net position of $15,125,047 only $814,757 or 5.4 percent is restricted for police safety and capital projects and $4,099,269 (27.1 percent) is unrestricted. The following table provides a summary of the City's net position at June 30:

City of Doraville, Georgia's Summary Statement of Net Position
As of Fiscal Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
Assets:	**2013**	**2012 (Restated)**	**2013**	**2012 (Restated)**	**2013**	**2012 (Restated)**
Current and Other Assets	$ 4,807,116	$ 4,537,545	$ 1,756,942	$ 1,338,034	$ 6,564,058	$ 5,875,579
Capital Assets	9,018,223	9,677,388	1,192,798	1,112,935	10,211,021	10,790,323
Total Assets	13,825,339	14,214,933	2,949,740	2,450,969	16,775,079	16,665,902
Liabilities:						
Current Liabilities	1,202,392	1,681,487	865	1,290	1,203,257	1,682,777
Long-term Liabilities	442,506	514,409	4,269	4,658	446,775	519,067
Total Liabilities	1,644,898	2,195,896	5,134	5,948	1,650,032	2,201,844
Net Position:						
Investment in Capital assets	9,018,223	9,677,388	1,192,798	1,112,935	10,211,021	10,790,323
Restricted	814,757	586,857	-	-	814,757	586,857
Unrestricted	2,347,461	1,754,792	1,751,808	1,332,086	4,099,269	3,086,878
Total Net Position	$ 12,180,441	$ 12,019,037	$ 2,944,606	$ 2,445,021	$ 15,125,047	$ 14,464,058

A portion of the net position (5.4 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position at June 30, 2013 ($4,099,269) may be used to meet the City's ongoing obligations to citizens and creditors (if any).

The City reported positive balances in net position for both governmental and business-type activities. Net position increased for business-type activities by $499,585 and increased for governmental activities by $161,404. The City's financial position continues to be positive with an unrestricted net position balance of $4,099,269.

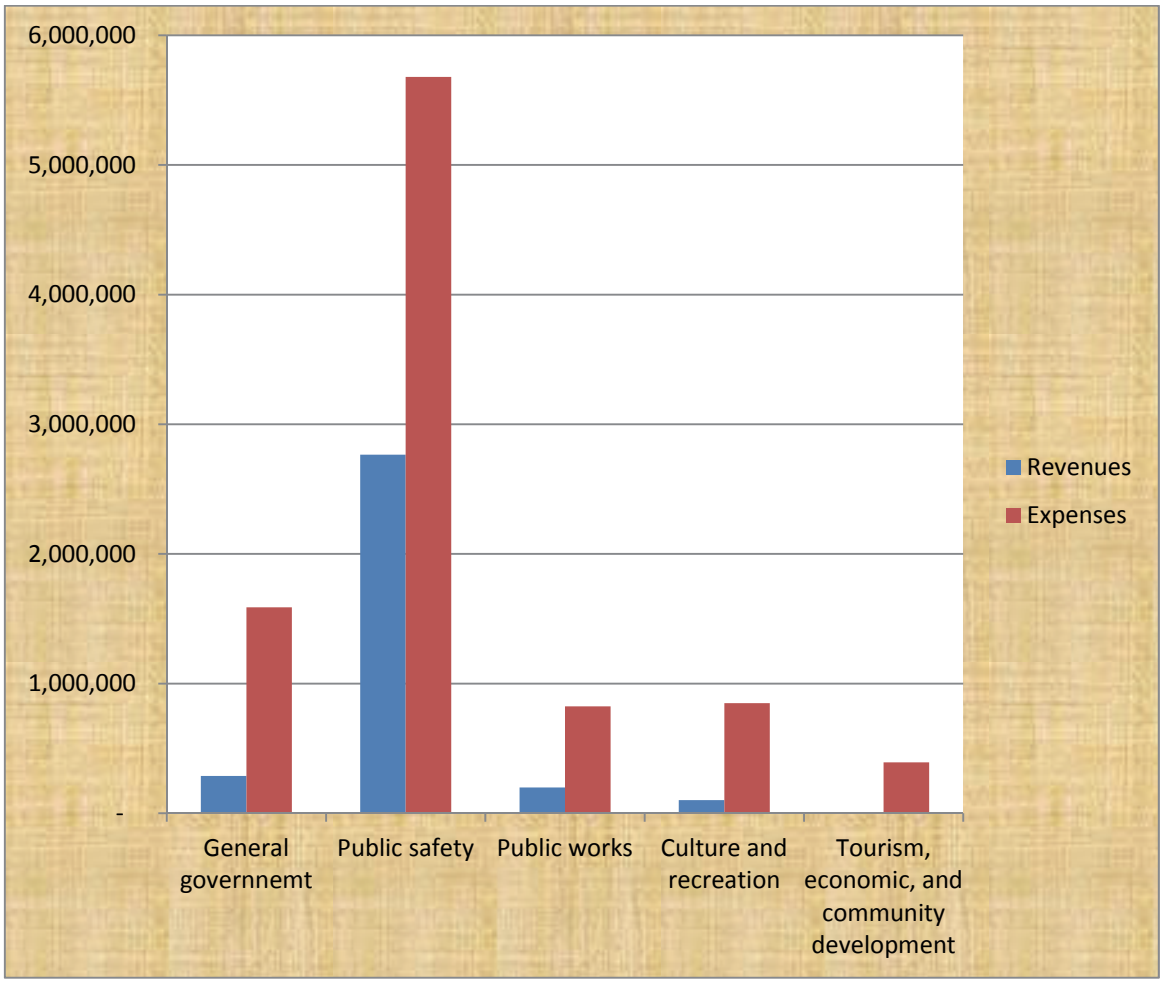
City of Doraville, Georgia's Statement of Activities
For the Fiscal Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012 (Restated)	2013	2012 (Restated)	2013	2012 (Restated)
Revenues:						
Program Revenues						
Charges for services	$ 3,032,820	$ 3,101,649	$ 885,639	$ 904,363	$ 3,918,459	$ 4,006,012
Operating grants and contributions	97,043	148,080	-	-	97,043	148,080
Capital grants and contributions	229,069	440,726	-	-	229,069	440,726
General Revenues						
Property Taxes	2,591,606	2,962,729	-	-	2,591,606	2,962,729
Other Taxes	3,536,210	3,762,195	-	-	3,536,210	3,762,195
Interest	17,289	24,767	8,511	637	25,800	25,404
Other	108,399	112,265	-	-	108,399	112,265
	9,612,436	10,552,411	894,150	905,000	10,506,586	11,457,411
Expenses:						
General government	1,587,972	1,346,793	-	-	1,587,972	1,346,793
Public safety	5,678,759	6,215,500	-	-	5,678,759	6,215,500
Public works	824,906	983,134	-	-	824,906	983,134
Culture and recreation	848,984	809,087	-	-	848,984	809,087
Tourism, economic, and community development	392,394	273,137	-	-	392,394	273,137
Stormwater	-	-	167,934	200,623	167,934	200,623
Solid waste	-	-	344,648	367,033	344,648	367,033
	9,333,015	9,627,651	512,582	567,656	9,845,597	10,195,307
Increase (decrease) in net position before transfers	279,421	924,760	381,568	337,344	660,989	1,262,104
Transfers	(118,017)	-	118,017	-	-	-
Change in net position	161,404	924,760	499,585	337,344	660,989	1,262,104
Net position - beginning of fiscal year, as restated	12,019,037	11,094,277	2,445,021	2,107,677	14,464,058	13,201,954
Net position - end of fiscal year	$ 12,180,441	$ 12,019,037	$ 2,944,606	$ 2,445,021	$15,125,047	$ 14,464,058

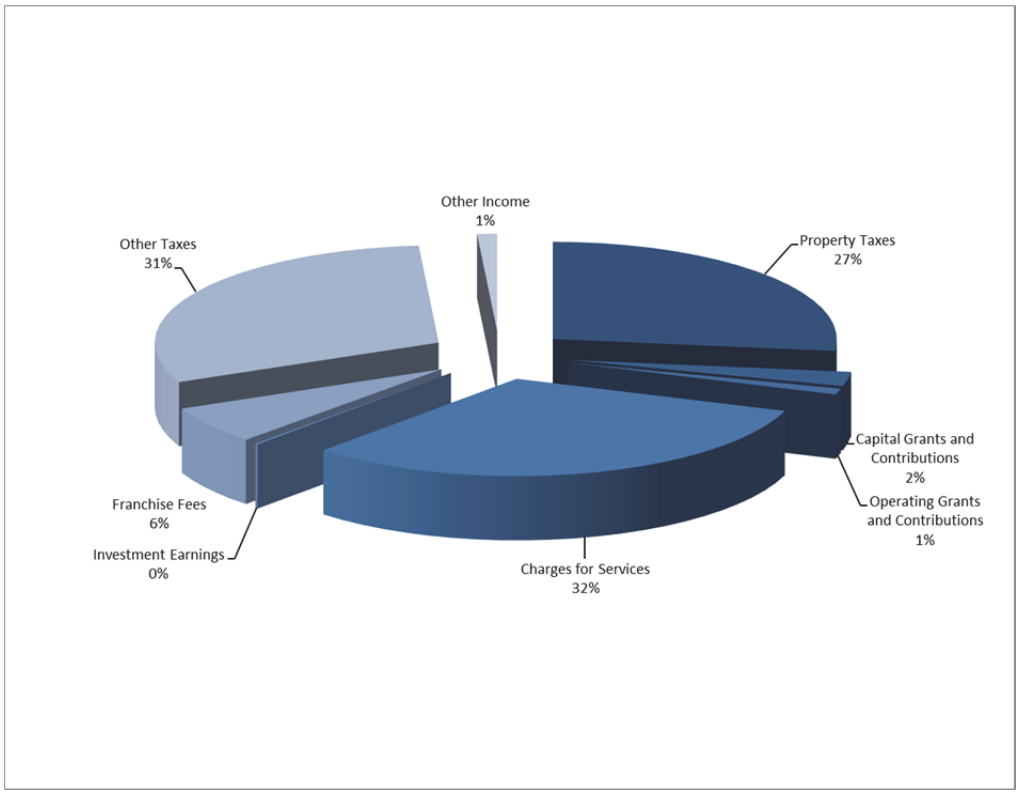
Governmental activities. Governmental activities increased the City's net position $161,404 accounting for 24.4 percent of the increase in net position for the fiscal year. Key elements of this increase are as follows:

- Expenses related to salaries and benefits decreased across the board
- Capital assets were reduced as a number of out of service vehicles were sold as surplus.

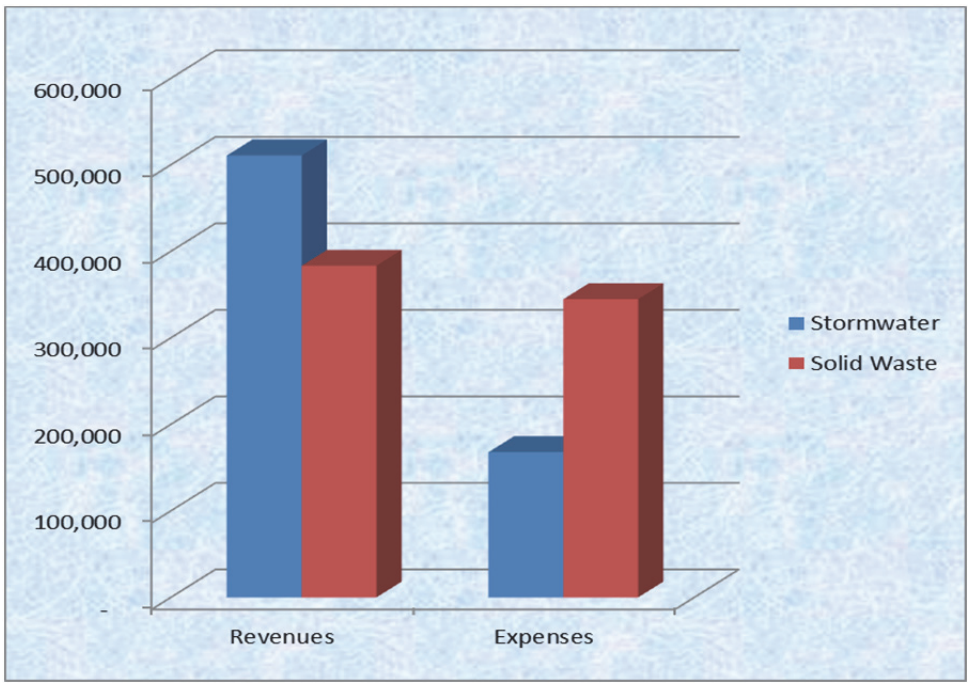
Expenses and Program Revenues-Governmental Activities
For The Fiscal Year Ended June 30, 2013



Revenue by Source-Governmental Activities
For The Fiscal Year Ended June 30, 2013



Expenses and Program Revenues-Business-Type Activities
For The Year Ended June 30, 2013



Financial Analysis of the Government's Funds

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

Governmental Funds. The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2013, the City's governmental funds reported combined ending fund balances of $3,577,993. Of this amount, $2,694,607 (75.3 percent) is unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because $398,512 is restricted for public safety activities, $416,245 is restricted for capital projects, $20,385 committed for tree removal and planting, and $48,244 are non-spendable resources related to prepaid items.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,694,607 while the total fund balance totaled $2,742,851. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.5 percent of the total General Fund expenditures, while total fund balance represents 35.1 percent of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by $893,851. Contributing to the increase in the General Fund is the reduction in force and hiring freeze implemented in fiscal year 2012 and continued into fiscal year 2013.

The Confiscated Assets Fund was created by the City to account for assets confiscated during investigations into illegal drug activities. The City received $350,968 of allocations of confiscated assets from federal and state agencies during 2013. The City expended $360,139 of these funds for police activities.

Proprietary funds. The City's proprietary funds provide the same type of information found for the business-type activities in the government-wide financial statements, but in more detail.

Unrestricted net position of the Stormwater Fund amounted to $1,557,503 as of June 30, 2013. Operating revenues amounted to $502,296 while operating expenses amounted to $167,934 resulting in operating income of $334,362. The City has an Intergovernmental Agreement with DeKalb County to perform maintenance and replacement of the Storm Water infrastructure.

Unrestricted net position of the Solid Waste Fund at the end of the current fiscal year was $194,305. Operating revenues amounted to $383,343 while operating expenses amounted to $344,648, resulting in operating income of $38,695. The City offers free sanitation pick up to its citizens that are 65 and older. The City also offers free bulk refuse removal to all of its citizens.

General Fund Budgetary Highlights

The General Fund's final budgeted expenditures were $8,352,317. Actual expenditures totaled $7,812,131 thus producing a positive variance of $540,186 mainly due to the reduction in force and hiring freeze implemented in fiscal year 2012 and continued into fiscal year 2013.

Confiscated Assets Fund Budgetary Highlights

The Confiscated Asset Fund's final budgeted expenditures were $697,186. Actual expenditures totaled $360,139 thus producing a positive variance of $337,047.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2013 amounts to $10,211,021 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles, equipment, and parks.

A more detail analysis of capital asset transactions for the fiscal year can be found on page 37.

Long-term debt. At the end of the current fiscal year, the city's long term debt amounted to $446,775. Long-term debt consisted of accrued compensated absences and accrued net pension obligations. An analysis of the City's long-term debt transactions for the year can be found on page 39.

Economic Factors and Next Fiscal Year's Budgets and Rates

The City's elected officials and management considered many factors when adopting the budget for the fiscal year ending June 30, 2014. Budget calculations were based on, but not limited to the following factors:

- The revenue projected could be lower than anticipated. Both the City and County experienced a significant drop in the value of the digest in 2013.
- The operating millage rate cap of 10.0 mills is statutorily set and cannot be changed without a referendum. As part of the financial strategic plan, the City is committed to a consistent millage rate for property taxes, to facilitate the provision of City services.
- Departmental expenditures were budgeted to account for the decrease in revenue due to the drop in property value and the drop in the housing market. The City will only fill necessary positions.
- Increase in employees benefits. There is always a concern with possible increases in health care insurance costs as well as workers' compensation costs.
- Economic Impact – The City's revenues and expenditures were implemented with a conservative approach to reflect the continued weakness of the economy.
- Our biggest challenge is to provide good customer service to citizens by not reducing services or current staff in this economic climate.

Economic activity in Doraville during the fiscal year reflects national and regional trends. As with the rest of the nation, the City's building permits decreased during 2013 which reflects the residential real estate market downturn.

The General Motors plant located within the city limits of Doraville was closed during 2008. The immediate and long term effects of this planned plant closing have not been determined but the decrease in revenues directly relating to the closing is estimated to be $1,000,000. There is currently strong potential for the development of the former GM plant site. The site is currently under contract with a developer and they are moving through the environmental assessment and anticipate a closing on the property in mid to late 2014.

Requests for Information

This financial report is designed to provide a general overview of the City of Doraville's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 451-8745 or at the following address:

City Clerk
City of Doraville
3725 Park Avenue
Doraville, GA 30340

BASIC FINANCIAL STATEMENTS

CITY OF DORAVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 4,568,840	$ 316,869	$ 4,885,709
Investments	-	1,000,000	1,000,000
Receivables, net of allowance for uncollectibles	163,008	237,850	400,858
Intergovernmental receivable	9,139	-	9,139
Interfund balances	17,885	(17,885)	-
Prepaid items	48,244	220,108	268,352
Capital assets, non-depreciable	313,057	-	313,057
Capital assets, depreciable, net of accumulated depreciation	8,705,166	1,192,798	9,897,964
Total assets	13,825,339	2,949,740	16,775,079
LIABILITIES			
Accounts payable	85,533	-	85,533
Accrued liabilities	913,972	865	914,837
Due to others	202,887	-	202,887
Net pension obligation, due in more than one year	167,619	-	167,619
Compensated absences, due within one year	112,006	4,269	116,275
Compensated absences, due in more than one year	162,881	-	162,881
Total liabilities	1,644,898	5,134	1,650,032
NET POSITION			
Investment in capital assets	9,018,223	1,192,798	10,211,021
Restricted for:			
Capital projects	416,245	-	416,245
Public safety	398,512	-	398,512
Unrestricted	2,347,461	1,751,808	4,099,269
Total net position	$ 12,180,441	$ 2,944,606	$ 15,125,047

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

CITY OF DORAVILLE, 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	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 1,587,972	$ 286,330	$ 1,034	$ -	$ (1,300,608)	$ -	$ (1,300,608)
Public safety	5,678,759	2,669,677	96,009	-	(2,913,073)	-	(2,913,073)
Public works	824,906	-	-	199,349	(625,557)	-	(625,557)
Culture and recreation	848,984	76,813	-	25,000	(747,171)	-	(747,171)
Tourism, economic, and community development	392,394	-	-	4,720	(387,674)	-	(387,674)
Total governmental activities	9,333,015	3,032,820	97,043	229,069	(5,974,083)	-	(5,974,083)
Business-type activities:							
Stormwater	167,934	502,296	-	-	-	334,362	334,362
Solid waste	344,648	383,343	-	-	-	38,695	38,695
Total business-type activities	512,582	885,639	-	-	-	373,057	373,057
Total primary government	$ 9,845,597	$ 3,918,459	$ 97,043	$ 229,069	$ (5,974,083)	$ 373,057	$ (5,601,026)
General revenues:							
Property taxes					2,591,606	-	2,591,606
Sales taxes					100,700	-	100,700
Franchise taxes					603,018	-	603,018
Hotel/Motel occupancy tax					57,455	-	57,455
Motor vehicle taxes					24,850	-	24,850
Business taxes					2,254,385	-	2,254,385
Other taxes					495,802	-	495,802
Unrestricted investment earnings					17,289	8,511	25,800
Miscellaneous					108,399	-	108,399
Transfers					(118,017)	118,017	-
Total general revenues and transfers					6,135,487	126,528	6,262,015
Change in net position					161,404	499,585	660,989
Net position, beginning of fiscal year, as restated					12,019,037	2,445,021	14,464,058
Net position, end of fiscal year					$ 12,180,441	$ 2,944,606	$ 15,125,047

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

CITY OF DORAVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	General	Confiscated Assets	Nonmajor Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 3,605,231	$ 607,081	$ 356,528	$ 4,568,840
Taxes receivable, net	130,191	-	9,998	140,189
Accounts receivable	3,591	-	19,228	22,819
Intergovernmental receivable	9,139	-	-	9,139
Due from other funds	21,465	-	76,070	97,535
Prepaid Items	48,244	-	-	48,244
Total assets	$ 3,817,861	$ 607,081	$ 461,824	$ 4,886,766
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 58,237	$ 17,603	$ 9,693	$ 85,533
Accrued salaries	83,271	-	-	83,271
Other liabilities	830,701	-	-	830,701
Due to others	-	202,887	-	202,887
Due to other funds	76,070	-	3,580	79,650
Total liabilities	1,048,279	220,490	13,273	1,282,042
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	26,731	-	-	26,731
Total deferred inflows of resources	26,731	-	-	26,731
FUND BALANCES				
Nonspendable for:				
Prepaid Items	48,244	-	-	48,244
Restricted for:				
Public safety	-	386,591	11,921	398,512
Capital projects	-	-	416,245	416,245
Committed for:				
Tree removal and planting	-	-	20,385	20,385
Unassigned	2,694,607	-	-	2,694,607
Total fund balances	2,742,851	386,591	448,551	3,577,993
Total liabilities and fund balances	$ 3,817,861	$ 607,081	$ 461,824	

Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,018,223
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	26,731
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(442,506)
Net position of governmental activities	$ 12,180,441

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

CITY OF DORAVILLE, GEORGIA

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

	General	Confiscated Assets	Nonmajor Governmental Funds	Totals Governmental Funds
Revenues				
Taxes:				
Property taxes	$ 2,973,126	$ -	$ -	$ 2,973,126
Sales taxes	100,700	-	-	100,700
Hotel/Motel occupancy taxes	-	-	57,455	57,455
Motor vehicle taxes	-	-	24,850	24,850
Franchise taxes	603,018	-	-	603,018
Business taxes	2,254,385	-	-	2,254,385
Other taxes	495,802	-	-	495,802
Licenses and permits	282,476	-	-	282,476
Intergovernmental	96,009	-	229,069	325,078
Fines and forfeitures	2,164,279	350,968	-	2,515,247
Charges for services	96,039	-	139,058	235,097
Investment earnings	15,584	1,175	530	17,289
Contributions and donations	1,034	-	-	1,034
Other revenues	108,399	-	-	108,399
Total revenues	9,190,851	352,143	450,962	9,993,956
Expenditures				
Current:				
General government	1,597,087	-	32,268	1,629,355
Public safety	4,318,310	360,139	527,704	5,206,153
Public works	762,023	-	-	762,023
Culture and recreation	766,269	-	41,055	807,324
Tourism, economic, and community development	368,442	-	22,982	391,424
Total expenditures	7,812,131	360,139	624,009	8,796,279
Excess (deficiency) of revenues over (under) expenditures	1,378,720	(7,996)	(173,047)	1,197,677
Other financing sources (uses):				
Proceeds from sale of capital assets	18,883	31,643	-	50,526
Transfers in	34,473	-	420,208	454,681
Transfers out	(538,225)	-	(34,473)	(572,698)
Total other financing sources (uses)	(484,869)	31,643	385,735	(67,491)
Net change in fund balances	893,851	23,647	212,688	1,130,186
Fund balances, beginning of fiscal year	1,849,000	362,944	235,863	2,447,807
Fund balances, end of fiscal year	$ 2,742,851	$ 386,591	$ 448,551	$ 3,577,993

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

CITY OF DORAVILLE, 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	$	1,130,186
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 depreciation exceeded capital outlays in the current period.		(602,239)
The net effect of various miscellaneous transactions involving capital assets (i.e. sale of capital assets and donated capital assets) is to decrease net position.		(56,926)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(381,520)
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.		71,903
Change in net position - governmental activities	$	161,404

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

CITY OF DORAVILLE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,861,444	$ 2,861,444	$ 2,973,126	$ 111,682
Sales taxes	84,500	84,500	100,700	16,200
Franchise taxes	600,000	600,000	603,018	3,018
Business taxes	2,000,000	2,245,000	2,254,385	9,385
Other taxes	452,742	452,742	495,802	43,060
Licenses and permits	234,000	286,000	282,476	(3,524)
Intergovernmental	113,469	96,100	96,009	(91)
Fines and forfeitures	2,200,000	2,200,000	2,164,279	(35,721)
Charges for services	137,802	137,802	96,039	(41,763)
Investment earnings	2,725	15,600	15,584	(16)
Contributions and donations	2,500	2,500	1,034	(1,466)
Other revenues	(37,469)	26,900	108,399	81,499
Total revenues	8,651,713	9,008,588	9,190,851	182,263
Expenditures:				
Current:				
General government				
Governing body	140,230	139,485	135,178	4,307
Mayor and council	208,541	199,771	188,052	11,719
City manager	50,348	80,847	77,857	2,990
Municipal court	431,132	424,977	410,232	14,745
City administrator	271,718	258,848	200,318	58,530
Finance	269,747	269,502	234,689	34,813
Legal	205,000	245,000	244,131	869
Technology	94,200	94,200	94,200	-
Other	27,220	27,220	12,430	14,790
Total public safety	1,698,136	1,739,850	1,597,087	142,763
Public safety:				
Police	4,593,954	4,452,398	4,233,600	218,798
Other	88,708	87,828	84,710	3,118
Total public safety	4,682,662	4,540,226	4,318,310	221,916
Public works	922,934	864,114	762,023	102,091
Culture and recreation:				
Recreation	434,051	456,654	444,813	11,841
Parks	32,000	32,000	31,742	258
Libraries	305,872	307,877	289,714	18,163
Total culture and recreation	771,923	796,531	766,269	30,262
Economic and Community Development	416,611	411,596	368,442	43,154
Total expenditures	8,492,266	8,352,317	7,812,131	540,186
Excess of revenues over expenditures	159,447	656,271	1,378,720	722,449
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	18,883	18,883
Transfers in	28,800	34,500	34,473	(27)
Transfers out	(361,176)	(540,281)	(538,225)	2,056
Total other financing sources (uses)	(332,376)	(505,781)	(484,869)	20,912
Net change in fund balances	(172,929)	150,490	893,851	743,361
Fund balances, beginning of year	1,849,000	1,849,000	1,849,000	-
Fund balances, end of year	$ 1,676,071	$ 1,999,490	$ 2,742,851	$ 743,361

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

CITY OF DORAVILLE, GEORGIA
CONFISCATED ASSETS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 312,068	$ 312,068	$ 350,968	$ 38,900
Investment earnings	-	-	1,175	1,175
Total revenues	312,068	312,068	352,143	40,075
Expenditures:				
Current:				
Public safety	697,186	697,186	360,139	337,047
Total expenditures	697,186	697,186	360,139	337,047
Excess (deficiency) of revenues over (under) expenditures	(385,118)	(385,118)	(7,996)	377,122
Other financing sources:				
Proceeds from sale of capital assets	-	-	31,643	31,643
Total other financing sources	-	-	31,643	31,643
Net changes in fund balances	(385,118)	(385,118)	23,647	377,122
Fund balances, beginning of fiscal year	362,944	362,944	362,944	-
Fund balances (deficits), end of fiscal year	$ (22,174)	$ (22,174)	$ 386,591	$ 377,122

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

CITY OF DORAVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
ASSETS	**Stormwater Fund**	**Solid Waste Fund**	**Totals**
CURRENT ASSETS			
Cash and cash equivalents	$ 316,869	$ -	$ 316,869
Investments	1,000,000	-	1,000,000
Accounts receivable, net	43,545	194,305	237,850
Prepaid items	220,108	-	220,108
Total current assets	1,580,522	194,305	1,774,827
NONCURRENT ASSETS			
Capital assets:			
Depreciable assets, net of accumulated depreciation	1,192,798	-	1,192,798
Total noncurrent assets	1,192,798	-	1,192,798
Total assets	2,773,320	194,305	2,967,625
LIABILITIES			
CURRENT LIABILITIES			
Accrued salaries	865	-	865
Compensated absences payable, current	4,269	-	4,269
Due to other funds	17,885	-	17,885
Total current liabilities	23,019	-	23,019
Total liabilities	23,019	-	23,019
NET POSITION			
Investment in capital assets	1,192,798	-	1,192,798
Unrestricted	1,557,503	194,305	1,751,808
Total net position	$ 2,750,301	$ 194,305	$ 2,944,606

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

CITY OF DORAVILLE, GEORGIA

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

	Business-type Activities - Enterprise Funds		
OPERATING REVENUES	**Stormwater Fund**	**Solid Waste Fund**	**Totals**
Charges for services:			
Stormwater fees	$ 502,296	$ -	$ 502,296
Refuse collection charges	-	381,913	381,913
Miscellaneous revenue	-	1,430	1,430
Total operating revenues	502,296	383,343	885,639
OPERATING EXPENSES			
Personal services and benefits	93,964	-	93,964
Purchased and contracted services	30,281	344,648	374,929
Supplies	128	-	128
Depreciation	43,561	-	43,561
Total operating expenses	167,934	344,648	512,582
Operating income	334,362	38,695	373,057
NON-OPERATING REVENUES (EXPENSES)			
Interest income	8,511	-	8,511
Total non-operating revenues (expenses)	8,511	-	8,511
Income before transfers	342,873	38,695	381,568
Transfers in	-	118,017	118,017
	-	118,017	118,017
Change in net position	342,873	156,712	499,585
NET POSITION, beginning of year, as restated	2,407,428	37,593	2,445,021
NET POSITION, end of year	$ 2,750,301	$ 194,305	$ 2,944,606

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

CITY OF DORAVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds		
	Stormwater Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 500,945	$ 366,083	$ 867,028
Payments to vendors	(12,948)	(344,648)	(357,596)
Payments to or on behalf of employees	(94,354)	-	(94,354)
Net cash provided by operating activities	393,643	21,435	415,078
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	118,017	118,017
Receipts from other funds	47,827	-	47,827
Payments to other funds	-	(139,452)	(139,452)
Net cash provided (used) in non-capital financing activities	47,827	(21,435)	26,392
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(123,424)	-	(123,424)
Net cash used by capital and related financing activities	(123,424)	-	(123,424)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	8,511	-	8,511
Purchase of certificates of deposits	(250,000)	-	(250,000)
Net cash used by investing activities	(241,489)	-	(241,489)
Net increase in cash and cash equivalents	76,557	-	76,557
Cash and cash equivalents, beginning of year	240,312	-	240,312
Cash and cash equivalents, end of year	$ 316,869	$ -	$ 316,869
Reconciliation to the statement of net position			
Cash and cash equivalents	$ 316,869	$ -	$ 316,869
Restricted cash	-	-	-
Total	$ 316,869	$ -	$ 316,869
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 334,362	$ 38,695	$ 373,057
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	43,561	-	43,561
Change in assets and liabilities:			
Increase in accounts receivable	(1,351)	(17,260)	(18,611)
Decrease in accounts payable	(424)	-	(424)
Decrease in accrued salaries and compensated absences	(390)	-	(390)
Increase in due to other funds	17,885	-	17,885
Net cash provided by operating activities	$ 393,643	$ 21,435	$ 415,078

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

CITY OF DORAVILLE, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2013

ASSETS	Agency Fund
Cash	$ 717,894
Total assets	$ 717,894
LIABILITIES	
Due to other agencies	$ 717,894
Total liabilities	$ 717,894

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Doraville, 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 of Doraville (the "City") was incorporated in 1871 and now operates under a Mayor/Council/City Manager form of government. The City provides such services as police, highways and streets, parks and recreation, planning and zoning, municipal court services, stormwater services, sanitation services, and general and administrative services. Water, sewer, and fire protection services are provided by DeKalb County.

The City, for financial reporting purposes, includes all of the funds relevant to the operations of the City. The Governmental Accounting Standards Board has set forth criteria to determine if legally separate organizations are considered to be component units in which the City is considered to be financially accountable or other organizations whose nature and significant relationship with the City is such that exclusion would cause the City's financial statements to be changed caused by GASB 61. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. During fiscal year ended June 30, 2013, the City created a Downtown Development Authority (Authority); however, the Authority did not have any financial activity during fiscal year 2013 and therefore is not reported in the City's financial statements as a component unit.

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. (For the most part, the effect of interfund activity has been removed from these statements). 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 normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position will include non-current assets, deferred outflows of resources, non-current liabilities, and deferred inflows of resources. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, 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.

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

The government-wide financial statements are reported using the *economic resources measurement* focus and *the accrual basis* of accounting, as are the proprietary and fiduciary fund financial statements, although agency funds do not have a measurement focus. 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 in the year for which they are levied. Other taxes are recognized predominately when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 sixty (60) days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, alcoholic beverage taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period, if the available criteria are met. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 is used to account for resources traditionally associated with the City, which are not required legally or by sound financial management to be accounted for in a different fund.

Note 1. Summary of Significant Accounting Policies (Continued)

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

The ***Confiscated Assets Fund*** accounts for the use of confiscated drug money by the City's Police Department. These monies must be used for police related expenditures and are restricted by Federal law.

The City aggregates other nonmajor governmental funds in a single column in the fund financial statements.

Special Revenue Funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Capital Project Funds are used to account for expenditures on various capital related projects.

The City reports the following major enterprise funds:

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

The ***Solid Waste Fund*** accounts for the activities associated with the collection of residential and commercial garbage. Activity is rendered on a user charge basis.

Additionally, the City reports the following fund type:

The ***Agency Fund*** is used to account for assets held by the City's Municipal Court until they can be disbursed to other parties.

In accounting and reporting for its proprietary operations, the City applies all Governmental Accounting Standards Board (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*. Statement No. 62 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for goods and services. 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.

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, except the capital projects funds, which adopt project-length budgets. All appropriations lapse at 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.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value as determined by quoted market prices.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are 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, are offset by a fund balance nonspendable account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. 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. Expenses or expenditures are reported when the service is provided.

H. 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 columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $3,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation. As allowed under GASB Statement No. 34, the City did not capitalize any infrastructure purchased or donated prior to the implementation of GASB Statement No. 34. Therefore, the City only reports infrastructure assets purchased subsequent to June 30, 2003.

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

Note 1. Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during fiscal year ended June 30, 2013. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset	Years
Land improvements	20
Buildings and improvements	30-40
Furniture and office equipment	5-15
Vehicles	7-10
Infrastructure	40-50
Other equipment	10-20
Park and recreation facilities	20

I. Deferred Outflows/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 outflows / 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 assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City does not have any items that qualify for reporting in this category at June 30, 2013.

Note 1. Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows/Inflows of resources (Continued)

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one (1) type of item, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. 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 that the amounts become available.

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits. This includes compensatory time off in lieu of overtime pay for irregular or occasional overtime work. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. All paid time off and compensatory time (comp time) are accrued when incurred in the government-wide and proprietary fund financial statements. The maximum accrual is limited to eighty (80) hours. The paid time off is capped at December 31. Employees can rollover 80 hours of their outstanding paid time off balance at December 31 in which the most an employee can accrue is 26 days per year based on their years of service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Note 1. Summary of Significant Accounting Policies (Continued)

K. Long-term Obligations

In the government-wide financial statements and the proprietary funds 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, 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 are reported as restricted using the same definition as used for restricted fund balance as described in the Fund Equity section (Footnote M). 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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, deferred inflows of resources, and liabilities under the current financial resources measurement 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.

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 a formal vote of the City Council (passage of a resolution). The same formal action is required to subsequently remove or modify a commitment of fund balance.

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. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not nonspendable, restricted or committed. The City Council has expressly delegated to the City's City Manager and Finance Director the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. In addition, any remaining deficits in the City's governmental funds which remain after all other fund balances have been exhausted are classified as unassigned.

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, and (3) Unassigned.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

O. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

Note 2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund 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 $442,506 difference are as follows:

Compensated absences	$	(274,887)
Net pension obligation		(167,619)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(442,506)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance 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 *change 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 estimated useful lives and reported as depreciation expense." The details of this $602,239 difference are as follows:

Note 2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

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

Capital outlays	$	255,846
Depreciation expense		(858,085)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	(602,239)

Another element of that reconciliation states 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 $71,903 difference are as follows:

Compensated absences	$	81,391
Net pension obligation		(9,488)
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	71,903

Note 3. Legal Compliance - Budgets

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

1. The initial budget is prepared based on revenues and expenditures of the prior year.
2. Work sessions are held to amend the amounts based on expected revenues.
3. The proposed budget is presented to the City Council in a regular council meeting.
4. The Council sets a date for a public hearing on the proposed budget. After the hearing, the Council adopts the budget.
5. Over or under expended appropriations are not carried forward to the next fiscal year.
6. Budget revisions that alter the total expenditures of any line item within a department must be approved by the Council.
7. Budget amounts are as originally adopted, or as amended by the Council.

Encumbrances accounting is not used by the City.

Note 4. Deposits and Investments

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 the 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, all of the City's deposits were covered either by FDIC or collateralized by the financial institution or a combination of both.

As of June 30, 2013, the City had $1,000,000 invested in certificates of deposit as noted in the following table:

Investment	Maturities	Fair Value
Certificate of Deposit # 1	February 26, 2014	$ 250,000
Certificate of Deposit # 2	May 18, 2018	750,000
Total		$ 1,000,000

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loses arising from increasing interest rates.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2013, the City had no investments balances that were exposed to credit risk.

Note 5. Receivables

The City receives property tax assessments from DeKalb County, Georgia. The operating millage rate cap of 10 mills is statutorily set and cannot be changed without a referendum. The operating millage rate in effect for fiscal year 2013 was 9 mills. Property taxes are attached as an enforceable lien on property as of January 1 and are based on property values as of January 1. Property taxes were levied in June 2012 and are due and payable in two installments. The installments were due on September 30 and November 15, respectively, of each year. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

In governmental funds, property taxes are recorded as receivables and unavailable revenues when assessed. Revenues are recognized when available. Taxes levied in one year are for that fiscal year. Accordingly, property taxes levied during 2012 are for the fiscal year 2013.

In the enterprise funds, stormwater and sanitation (solid waste) fees are billed annually in June along with the property taxes and are due and payable in two installments. The installments were due on September 30 and November 15, respectively, of each year. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Receivables as of the fiscal year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Stormwater	Solid Waste	Nonmajor Funds
Receivables:				
Taxes	$ 280,191	$ -	$ -	$ 9,998
Accounts	3,591	49,455	324,071	19,228
Intergovernmental	9,139	-	-	-
Less allowance for uncollectibles	(150,000)	(5,910)	(129,766)	-
Net total receivables	$ 142,921	$ 43,545	$ 194,305	$ 29,226

Note 6. Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 313,057	$ -	$ -	$ 313,057
Total assets, not being depreciated	313,057	-	-	313,057
Capital assets, being depreciated:				
Land improvements	1,518,041	-	-	1,518,041
Building improvements	7,825,372	4,900	-	7,830,272
Park and recreation facilities	1,618,121	57,267	-	1,675,388
Furniture and office equipment	1,156,617	5,271	-	1,161,888
Vehicles	2,116,739	116,915	(96,272)	2,137,382
Other equipment	2,593,214	71,493	-	2,664,707
Total assets, being depreciated	16,828,104	255,846	(96,272)	16,987,678
Less accumulated depreciation for:				
Land improvements	(165,090)	(51,415)	-	(216,505)
Building improvements	(2,842,607)	(193,631)	-	(3,036,238)
Park and recreation facilities	(1,093,056)	(80,885)	-	(1,173,941)
Furniture and office equipment	(613,307)	(110,455)	-	(723,762)
Vehicles	(1,128,210)	(227,198)	39,346	(1,316,062)
Other equipment	(1,621,503)	(194,501)	-	(1,816,004)
Total accumulated depreciation	(7,463,773)	(858,085)	39,346	(8,282,512)
Total assets, being depreciated, net	9,364,331	(602,239)	(56,926)	8,705,166
Governmental activities capital assets, net	$ 9,677,388	$ (602,239)	$ (56,926)	$ 9,018,223
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in progress	-	-	-	-
Total assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Infrastructure	1,132,357	123,425	-	1,255,782
Vehicles	155,013	-	-	155,013
Total assets, being depreciated	1,287,370	123,425	-	1,410,795
Less accumulated depreciation for:				
Infrastructure	(79,273)	(30,261)	-	(109,534)
Vehicles	(95,163)	(13,300)	-	(108,463)
Total accumulated depreciation	(174,436)	(43,561)	-	(217,997)
Total assets, being depreciated, net	1,112,934	79,864	-	1,192,798
Business-type activities capital assets, net	$ 1,112,934	$ 79,864	$ -	$ 1,192,798

Note 6. Capital Assets (Continued)

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

Governmental activities:		
General government	$	60,089
Public safety		645,466
Public works		62,296
Culture and recreation		89,665
Economic and community development		569
Total depreciation expense - governmental activities	$	858,085
Business-type activities:		
Stormwater	$	43,561
Total depreciation expense - business-type activities	$	43,561

Note 7. Inter-fund Receivables, Payables, and Transfers

The composition of inter-fund balances as of June 30, 2013, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 3,580
General Fund	Stormwater Fund	17,885
Nonmajor governmental funds	General Fund	76,070
Total		$ 97,535

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 7. Inter-fund Receivables, Payables, and Transfers (Continued)

Inter-fund transfers for the year ended June 30, 2013:

	Transfers Out		
Transfers in	General Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ 34,473	$ 34,473
Solid Waste Fund	118,017	-	118,017
Nonmajor governmental funds	420,208	-	420,208
Total	$ 538,225	$ 34,473	$ 572,698

Transfers are used to 1) move unrestricted revenues from the General Fund to the Solid Waste Fund to cover operating shortfalls during the fiscal year, 2) move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Note 8. Long-term Debt

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

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 356,278	$ 212,314	$ (293,705)	$ 274,887	$ 112,006
Net pension obligation	158,131	777,635	(768,147)	167,619	-
Governmental activities Long-term liabilities	$ 514,409	$ 989,949	$ (1,061,852)	$ 442,506	$ 112,006
Business-type activities:					
Compensated absences	$ 4,658	$ 4,067	$ (4,456)	$ 4,269	$ 4,269
Business-type activities Long-term liabilities	$ 4,658	$ 4,067	$ (4,456)	$ 4,269	$ 4,269

For governmental funds, compensated absences and net pension obligation are liquidated by the General Fund. For the business-type funds, compensated absences are liquidated by the Stormwater Fund.

Note 9. Pension Plan

A. Plan Description

The City, as authorized by the Mayor and City Council, has established a non-contributory defined benefit pension plan (The City of Doraville Retirement Plan), covering substantially all of the City's employees. The City's pension plan is administered by AUL Retirement Services (a One American Financial Partner and American United Life Insurance) and represents a single employer pension plan. Contributions made by the City are not commingled with contributions made by other employers' pension plans that are administered by AUL Retirement Services for investment purposes. The City does not own any securities on its own. The Mayor and City Council has the governing authority to establish and amend from time to time, the contribution rates of the employer and its Plan members. Financial information pertaining to the Plan may be obtained by writing to AUL Retirement Services (a One American Financial Partner / American United Life Insurance), One American Square, 400C, Indianapolis, Indiana, 46282 or by calling (205)-862-3101.

As provided by State law, benefit provisions for participants in the Pension Plan are established by the respective employers. As authorized by the Mayor and City Council, employees working a minimum of twenty (20) hours per week are eligible for participation after one (1) year of continuous service. Employees are vested after completing ten (10) years of credited service. Elected officials and municipal court judges are vested immediately at 100%. City employees who retire at age 65 and five (5) years of service or age 60/25 (participant is not required to be in service of the City to qualify for the alternative)

At January 1, 2013, the date of the most recent actuarial valuation, there were 166 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	55
Terminated vested participants not yet receiving benefits	21
Active vested employees	90
Total	166

B. Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. AUL Retirement Services has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. At January 1, 2013, the date of the most recent actuarial valuation, the actuarially determined contribution rate was 15.32% of covered payroll.

Note 9. Pension Plan (Continued)

For 2013, the City's recommended contribution was $768,147 and actual contribution totaled $768,417. The recommended contribution was determined as part of the January 1, 2013 actuarial valuations using the projected unit credit actuarial cost method. Actuarial assumptions include a 6.75% rate of return on investments (net of investment expenses) and projected salary increases were reduced from 3.5% to 0% until 2015, at which time it will be 2.5% per year. The merit component of salary increases was reduced by 1.5% for all ages and service levels, but not below 0.5%. The cost of living assumption was reduced from 3.5% to 2.5%. The period, and related method, for amortizing the initial unfunded actuarial accrued liability was changed from 10 years to 25 years. The asset valuation method is the sum of actuarial value at beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years. Therefore, the actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

C. Annual Pension Cost

The City's actuarially required contribution, pension cost, and decrease in net pension obligation (or increase in net pension asset) for the fiscal year ended June 30, 2013, were computed as follows:

Actuarially required contribution	$ 768,147
Interest	9,488
Annual pension cost	777,635
Actual contributions made	(768,147)
Increase in net pension obligation	9,488
Net pension obligation (asset), June 30, 2012	158,131
Net pension obligation (asset), June 30, 2013	$ 167,619

Note 9. Pension Plan (Continued)

D. Schedule of Annual Pension Costs

The chart below shows the annual pension cost for the current year and prior two fiscal years along with the percentage actually contributed by the City.

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2013	$ 777,635	$ 768,147	98.8 %	$ 167,619
2012	708,094	549,963	77.7	158,131
2011	683,851	683,851	100.0	-

E. Funding Progress

The information presented below is based on the annual actuarial valuation as of January 1, 2013. Additional funding progress history is presented in the required supplementary section.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2013	$ 14,086,381	$ 15,633,656	$ 1,547,275	90.10 %	$ 3,492,828	44.30 %

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 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 January 1, 2013 and on the pattern of sharing costs between the City and Plan members to that point.

Note 9. Pension Plan (Continued)

The assumptions used in the January 1, 2013 actuarial valuation are as follows:

Actuarial Assumptions:	
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at the beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.
Assumed Rate of Return on Investments	6.75%
Projected Salary Increases	0.5 - 8.5% (including 2.5% for inflation)
Cost-of-living Adjustment	2.5%
Amortization Method	Level dollar, open
Remaining Amortization Period	25 years

Note 10. Other Post-employment Benefits (OPEB)

As authorized by the Mayor and City Council, the City provides post-employment benefits to all retirees who have reached age 60 and was employed by the City for 30 years. The City pays 100% of each retiree's health insurance premiums for three (3) retirees who met the age and longevity requirements and pays 100% of each retiree's life insurance premiums for fifteen (15) retirees. The City finances the Plan on a pay-as-you-go basis. The health insurance is $13,545 per year and should be completely phased out in three (3) years. For the life insurance, the City pays a total of $626 per year to cover all fifteen (15) employees. This should also be phasing out as retirees drop off of the insurance. No currently active or new employees will receive these benefits since it was removed from the City's ordinance during the fall of 2013.

GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,"* was effective for the City's June 30, 2011 fiscal year-end. This statement required employers to have an actuarial valuation report performed on the OPEB Plan and to report various assets and liabilities, if applicable. Since the current insurance coverage for the 15 employees will be phased out in 3 years and the fact that no new employees will receive these benefits in the future, the City has determined that the amount of any net OPEB liability would be immaterial to the financial statements and therefore, an actuarial valuation was not performed.

Note 11. 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 12. Risk Management

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Inter-local Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim or loss.

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

Settled claims in the past three (3) years have not exceeded insurance coverage.

Note 13. Contingent Liabilities

Litigation:
The City is involved in pending lawsuits in the normal course of the City's business. 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.

Grant Contingencies:
The City has received 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 14. Hotel/Motel Occupancy Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax is assessed at 5% and the City is remitting 40% of the amount collected to the DeKalb County Convention and Visitor's Bureau. Revenues were $57,455 for the fiscal year ended June 30, 2013. Of this amount 40%, or $22,982, was remitted to the DeKalb County Convention and Visitor's Bureau while 60%, or $34,473, was transferred to the General Fund in accordance with O.C.G.A. 48-13-51.

Note 15. Restatement of Beginning Net Position

The City has determined that a restatement of beginning net position for Governmental Activities in the amount of $273,164 and for Business-type Activities and the Stormwater Fund in the amount of $1,802 are required to properly report compensated absences (accrued paid time off) in the proper period. Compensated absences were understated by these amounts due to the omission of some employees and due to errors in the calculation (not including the City's portion of FICA taxes in the balances). In addition, a restatement of beginning net position for Governmental Activities is required to properly remove capital assets that the City no longer had in the prior years and to remove items reflected as capital assets that were under the City's capitalization threshold of $3,500 and to record capital assets that were traded in on a new vehicle on June 30, 2013 but the vehicles owned at June 30, 2012 had not been recorded in the City's capital asset listing and financial statements in prior fiscal years.

The effect of the above restatements on the beginning net position of the Governmental Activities, Business-type Activities, and the Stormwater Fund are as follows:

	Governmental Activities	Business-type Activities	Stormwater Fund
Net Position, as previously reported	$ 12,314,995	$ 2,446,823	$ 2,409,230
Record compensated absences in the proper period.	(273,164)	(1,802)	(1,802)
Remove capital assets no longer in the City's possession and items recorded as capital assets that were under City's capitalization threshold.	(42,965)	-	-
Record net effect of capital assets (vehicles) purchased in prior periods but were not recorded by the City.	20,171	-	-
Net Position, as restated	$ 12,019,037	$ 2,445,021	$ 2,407,428

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DORAVILLE, GEORGIA

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

Schedule of Funding Progress - Retirement Plan (Pension)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2013	$ 14,086,381	$ 15,633,656	$ 1,547,275	90.10 %	$ 3,492,828	44.30 %
1/1/2012	13,105,502	15,192,645	2,087,143	86.26	4,338,116	48.11
1/1/2011	12,454,280	14,277,651	1,823,371	87.23	4,472,123	40.77
1/1/2010	11,810,894	13,584,198	1,773,304	86.95	4,574,234	38.77
5/1/2009	9,385,262	14,845,085	5,459,823	63.22	4,335,431	125.93
5/1/2008	13,225,493	13,998,973	773,480	94.47	4,001,672	19.33

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt services or capital projects.

Emergency 911 Fund – This fund is used to account for receipt of "911" emergency telephone system charges collected by communication firms. Funds are restricted by State laws.

Tree Bank Fund – This fund accounts for committed funds to be used for tree planting throughout the city. Funds were committed by the Mayor and City Council through the passage of a tree ordinance in prior years.

Multi-Grants Fund – This fund is used to account for the funds received from external sources as they relate to grants awarded to the City. Matching funds, which are the City's responsibility, are also recorded within this fund. These funds are restricted by Federal and State law.

Hotel/Motel Tax Fund – This fund is used to account for the occupancy tax collected by the City from area hotels and motels, and distributed based upon State statute. Funds are restricted by State laws.

Rental Motor Vehicle Excise Tax Fund – This fund is used to account for the collection and expenditures of an excise tax levied on motor vehicles in the City. The proceeds of this tax are restricted by State law.

Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major items, such as buildings, infrastructure, parks, streets, and other major capital facilities.

Homestead Option Sales Tax Fund (HOST) – This fund is used to account for locally funded acquisition and construction of major capital projects financed by restricted homestead option sales tax funds.

CITY OF DORAVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Emergency 911	Tree Bank	Multi-Grants	Hotel / Motel Tax	Rental Motor Vehicle Excise Tax	HOST	
Cash and cash equivalents	$ -	$ 20,385	$ -	$ -	$ -	$ 336,143	$ 356,528
Taxes receivable	-	-	-	5,966	4,032	-	9,998
Accounts receivable	19,228	-	-	-	-	-	19,228
Due from other funds	-	-	55,252	-	20,818	-	76,070
Total assets	$ 19,228	$ 20,385	$ 55,252	$ 5,966	$ 24,850	$ 336,143	$ 461,824
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 7,307	$ -	$ -	$ 2,386	$ -	$ -	$ 9,693
Due to other funds	-	-	-	3,580	-	-	3,580
Total liabilities	7,307	-	-	5,966	-	-	13,273
FUND BALANCES							
Restricted for:							
Capital projects	-	-	55,252	-	24,850	336,143	416,245
Public safety	11,921	-	-	-	-	-	11,921
Committed for:							
Tree removal and planting	-	20,385	-	-	-	-	20,385
Total fund balances	11,921	20,385	55,252	-	24,850	336,143	448,551
Total liabilities and fund balances	$ 19,228	$ 20,385	$ 55,252	$ 5,966	$ 24,850	$ 336,143	$ 461,824

CITY OF DORAVILLE, 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 Fund	Total Nonmajor Governmental Funds
	Emergency 911	Tree Bank	Multi-Grants	Hotel / Motel Tax	Rental Motor Vehicle Excise Tax	HOST	
Revenues:							
Hotel/Motel occupancy taxes	$ -	$ -	$ -	$ 57,455	$ -	$ -	$ 57,455
Motor vehicle taxes	-	-	-	-	24,850	-	24,850
Charges for services	139,058	-	-	-	-	-	139,058
Intergovernmental	-	4,720	80,252	-	-	144,097	229,069
Investment earnings	-	129	-	-	-	401	530
Total revenues	139,058	4,849	80,252	57,455	24,850	144,498	450,962
Expenditures:							
Current:							
General government	-	-	-	-	-	32,268	32,268
Public safety	527,704	-	-	-	-	-	527,704
Culture and recreation	-	16,055	25,000	-	-	-	41,055
Tourisim and economic development	-	-	-	22,982	-	-	22,982
Total expenditures	527,704	16,055	25,000	22,982	-	32,268	624,009
Excess (deficiency) of revenues over (under) expenditures	(388,646)	(11,206)	55,252	34,473	24,850	112,230	(173,047)
Other financing sources (uses):							
Transfers in	420,208	-	-	-	-	-	420,208
Transfers out	-	-	-	(34,473)	-	-	(34,473)
Total other financing sources (uses)	420,208	-	-	(34,473)	-	-	385,735
Net change in fund balances	31,562	(11,206)	55,252	-	24,850	112,230	212,688
Fund balances (deficit), beginning of fiscal year	(19,641)	31,591	-	-	-	223,913	235,863
Fund balances, end of fiscal year	$ 11,921	$ 20,385	$ 55,252	$ -	$ 24,850	$ 336,143	$ 448,551

CITY OF DORAVILLE, GEORGIA
HOTEL/MOTEL TAX FUND

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel occupancy taxes	$ 48,000	$ 57,500	$ 57,455	$ (45)
Total revenues	48,000	57,500	57,455	(45)
Expenditures:				
Current:				
Tourism and economic development	19,200	23,000	22,982	18
Total expenditures	19,200	23,000	22,982	18
Excess of revenues over expenditures	28,800	34,500	34,473	(27)
Other financing uses:				
Transfers out	(28,800)	(34,500)	(34,473)	27
Total other financing uses	(28,800)	(34,500)	(34,473)	27
Net changes in fund balances	-	-	-	-
Fund balances, beginning of fiscal year	-	-	-	-
Fund balances, end of fiscal year	$ -	$ -	$ -	$ -

CITY OF DORAVILLE, GEORGIA
MULTI-GRANTS FUND

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 25,000	$ 25,000	$ 80,252	$ 55,252
Total revenues	25,000	25,000	80,252	55,252
Expenditures:				
Current:				
Culture and recreation	25,000	25,000	25,000	-
Total expenditures	25,000	25,000	25,000	-
Excess (deficiency) of revenues over (under) expenditures	-	-	55,252	55,252
Net changes in fund balances	-	-	55,252	55,252
Fund balances, beginning of fiscal year	-	-	-	-
Fund balances, end of fiscal year	$ -	$ -	$ 55,252	$ 55,252

CITY OF DORAVILLE, GEORGIA
EMERGENCY 911 FUND

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 150,000	$ 150,000	$ 139,058	$ (10,942)
Total revenues	150,000	150,000	139,058	(10,942)
Expenditures:				
Current:				
Public safety	572,181	572,181	527,704	44,477
Total expenditures	572,181	572,181	527,704	44,477
Excess (deficiency) of revenues over (under) expenditures	(422,181)	(422,181)	(388,646)	33,535
Other financing sources:				
Transfers in	422,181	422,181	420,208	(1,973)
Total other financing sources	422,181	422,181	420,208	(1,973)
Net changes in fund balances	-	-	31,562	31,562
Fund balances (deficits), beginning of fiscal year	(19,641)	(19,641)	(19,641)	-
Fund balances (deficits), end of fiscal year	$ (19,641)	$ (19,641)	$ 11,921	$ 31,562

CITY OF DORAVILLE, GEORGIA
TREE BANK FUND

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ -	$ -	$ 4,720	$ 4,720
Investment earnings	-	-	129	129
Total revenues	-	-	4,849	4,849
Expenditures:				
Current:				
Culture and recreation	15,000	16,500	16,055	445
Total expenditures	15,000	16,500	16,055	445
Excess (deficiency) of revenues over (under) expenditures	(15,000)	(16,500)	(11,206)	5,294
Net changes in fund balances	(15,000)	(16,500)	(11,206)	5,294
Fund balances, beginning of fiscal year	31,591	31,591	31,591	-
Fund balances, end of fiscal year	$ 16,591	$ 15,091	$ 20,385	$ 5,294

CITY OF DORAVILLE, GEORGIA
RENTAL MOTOR VEHICLE EXCISE TAX FUND

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Motor vechicle taxes	$ -	$ 24,850	$ 24,850	$ -
Total revenues	-	24,850	24,850	-
Expenditures:				
Culture and recreation	-	24,850	-	24,850
Total expenditures	-	24,850	-	24,850
Excess (deficiency) of revenues over (under) expenditures	-	-	24,850	24,850
Net changes in fund balances	-	-	24,850	24,850
Fund balances, beginning of fiscal year	-	-	-	-
Fund balances, end of fiscal year	$ -	$ -	$ 24,850	$ 24,850