

CITY OF DECATUR, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2002

Prepared By:
Accounting, Collections, and Records Department

Karen desIslets
City Clerk

CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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January 22, 2003

Honorable Chair and
Members of the City Commission
City of Decatur, Georgia

The comprehensive annual financial report of the City of Decatur, Georgia for the fiscal year ended June 30, 2002, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally on a multi-year basis. Information in the statistical section has not been audited and the auditor has expressed no opinion on it but management believes this information to be accurate. This report includes all funds and account groups of the City.

The City of Decatur, first chartered as a municipality by the State of Georgia in 1823, provides a full range of municipal services. These services include public safety (police and fire protection, inspections, housing codes enforcement, etc.), public works (streets and sidewalk construction and maintenance, storm drainage construction and maintenance, refuse collection, street sweeping, etc.), parks and recreation and the operation of a municipal cemetery. In addition, the City owns a 390-space parking facility and a 25,000 square foot conference center. Operation of these facilities is provided by private management services under contract with the City. These activities are reported as an Enterprise Fund.

ECONOMIC CONDITION AND OUTLOOK

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

Vacancy rates for available office space in the City of Decatur continue to be low. General renovations and upgrades to existing office buildings have increased desirable office space and have improved the marketability of these buildings. Wachovia and First Union banks, both of which have large branch operations in downtown, have merged. Plans for use of their existing office space have not been announced.

Retail and restaurant leasing activity continues to be vigorous in the central business district. A large space formerly occupied by a camper sales company has been redeveloped and is now occupied by five retail business operations. Directly across the street, renovations are being completed for a new restaurant tenant. This activity is helping to create an upgraded, visually pleasing and viable commercial western gateway into the central business district.

In addition, plans have been submitted for the construction of an 11,000 square foot commercial building to replace a surface parking lot at the southeast corner of West Ponce de Leon Avenue and Commerce Drive. The new building will provide for the relocation of the SunTrust banking center.

The City continues to attract health-related employers. In addition to Emory University Hospital administration, the Centers for Disease Control (CDC) has leased space in several office buildings and has relocated more than three hundred employees to downtown Decatur.

Enterpulse (formerly Third Millennium), an Internet technology company; Allied Systems, a multi-national vehicle delivery trucking company; and, Allied Ready-Mix Concrete maintain their corporate headquarters in Decatur. Decatur First Bank is doing well in the community banking market and has expanded operations with a limited hours office at Clairmont Place, a senior residential community, and a full-time office located in the downtown Decatur Kroger grocery store.

The Oakhurst Business District continues to experience positive commercial business activity. Four new businesses have opened in the district including an art gallery and a video rental outlet. In addition, the executive *offices* of the Atlanta YWCA and

Progressive Redevelopment Inc., an affordable housing development company, have relocated to the renovated and rehabilitated Historic Scottish Rite building. Market forces continue to make the Oakhurst Business District a desirable local shopping community.

The success of the Oakhurst Business District has also stimulated redevelopment efforts along West College Avenue. A restaurant and hair salon have recently opened and redevelopment efforts are underway for the placement of an art gallery and an additional restaurant.

The residential housing market is strong. Applications for in-fill housing developments and subdivisions of existing lots indicate that housing in Decatur is highly desirable. After three years of somewhat frenzied residential real estate sales, sales of existing housing stock have returned to a more normal pace; however, sales prices continue to increase. After three years of double-digit property digest increases, the City's overall residential property digest increased 8% this year from the previous year.

Construction is being completed on a 66-unit condominium development on Clairemont Avenue just north of downtown Decatur. Two additional residential mixed-use projects have been approved for the central business district. One project on the western edge of the central business district will provide 70 new residential condominium units and 6,000 square feet of ground floor retail space. The other project located on East Ponce de Leon Avenue will include 170 luxury apartment units and 8,000 square feet of ground floor retail.

Agnes Scott College, a four-year liberal arts college for women, has adopted a facilities master plan which includes approximately \$100 million in new construction over a five year period. The College is completing the last year of the construction plan. Columbia Theological Seminary, a Presbyterian graduate institution, remains financially strong and is also preparing a comprehensive master plan for its campus. The City Schools of Decatur are also completing a five-year \$15 million construction program and with the extension of the Special Purpose Local Option Sales tax (SPLOST) for school construction, it is anticipated that City Schools of Decatur will continue major renovation and construction activities for the next five years. DeKalb County has begun a \$50 million renovation, rehabilitation and new construction project at the Courthouse.

MAJOR ACTIVITIES

The City has completed its fourth year of a volume-based sanitation collection system. The number and types of items collected have expanded since inception of the program. The City currently has reduced landfill deposits by approximately 35%, well in excess of the State of Georgia's requirement of a twenty-five percent reduction in landfill deposits. The program has been an overwhelming success.

Improvements to the City's storm drainage system have begun using funds from the City's storm water utility. The City is completing a comprehensive storm drainage master plan to guide major capital improvements to the City's drainage system.

As part of State efforts to support local greenspace acquisition, the City has established the Decatur Community Greenspace Trust Fund and the City Commission has appointed a Greenspace Commission to carry out the recommendations of the Greenspace Task Force and to make recommendations on how to acquire and protect additional greenspace. The City is currently receiving state funding for greenspace acquisition and has received grant funding from the Land and Water Conservation Fund for acquisition of greenspace near the City limits adjacent to Dearborn Park.

The City has completed an organization-wide technology assessment and implementation plan. The plan standardized computer equipment and software so that purchases can be consolidated and information exchanged in a simple manner. As part of the City's franchise agreement with AT&T Broadband (now owned by Comcast), the cable television company was required to connect city buildings via fiber optic cable. With the exception of a few distant locations, all facilities are linked via fiber optic lines. This has resulted in the City having a premium technology system.

The City has begun developing an E-government plan so that the City will be able to offer internet based services, such as recreation program registration and customer service requests. It is anticipated that initial internet transactions will be available in 2003. In addition, the City is updating and reorganizing its web page in order to make it more user friendly.

Work has been completed on the second and third phases of the Downtown Streetscapes Improvement Plan resulting in \$2.5 million in public sector capital investment in the central business district. The City has been successful in securing approximately \$2 million in federal TEA-21 funding for this project. The City has been awarded a \$2 million grant from the Atlanta Regional Commission's Livable Communities Initiative to begin implementation of the Decatur MARTA Station master plan. The City is currently soliciting proposals for design and architectural services and it is expected that construction will begin in the summer of 2003.

The City is in the process of moving and stabilizing the Old Decatur Depot. Funded by a combination of a TEA-21 grant, private donations and funds from the City of Decatur and DeKalb County, this project is scheduled for completion in January 2003. Once this phase is complete, the City anticipates pursuing private redevelopment opportunities for the facility.

The City has awarded a bid for the construction of improvements to Harmony Park in the Oakhurst Business District. It is anticipated that this project will be complete in Spring, 2003.

The City recently completed a master plan for development surrounding the Avondale MARTA Station. This project was funded by a planning grant from the Atlanta Regional Commission. The master plan provides a twenty-year redevelopment strategy for the area and makes the City eligible for implementation grant funding.

In cooperation with the City Schools of Decatur and the Decatur Library, the Recreation and Community Services Department secured a \$1.8 million dollar grant from the federal 21 st Century Learning Center program to be used for strengthening after-school programs for children, including computer laboratories, cultural enrichment and academic tutorials. The grant funding period is almost complete. Plans are currently underway to develop an on-going source of funding so that the program can continue once grant funds are exhausted.

Progressive Redevelopment Inc. (PRI) completed the long-awaited restoration of the Historic Scottish Rite Hospital Building. In cooperation with the Atlanta Shepherd Center, PRI also provided housing for persons with mobility impairments. The Decatur Housing Authority, with additional funding provided by the DeKalb County Community Development Department, completed construction of 10 single-family dwellings through its affordable housing program. Those homes are now occupied. Lastly, the Community Center of South Decatur has taken possession of renovated and rehabilitated community space.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state assistance, the City is also responsible for having an adequate internal control structure in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and staff. No instances of material weaknesses in the internal control structure or violations of applicable laws and regulations have been found.

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

amount) is established by function within an individual fund (e.g., at the department level in the general fund).

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. (All amounts presented in the remainder of this letter are expressed in thousands when they are shown in tables. In the text, amounts are presented in dollars.)

General Fund

The following schedule presents a summary of general fund revenues for the fiscal year ending June 30, 2002 and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	% of Total	Increase (Decrease) from FY 01	% Increase (Decrease)
Taxes	\$10,208	77.47	1,298	14.57
Licenses, Permits	410	3.12	(61)	(12.95)
Fines & Forfeitures	735	5.58	(110)	(13.01)
Use of Money/Property	45	.35	(137)	(75.27)
Charges for Services	1,260	9.57	(426)	(25.26)
Intergovernmental	354	2.69	(199)	(35.98)
Contributions	123	.94	123	100%
Miscellaneous	43	.33	(88)	(32.83)
	\$13,178	100%	400	

Revenue for taxes increased mainly from additional income from real estate, personal property and intangibles taxes. Other general tax revenue basically remained the same with the exception of franchise fee payments which decreased due to changes in the telecommunications industry and a significant decrease in the insurance premiums tax which occurred because the formula used by the Georgia Department of Revenue for calculating the City's distribution was revised due to the incorporation of the 2000 census figures. Licenses and permits show a decrease from the previous year due to fewer construction and building permits being issued. Use of money and property shows a decrease due to lower interest rates and increased bank services charges. Charges for services show a decrease because all sanitation fees are now being accounted for in the solid waste fund. However, individual charges for recreation services and for parking meter violation fees increased. Intergovernmental revenues decreased due to reduced grant income from various programs, including the United Way and due to the City participating in fewer grant programs.

The following schedule presents a summary of general fund expenditures for the fiscal year ending June 30, 2002 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	% of Total	Increase (Decrease) from FY 01	% Increase (Decrease)
General Government	\$ 1,903	15.69	45	2.43
Public Safety	5,636	46.46	(85)	(1.48)
Sanitation & Fac. Mnt.	413	3.41	64	18.34
Engineering	1,461	12.05	49	3.51
Recreation	1,705	14.06	96	5.97
Non-departmental /Misc.	760	6.27	(143)	(15.83)
Capital Outlay	255	2.11	(233)	(47.74)
	\$12,133	100%	(207)	

Overall increases in expenditures were expected in the past fiscal year due to an approved general salary adjustment of five percent for most positions. The decreases in public safety expenditures were almost entirely in personal services related to vacant positions and the associated personnel costs (group insurance, retirement, etc.). The overall increase in Sanitation and Facilities Maintenance reflects a reorganization which transferred several operating functions (buildings and grounds maintenance and the cemetery) from the Engineering Department. The overall decrease in capital outlay reflects a transfer of capital expenses to the capital improvement fund. Not taking into account decreases in non-department expenses and capital outlay, overall operating expenses increased only 1.5%, even though a 5% general salary adjustment was implemented in July, 2001.

In fiscal year 2001-2002, it was anticipated that \$249,520 would be needed from fund balance. However, because revenues exceeded projections and expenditures were approximately 7% less than budgeted, there will be a contribution to fund balance of \$1,544,625. The City's general fund balance as of June 30, 2002 is \$4,923,183. This is approximately 35% of the City's current general fund expenditures. Consistent with proposals made during the adoption of the fiscal 2002-2003 budget, it is anticipated that recommendations will be made to the City Commission for designating a portion of the fund balance for sidewalk repair and maintenance projects, for matching funds for capital improvement and greenspace grants and for future funding of property tax relief.

Special Revenue Funds

The confiscated drug fund accounts for monies received from fines and forfeitures and may be used for designated public safety projects and activities. The confiscated drug fund had interest revenues of \$2,807. The fund balance in the confiscated drug fund is \$65,946.

Because it is impossible to predict the revenues and expenditures associated with the confiscated drug fund, a budget for these funds has not been regularly adopted. However, based on the auditor's opinion, in the future a budget for this fund will be recommended.

The grant fund accounts for monies received from the federal 21st Century Learning Center grant and may be used only for that program. The grant fund had revenues of \$559,413 and expenditures of \$506,879. The fund balance in the grant fund is \$204,849. It is anticipated that all monies in this fund will be expended by June 30, 2003.

The economic development fund accounts for monies received from repayment of prior community development loan activities, grant revenue and some gifts and contributions and is used for community and economic development projects and activities. The economic development fund had revenues of \$34,364 and expenditures of \$79,391. The fund balance in the economic development fund is \$91,625.

The greenspace trust fund was established to account for grants received from the Department of Natural Resources and from other grant sources and from gifts and contributions for the purpose of acquiring and preserving greenspace. The fund balance in the greenspace trust fund is \$184,441.

Debt Service Fund

The debt service fund had revenue of \$582,359 for the year. As planned, \$552,544 was transferred to meet principal and interest requirements for the conference center/parking garage revenue bonds. The City has no outstanding general obligation debt. However, the City still has long term obligations under capital leases related to the conference center and parking garage. Assets of the debt service fund will continue to be needed to meet these obligations. The fund balance in the debt service fund as of June 30, 2002 is \$362,671.

Capital Projects Funds

The cemetery capital improvement fund accounts for the financing and expenditures of a capital nature occurring within the cemetery into perpetuity. The cemetery capital improvement fund had revenues of \$32,476 from cemetery lots sales. The fund had expenditures of \$9,900 for general services. The cemetery capital improvement fund balance is \$98,023.

The capital improvement fund accounts for receipts and expenditures for major capital projects and equipment acquisitions. This fund is used for projects designated by the City Commission and to account for proceeds and expenditures from capital leases. Revenues in the capital improvement fund included \$684,277 from "Taxes"; \$1,073,739 from "Intergovernmental" sources; and, \$57,979 from "Interest" and "Miscellaneous". The

"Intergovernmental" resources included a grant for parks improvements from the Community Development Block Grant program and funding for Phases II and III of the Downtown Streetscapes Improvement project from federal TEA-21 funds.

Total capital improvement fund expenditures equaled \$2,595,329, including \$750,131 in proceeds from capital leases. The fund balance in the capital improvement fund is \$228,896.

Enterprise Funds

Enterprise funds are established to account for the operation of non-governmental type business activities. The city currently maintains three enterprise funds.

The conference & parking deck fund accounts for activities associated with the operation of the conference center and parking garage. During this fiscal year, operating revenue was \$152,824. The hotel/motel tax is dedicated to this fund and produced \$280,530. Total revenues were \$433,354. Cost of sales and services was \$35,493. Because this is a proprietary type of function, depreciation and amortization must be expensed. This amounted to \$370,055. Total interest expense was \$248,879.

A transfer of \$552,544 was made from the debt service fund to cover capital construction costs associated with the conference center and parking garage. During 2000, the City obtained a capital construction loan of \$600,000 to upgrade the conference center facilities and purchase a computer reservation system. Repayment of the loan is scheduled over an eight-year period. During fiscal year 2002, the fund made principal and interest payments totaling \$883,963. In addition, payments for purchases of fixed assets of \$36,843 were made.

The net income in the conference center and parking deck fund after accounting for non-operating income and expense and accounting for depreciation was \$295,471.

The storm water utility fund accounts for activities in the operation, maintenance and repair of the City's storm water system. The storm water utility received \$691,994 in fees and had expenditures of \$517,261, including a \$150,200 transfer to the general fund to reimburse general administrative and professional services costs. Retained earnings in the storm water utility fund as of June 30, 2002 is \$2,840,662.

The solid waste fund accounts for activities in the operation of the City's garbage collection, disposal and recycling program. The solid waste fund received \$2,075,143 in revenues. The cost of sales and services, including overhead, was \$1,743,812 and depreciation was \$120,415. In addition, there was \$6,231 in contributed capital which mostly includes equipment necessary to operate the program. The deficit in the solid waste fund as of June 30, 2002 is \$603,952. It is anticipated that a recommendation for correcting the deficit will be made as part of next fiscal year budget process.

Fiduciary Funds

The Decatur Employees' Retirement System fund had assets of \$16,476,211 as of June 30, 2002. The Retirement System is in a sound financial condition. However, like most similar retirement funds, assets were reduced during the year due to the poor performance of the equity market. The assets of the Retirement System are in the trust department of a national financial institution. The Retirement System Board of Trustees has contracted with Retirement Plan Securities for plan management services. Morgan Stanley Dean Whitter (MSDW) performs investment management services for a portion of the fund invested in international equities and in small cap equities. The balance of the assets has been placed in equity index funds maintained by Vanguard, Janus and Artisan and in bond index funds maintained by Vanguard and PIMCO. An actuarial valuation will be performed for assets as of January 1, 2002.

The municipal court fund accounts for the collection of court fines and miscellaneous charges and payments to the general fund and other governments. Due to a number of fine "add-ons", including payments for the use of the DeKalb County Jail, the Police Officer Standards and Training Council, the police officer retirement fund, the spinal injury trust fund and victim's assistance, fines and forfeitures which are assessed and collected by the Municipal Court are placed in this fund until the proceeds are distributed. As of June 30, 2002, the Municipal Court Fund had cash of \$123,016 and liabilities of \$6,968 due to other governments, \$98,758 due to other City of Decatur Funds and \$17,290 due to other agencies.

OTHER INFORMATION

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its investments. Accordingly, except for the Retirement System, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent or a financial institution's trust department in the City's name. Investments of the Retirement System are held in trust in the Retirement System's name.

The City Charter and state statutes require an annual audit by independent certified public accountants. The accounting firm of Mauldin & Jenkins, LLC performed this year's audit. The audit was also designed to meet the requirements of the Single Audit Act of 1984 (including the 1996 amendments) and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The auditor's reports on internal control and compliance with applicable laws and regulations can be found in a separately issued single audit report. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

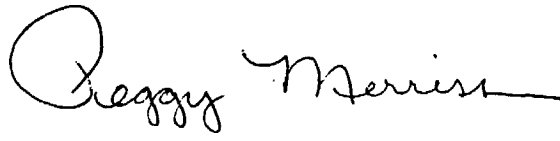
This comprehensive annual financial report must be submitted for review by the Georgia Department of Audits and to the relevant federal agency to determine if acceptable standards have been met. Prior reports have been accepted by these agencies and it is anticipated that this report will be acceptable.

The assistance of the staff in the Accounting, Collections and Records Division and the staff of Mauldin & Jenkins, LLC, in the preparation of this report is gratefully acknowledged.

Respectfully submitted,



Karen desIslets
City Clerk



Peggy Merriss
City Manager

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

JUNE 30, 2002

CITY COMMISSION

Bill Floyd	Mayor
Jim Baskett	Mayor Pro-Tem
Fred C. Boykin, Jr.	Commissioner
Kecia Cunningham	Commissioner
Mary Alice Kemp	Commissioner

APPOINTED ADMINISTRATIVE OFFICIALS

Peggy Merriss	City Manager
Hugh Saxon	Assistant City Manager
Bryan Downs	City Attorney
Andrea Arnold	Administrative Services Director
Lyn Menne	Community and Economic Development Director
Sherrard White	Public Safety Director
Karen desIslets	City Clerk

CITY OF DECATUR ORGANIZATIONAL CHART

VOTERS

CITY COMMISSION

CITY MANAGER

ASSISTANT CITY
MANAGER

Development
Building Inspections

Sanitation & Facilities Maint.

Solid Waste Collection
Recycling
Motor Maintenance
Building and Grounds Maintenance
Cemetery

Engineering

Streets
Drainage/Stormwater Utility

PUBLIC SAFETY
DIRECTOR

Police

Uniform Patrol
Criminal Investigations
Special Units

Fire

Dispatch/911

Municipal Court

Codes Enforcement

COMMUNITY/
ECON DEVELOPMENT
DIRECTOR

Development Authorities

Communications

Recreation

Traditional Programs
Non-Traditional Programs

Historic Preservation

ADMINISTRATIVE
SERVICES
DIRECTOR

Finance

Accounting
Budget
Tax Collection
Records Management

Technology

Insurance

Personnel

FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the general purpose financial statements of the **City of Decatur, Georgia** as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the financial activities of the City of Decatur, Georgia Board of Education (the "School System"), which should be included as a discretely presented component unit in order to conform with generally accepted accounting principles. The assets, liabilities, and equity of the School System as of June 30, 2001 were approximately \$20,308,000, \$5,484,000, and \$14,824,000, respectively. The revenues and expenditures of the School System for the year ended June 30, 2001 were approximately \$26,988,000 and \$30,110,000, respectively. These amounts are based on the June 30, 2001 general purpose financial statements of the School System. These financial statements are the latest available audited financial statements of the School System.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Decatur, Georgia as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2002 on our consideration of the City of Decatur, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements for the year ended June 30, 2002, taken as a whole. The combining and individual fund and account group financial statements and schedules for the year ended June 30, 2002 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the June 30, 2002 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The individual fund and account group financial statements and schedules for the year ended June 30, 2001 were subjected to the auditing procedures of other auditors applied in their audit of the June 30, 2001 general purpose financial statements, and whose report dated September 21, 2001 expressed an unqualified opinion on such information in relation to the June 30, 2001 general purpose financial statements taken as a whole.

The information included in the statistical section is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. This information was not subjected to the audit procedures applied in the audit of the general purpose financial statements. Accordingly, we do not express an opinion on such information.

Mauldin & Festina, LLC

Macon, Georgia
September 20, 2002

CITY OF DECATUR, GEORGIA

COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets				
Cash - unrestricted	\$ 4,859,246	\$ 746,976	\$ 337,607	\$ 595,064
Cash - restricted	-	-	-	-
Investments, at fair value	-	-	-	-
Taxes receivable	465,605	1,453,968	55,425	36,504
Other receivables	265,124	101,264	-	-
Accounts receivable, net	-	-	-	-
Due from other funds	700,453	-	1,667	62,555
Due from primary government	-	-	-	-
Due from component units	154,416	-	-	-
Prepaid expenditures/expenses	33,333	-	-	-
Property, plant and equipment, net	-	-	-	-
Capitalized lease receivable from primary government	-	-	-	-
Other assets	20,000	-	-	-
Other debits				
Amount to be provided for debt service	-	-	-	-
Total assets and other debits	<u>\$ 6,498,177</u>	<u>\$ 2,302,208</u>	<u>\$ 394,699</u>	<u>\$ 694,123</u>

See Notes to Financial Statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Unit (Decatur Downtown Development Authority)
		General Fixed Assets	General Long-Term Debt		
Enterprise	Trust and Agency				
\$ 2,042,328	\$ 249,722	\$ -	\$ -	\$ 8,830,943	\$ 221,648
4,099	-	-	-	4,099	-
-	16,274,954	-	-	16,274,954	-
-	-	-	-	2,011,502	-
-	40,805	-	-	407,193	514
400,204	-	-	-	400,204	-
68,336	33,746	-	-	866,757	-
-	-	-	-	-	19,790
-	-	-	-	154,416	-
-	-	-	-	33,333	-
7,560,396	-	17,304,781	-	24,865,177	-
-	-	-	-	-	4,547,456
82,609	-	-	-	102,609	-
-	-	-	1,088,735	1,088,735	-
<u>\$ 10,157,972</u>	<u>\$ 16,599,227</u>	<u>\$ 17,304,781</u>	<u>\$ 1,088,735</u>	<u>\$ 55,039,922</u>	<u>\$ 4,789,408</u>

(Continued)

CITY OF DECATUR, GEORGIA

COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS
 AND DISCRETELY PRESENTED COMPONENT UNIT
 JUNE 30, 2002

LIABILITIES, FUND EQUITY AND OTHER CREDITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES				
Accounts payable	\$ 375,171	\$ 12,306	\$ -	\$ 286,789
Accrued liabilities	249,765	-	-	-
Due to other funds	41,562	54,704	-	65,262
Due to component units	-	19,790	-	-
Due to primary government	-	-	-	-
Deferred revenue	415,854	996,076	32,028	15,153
Capitalized lease obligation due to component unit - current	-	-	-	-
Notes payable - current	-	-	-	-
Capital leases - current	-	-	-	-
Capitalized lease obligation due to component unit - long term	-	-	-	-
Due to other governments	-	-	-	-
Due to others	-	856,912	-	-
Note payable - long term	-	-	-	-
Capital leases	-	-	-	-
Revenue bonds	-	-	-	-
Compensated absences	492,642	-	-	-
Total liabilities	1,574,994	1,939,788	32,028	367,204
FUND EQUITY AND OTHER CREDITS				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances:				
Reserved for:				
Special projects	-	362,420	-	-
Debt service	-	-	362,671	-
Employees pension benefits	-	-	-	-
Unreserved	4,923,183	-	-	326,919
Total fund equity and other credits	4,923,183	362,420	362,671	326,919
Total liabilities, fund equity and other credits	\$ 6,498,177	\$ 2,302,208	\$ 394,699	\$ 694,123

See Notes to Financial Statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Component Unit (Decatur Downtown Development Authority)
		General Fixed Assets	General Long-Term Debt		
Enterprise	Trust and Agency				
\$ 93,922	\$ 3,371	\$ -	\$ -	\$ 771,559	\$ -
83,723	-	-	-	333,488	-
606,471	98,758	-	-	866,757	-
-	-	-	-	19,790	-
-	-	-	-	-	154,416
1,202,358	-	-	-	2,661,469	-
560,000	-	-	-	560,000	-
85,017	-	-	-	85,017	-
79,983	-	-	-	79,983	-
3,987,456	-	-	-	3,987,456	-
-	6,968	-	-	6,968	-
-	17,290	-	-	874,202	-
364,881	-	-	-	364,881	-
210,227	-	-	1,001,798	1,212,025	-
-	-	-	-	-	4,547,456
-	-	-	86,937	579,579	-
<u>7,274,038</u>	<u>126,387</u>	<u>-</u>	<u>1,088,735</u>	<u>12,403,174</u>	<u>4,701,872</u>
-	-	17,304,781	-	17,304,781	-
6,231	-	-	-	6,231	-
2,877,703	-	-	-	2,877,703	-
-	-	-	-	362,420	-
-	-	-	-	362,671	-
-	16,472,840	-	-	16,472,840	-
-	-	-	-	5,250,102	87,536
<u>2,883,934</u>	<u>16,472,840</u>	<u>17,304,781</u>	<u>-</u>	<u>42,636,748</u>	<u>87,536</u>
<u>\$ 10,157,972</u>	<u>\$ 16,599,227</u>	<u>\$ 17,304,781</u>	<u>\$ 1,088,735</u>	<u>\$ 55,039,922</u>	<u>\$ 4,789,408</u>

(Concluded)

CITY OF DECATUR, GEORGIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
REVENUES			
Taxes	\$ 10,208,141	\$ 15,953,760	\$ 582,359
Licenses and permits	409,595	-	-
Fines and forfeitures	735,518	-	-
Interest	44,646	3,776	-
Charges for services	1,259,643	-	-
Intergovernmental	353,992	538,220	-
Contributions	122,565	-	-
Miscellaneous	43,549	54,588	-
Total revenues	<u>13,177,649</u>	<u>16,550,344</u>	<u>582,359</u>
EXPENDITURES			
Current			
General government	1,902,612	-	-
Public safety	5,635,691	-	-
Motor maintenance	412,567	-	-
Engineering	1,461,551	-	-
Recreation	1,705,068	-	-
General services	-	77,391	-
Non-departmental	760,386	-	-
Education	-	16,099,026	-
Downtown development	-	299,434	-
Capital outlay	255,249	64,179	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>12,133,124</u>	<u>16,540,030</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>1,044,525</u>	<u>10,314</u>	<u>582,359</u>

Capital Projects	Primary Government Totals (Memorandum only)	Component Unit (Decatur Downtown Development Authority)
\$ 684,277	\$ 27,428,537	\$ -
-	409,595	-
-	735,518	-
17,979	66,401	-
-	1,259,643	-
1,073,739	1,965,951	299,434
-	122,565	-
72,476	170,613	75,754
<u>1,848,471</u>	<u>32,158,823</u>	<u>375,188</u>
-	1,902,612	-
-	5,635,691	-
-	412,567	-
-	1,461,551	-
-	1,705,068	-
229,180	306,571	-
-	760,386	-
-	16,099,026	-
-	299,434	327,921
1,941,067	2,260,495	-
403,590	403,590	-
31,392	31,392	-
<u>2,605,229</u>	<u>31,278,383</u>	<u>327,921</u>
<u>(756,758)</u>	<u>880,440</u>	<u>47,267</u>

(Continued)

CITY OF DECATUR, GEORGIA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 ALL GOVERNMENTAL FUND TYPES
 AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	\$ -	\$ -	\$ -
Proceeds from sale of fixed assets	1,000	-	-
Operating transfers in	499,100	-	-
Operating transfers out	-	-	(552,544)
Total other financing sources (uses)	500,100	-	(552,544)
Excess revenues and other financing sources over (under) expenditures and other financing uses	1,544,625	10,314	29,815
FUND BALANCE, BEGINNING OF YEAR	3,378,558	352,106	332,856
FUND BALANCE, END OF YEAR	\$ 4,923,183	\$ 362,420	\$ 362,671

See Notes to Financial Statements.

<u>Capital Projects</u>	<u>Primary Government Totals (Memorandum only)</u>	<u>Component Unit (Decatur Downtown Development Authority)</u>
\$ 750,131	\$ 750,131	\$ -
-	1,000	-
-	499,100	-
-	(552,544)	-
<u>750,131</u>	<u>697,687</u>	<u>-</u>
(6,627)	1,578,127	47,267
<u>333,546</u>	<u>4,397,066</u>	<u>40,269</u>
<u>\$ 326,919</u>	<u>\$ 5,975,193</u>	<u>\$ 87,536</u>

(Concluded)

CITY OF DECATUR, GEORGIA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund		
	Budget	Actual	Variance
REVENUES			
Taxes	\$ 9,878,600	\$ 10,208,141	\$ 329,541
Licenses and permits	456,600	409,595	(47,005)
Fines and forfeitures	750,460	735,518	(14,942)
Interest	50,000	44,646	(5,354)
Charges for services	1,094,000	1,259,643	165,643
Intergovernmental	350,150	353,992	3,842
Contributions	148,620	122,565	(26,055)
Miscellaneous	45,700	43,549	(2,151)
Total revenues	<u>12,774,130</u>	<u>13,177,649</u>	<u>403,519</u>
EXPENDITURES			
Current			
General government	1,964,240	1,902,612	61,628
Public safety	5,915,230	5,635,691	279,539
Motor maintenance	418,560	412,567	5,993
Engineering	1,596,590	1,461,551	135,039
Recreation	1,879,300	1,705,068	174,232
General services	-	-	-
Non-departmental	890,820	760,386	130,434
Education	-	-	-
Downtown development	-	-	-
Capital outlay	358,910	255,249	103,661
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>13,023,650</u>	<u>12,133,124</u>	<u>890,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(249,520)</u>	<u>1,044,525</u>	<u>1,294,045</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	-	-	-
Proceeds from sale of fixed assets	-	1,000	1,000
Operating transfers in	499,100	499,100	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>499,100</u>	<u>500,100</u>	<u>1,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	249,580	1,544,625	1,295,045
FUND BALANCE, BEGINNING OF YEAR	<u>3,378,558</u>	<u>3,378,558</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 3,628,138</u></u>	<u><u>\$ 4,923,183</u></u>	<u><u>\$ 1,295,045</u></u>

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 15,075,000	\$ 15,953,760	\$ 878,760	\$ 560,000	\$ 582,359	\$ 22,359
-	-	-	-	-	-
-	-	-	-	-	-
-	3,776	3,776	-	-	-
-	-	-	-	-	-
406,000	538,220	132,220	-	-	-
2,800	54,588	51,788	-	-	-
<u>15,483,800</u>	<u>16,550,344</u>	<u>1,066,544</u>	<u>560,000</u>	<u>582,359</u>	<u>22,359</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,900	77,391	(23,491)	-	-	-
-	-	-	-	-	-
15,154,000	16,099,026	(945,026)	-	-	-
275,000	299,434	(24,434)	-	-	-
36,000	64,179	(28,179)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,518,900</u>	<u>16,540,030</u>	<u>(1,021,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(35,100)</u>	<u>10,314</u>	<u>45,414</u>	<u>560,000</u>	<u>582,359</u>	<u>22,359</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(540,000)	(552,544)	(12,544)
-	-	-	(540,000)	(552,544)	(12,544)
(35,100)	10,314	45,414	20,000	29,815	9,815
352,106	352,106	-	332,856	332,856	-
<u>\$ 317,006</u>	<u>\$ 362,420</u>	<u>\$ 45,414</u>	<u>\$ 352,856</u>	<u>\$ 362,671</u>	<u>\$ 9,815</u>

(Continued)

CITY OF DECATUR, GEORGIA

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	Capital Projects Funds		
	Budget	Actual	Variance
REVENUES			
Taxes	\$ 650,000	\$ 684,277	\$ 34,277
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Interest	17,000	17,979	979
Charges for services	-	-	-
Intergovernmental	776,500	1,073,739	297,239
Miscellaneous	72,200	72,476	276
Total revenues	<u>1,515,700</u>	<u>1,848,471</u>	<u>332,771</u>
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Sanitation and motor maintenance	-	-	-
Engineering	-	-	-
Recreation	-	-	-
General services	186,800	229,180	(42,380)
Non-departmental	-	-	-
Education	-	-	-
Downtown development	-	-	-
Capital outlay	1,301,700	1,941,067	(639,367)
Debt service			
Principal retirement	440,890	403,590	37,300
Interest and fiscal charges	23,000	31,392	(8,392)
Total expenditures	<u>1,952,390</u>	<u>2,605,229</u>	<u>(652,839)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(436,690)</u>	<u>(756,758)</u>	<u>(320,068)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	438,130	750,131	312,001
Proceeds from sale of fixed assets	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>438,130</u>	<u>750,131</u>	<u>312,001</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,440	(6,627)	(8,067)
FUND BALANCE, BEGINNING OF YEAR	<u>333,546</u>	<u>333,546</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 334,986</u>	<u>\$ 326,919</u>	<u>\$ (8,067)</u>

(Concluded)

See Notes to Financial Statements.

CITY OF DECATUR, GEORGIA

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Enterprise</u>
OPERATING REVENUE	
Stormwater fees	\$ 691,994
Sanitation fees	2,063,111
Charges for sales and services	152,824
Miscellaneous	12,032
	<hr/>
Total operating revenues	2,919,961
	<hr/>
OPERATING EXPENSES	
Cost of sales and services	2,062,112
Depreciation and amortization	574,724
	<hr/>
Total operating expenses	2,636,836
	<hr/>
Operating income	283,125
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Taxes	280,530
Intergovernmental revenue	115,262
Interest expense	(284,879)
	<hr/>
Total nonoperating revenues (expenses)	110,913
	<hr/>
Income before operating transfers	394,038
	<hr/>
OPERATING TRANSFERS	
Operating transfers in	552,544
Operating transfers out	(499,100)
	<hr/>
	53,444
	<hr/>
Net income	447,482
	<hr/>
RETAINED EARNINGS, beginning of year	656,878
Prior period adjustment	1,773,343
	<hr/>
RETAINED EARNINGS, beginning of year, restated	2,430,221
RETAINED EARNINGS, end of year	<u>\$ 2,877,703</u>

See Notes to Financial Statements.

CITY OF DECATUR, GEORGIA
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002

	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 283,125
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	574,724
Change in assets and liabilities:	
Decrease in fees receivable	3,604
Decrease in accounts receivable	18,427
Decrease in due from other funds	171,541
Decrease in accounts payable	(35,497)
Increase in accrued liabilities	29,012
Increase in deferred revenue	15,067
Increase in due to other funds	420,291
	1,480,294
Net cash provided by operating activities	1,480,294
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in from other funds	552,544
Operating transfers out to other funds	(499,100)
Intergovernmental revenue	115,262
Taxes received	280,530
	449,236
Net cash provided by noncapital financing activities	449,236
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on capital lease	(584,480)
Principal payments on note payable	(75,248)
Issuance of capital lease	167,605
Interest paid	(283,715)
Purchase of fixed assets	(440,716)
	(1,216,554)
Net cash (used in) capital and related financing activities	(1,216,554)
Net increase in cash	712,976
Cash, beginning of year	1,333,451
Cash, end of year	\$ 2,046,427
Classified as:	
Cash - unrestricted	\$ 2,042,328
Cash - restricted for renovation	4,099
	\$ 2,046,427

See Notes to Financial Statements.

**CITY OF DECATUR, GEORGIA
PENSION TRUST FUND**

**STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative totals for the year ended June 30, 2001)**

	2002	2001
ADDITIONS		
Contributions		
Plan member contributions	\$ 430,703	\$ 403,611
Employer contributions	373,660	317,084
Total contributions	804,363	720,695
Investment income		
Net appreciation (depreciation) in fair value of investments	(367,179)	(628,726)
Capital gains distributions and dividends	-	652,929
Net investment income (loss)	(367,179)	24,203
Total additions	437,184	744,898
DEDUCTIONS		
Benefit payments	1,086,634	1,002,444
Refunds paid to Plan members and beneficiaries	225,236	86,684
Administrative fees	62,864	88,855
Total deductions	1,374,734	1,177,983
Net (decrease)	(937,550)	(433,085)
Net assets held in trust for pension benefits at beginning of year	17,410,390	17,843,475
Net assets held in trust for pension benefits at end of year	\$ 16,472,840	\$ 17,410,390

See Notes to Financial Statements.

CITY OF DECATUR, GEORGIA
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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

These financial statements present the activities of the government of the City of Decatur, Georgia (the primary government). GAAP requires that the City of Decatur Board of Education be included in the accompanying financial statements as a discretely presented component unit of the City of Decatur. However, audited financial information for the Board of Education is not available for any period subsequent to June 30, 2001. Accordingly, the City of Decatur Board of Education has not been included as a discretely presented component unit, as required by GAAP. Financial information on the City of Decatur Board of Education can be obtained from the Board's administrative offices at 320 North McDonough Street, Decatur, Georgia 30030.

The Decatur Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The City funds a large percentage of the DDA's operating budget, levies and collects its taxes, and appoints its board. This information is reported in a separate column to emphasize that it is legally separate from the City. Financial information with regard to the DDA can be obtained from the DDA's administrative offices at 100 East Trinity Place, Decatur, Georgia 30030.

There are no blended component units reflected in the accompanying financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City uses funds and account groups to report on its financial position and the results of its operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate compliance with finance-related and contractual provisions and to aid financial management by segregating transactions related to certain government functions or activities. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are reporting devices designated to provide accountability for certain assets and liabilities of governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

Governmental fund types are used to account for City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all property tax revenue to be available if it is collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are taxes, licenses, charges for services, and interest. Other receipts become measurable and available when cash is received by the City, and are recognized as revenue at that time.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental funds include the following fund types and account groups:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue funds* account for the collection and disbursement of resources that are legally restricted to expenditure for specific purposes.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The *capital projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by the City's proprietary funds.

Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements and interpretations issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The *enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business, or where the City has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability.

Fiduciary funds types account for assets held by the City in a trust capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement. The *pension trust fund* is accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the City's pension plan. The *agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Account groups: The *general fixed asset account group* is used to account for fixed assets not accounted for in proprietary funds or the pension trust fund. The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary funds or the pension trust fund.

C. Budgets

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

D. Cash 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, certificate of deposit with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

E. Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002 are recorded as prepaid items.

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased or constructed fixed assets are valued at cost where historical records are available. Fixed assets acquired prior to June 30, 1984 have been valued by independent appraisers based on estimates of the original cost of similar assets as of the date the assets were placed in service. Donated fixed assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not included in the general fixed asset account group or capitalized in the proprietary funds. Improvements of enterprise fund fixed assets are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings and equipment in the proprietary fund types is computed using the straight-line method.

Assets retired from the general fixed assets account group are deleted at cost. Proceeds from the sale of these assets are recorded as income in the fund originally acquiring the asset.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

Accumulated vested vacation pay that is expected to be liquidated with expendable available resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vested vacation pay not expected to be liquidated with expendable available resources is reported in the general long-term debt account group. Accumulated vested vacation pay of the enterprise funds are recorded as an expense and liability of those funds as benefits accrue to employees.

In accordance with GAAP, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

J. Long-Term Obligations

Certain governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations expected to be financed by the enterprise funds are reported as liabilities in those funds.

Enterprise fund bonds are reported net of the applicable bond premiums or discounts. Bond discounts and issuance costs for the enterprise funds are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

Enterprise fund loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as deferred charges and amortized over the term of the loan using the straight-line method.

K. Fund Equity

Reservations of fund balances represent amounts that are not appropriable for expenditure or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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 reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Memorandum Only - Total Columns

Total columns on the accompanying financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made in the aggregation of this data.

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.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

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

1. In accordance with the Fiscal Control Ordinance of the City, the City Manager submits a proposed operating budget to the City Commissioners. The operating budget includes proposed expenditures and the means for financing them.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE - BUDGETS (Continued)

2. Prior to any action by the Commissioners, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Commission.
5. Budgetary control is exercised at the department level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commissioners. Budget amounts shown in these financial statements reflect amendments approved by the Board of Commissioners. Such amendments resulted in no supplemental appropriations.
6. For the year ended June 30, 2002, expenditures exceeded appropriations in the following funds and departments:

General Fund:

City Attorney	\$ 16,069
Community & Economic Development	3,141

Special Revenue Funds:

Board of Education Fund	854,326
Downtown Development Authority Fund	24,434
Grant Fund	116,879
Economic Development Fund	25,491

Capital Projects Funds:

Cemetery Capital Improvement Fund	6,100
Capital Improvement Fund	659,939

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

At June 30, 2002, the carrying amount of the City's bank deposits was \$8,835,042 and the bank balance was \$9,538,033. All of the City's deposits were covered by federal depository insurance or by collateral held by the City's agent in the City's name.

At June 30, 2002, the carrying amount of deposits for the Decatur Downtown Development Authority, a discretely presented component unit, was \$221,648 and the bank balance was \$221,616. All of the component unit's deposits were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name.

The City's pension trust fund holdings have been invested in various equity securities through the trust department of a financial institution. No indication of the level of risk has been provided because these investments are in pools managed by agents.

NOTE 4. TAXES AND ACCOUNTS RECEIVABLE

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

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

Enterprise fund solid waste fees and stormwater fees are billed annually on April 1 and are due June 1. Enterprise fund total accounts receivable of \$400,204 is net of an allowance for uncollectible accounts of \$173,982.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 5. FIXED ASSETS

A summary of changes in general fixed assets during the fiscal year ended June 30, 2002 is as follows:

	Balance July 1, 2001	Additions	Disposals	Adjustments	Balance June 30, 2002
Land	\$ 2,202,936	\$ -	\$ -	\$ -	\$ 2,202,936
Land improvements	715,117	2,000	-	-	717,117
Buildings	8,413,614	-	-	152,638	8,566,252
Machinery and equipment	2,853,510	249,641	8,952	47,437	3,141,636
Vehicles	2,155,929	512,852	-	8,059	2,676,840
Property rights under capital lease	1,231,814	-	-	(1,231,814)	-
Total general fixed assets	<u>\$ 17,572,920</u>	<u>\$ 764,493</u>	<u>\$ 8,952</u>	<u>\$ (1,023,680)</u>	<u>\$ 17,304,781</u>

Fixed assets used by the Board of Education and owned by the City are included in the June 30, 2002 balances. These were \$691,200 of land and \$4,179,120 of buildings.

The following is a summary of enterprise fund fixed assets of the City as of June 30, 2002:

Land	\$ 391,679
Land improvements	3,463,797
Buildings:	
Parking garage	4,577,287
Conference center	3,796,371
Other	1,636
Furniture, fixtures, and equipment	1,580,450
	13,811,220
Less accumulated depreciation	(6,250,824)
Net fixed assets	<u>\$ 7,560,396</u>

Land improvements consist of stormwater drainage improvements and are depreciated over 50 years on a straight line basis. Buildings are depreciated over 30 years on a straight-line basis. Furniture, fixtures, and equipment are depreciated over 7 years on a straight-line basis.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT AND CAPITAL LEASES

The following is a summary of general long-term debt transactions of the City for the year ended June 30, 2002:

	Balance, June 30, 2001	Additions	Retirements	Balance June 30, 2002
Obligations under capital leases - equipment	\$ 837,343	\$ 750,131	\$ 585,676	\$ 1,001,798
Accrued compensated absences	91,484	-	4,547	86,937
Total	<u>\$ 928,827</u>	<u>\$ 750,131</u>	<u>\$ 590,223</u>	<u>\$ 1,088,735</u>

The \$585,676 of retirements for obligations under capital leases –equipment includes the transfer of a capital lease to the Solid Waste Fund in the amount of \$182,086. Actual debt service payments on obligations under capital leases – equipment for the General Long-Term Debt Account Group for the fiscal year ended June 30, 2002 was \$403,590.

Obligations Under Capital Leases - Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (including communication equipment), machinery, and improvements used in general governmental activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. Equipment leased under the capital leases totaled \$1,782,493 in the General Fixed Assets Account Group and \$374,144 in the Solid Waste Fund.

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

	General Long Term Debt	Solid Waste Fund
Fiscal Year Ending June 30,		
2003	\$ 404,731	\$ 88,512
2004	254,147	66,784
2005	211,133	64,661
2006	167,301	62,538
2007	33,420	28,774
Total minimum lease payments	1,070,732	311,269
Less amount representing interest	68,935	21,059
Present value of future minimum lease payments	<u>\$ 1,001,797</u>	<u>\$ 290,210</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 7. CAPITALIZED LEASE OBLIGATION DUE TO COMPONENT UNIT

The City leases a parking facility and conference center with an initial cost of approximately \$8,000,000 from the Decatur Downtown Development Authority (the "Authority"). These facilities were constructed in the period from 1986 to 1989 with proceeds of lease revenue bonds issued by the Authority and the Decatur Parking Authority. Such lease revenue bonds were secured by the City's commitment to make lease payments equivalent to the debt service requirements of the lease revenue bonds.

For financial reporting purposes, the City has recorded a capitalized lease obligation due to the Authority in an amount equal to the outstanding indebtedness of the Authority with respect to these lease revenue bonds. The Authority has recorded a lease receivable from the City, which equals the outstanding balance of these lease revenue bonds.

The conference center and parking facility have incurred operating losses since they commenced operations. As a result, the City's required lease payments have been made from ad valorem taxes levied by the City. Such payments have been made from resources of the Debt Service Fund.

Future required minimum payments on this lease are as follows at June 30, 2002:

2003	\$	769,693
2004		764,323
2005		767,243
2006		777,613
2007		779,374
2008 - 2009		<u>1,567,765</u>
		5,426,011
Less:		
Amount representing interest		(851,009)
Unamortized loss on refunding		<u>(27,546)</u>
Net present value of capitalized lease obligation due to component unit	\$	<u>4,547,456</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 7. CAPITALIZED LEASE OBLIGATION DUE TO COMPONENT UNIT (Continued)

The above required lease payments are equal to the Authority's required debt service in future years. Similarly, the net present value of the City's capitalized lease obligation equals the Authority's outstanding indebtedness on the lease revenue bonds.

During 1993, the Authority issued \$8,545,000 in lease revenue bonds for the purpose of advance refunding the Authority's outstanding lease revenue bonds totaling \$3,610,000 and the Decatur Parking Authority's lease revenue bonds outstanding of \$3,610,000. Refunded debt totaled \$7,220,000. The refunded bonds were called in November 1996. Concurrent with the issuance of the refunding bonds was the assumption of the Decatur Parking Authority's lease revenue bonds and related lease receivables from the City by the Authority.

NOTE 8. NOTE PAYABLE

During 2000, the City borrowed \$600,000 at an 8.57% interest rate from a bank for the purpose of using the proceeds to renovate the conference center. The City will make quarterly payments over an eight year period ending May 15, 2008. Payments are being made from an increased hotel/motel tax assessment of 2%.

The following is a schedule of future required payments on this note as of June 30, 2002:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 85,017	\$ 36,402	\$ 121,419
2004	61,035	29,849	90,884
2005	66,590	24,294	90,884
2006	72,567	18,317	90,884
2007	79,081	11,803	90,884
2008	85,608	4,710	90,318
	<u>\$ 449,898</u>	<u>\$ 125,375</u>	<u>\$ 575,273</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 9. INTERFUND TRANSACTIONS

Due from/to balances as of June 30, 2002 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Municipal Court Fund	\$ 98,758
General Fund	Grant Fund	54,704
General Fund	Solid Waste Fund	286,802
General Fund	Stormwater Utility Fund	260,189
Cemetery Capital		
Improvement Fund	General Fund	3,075
Capital Improvement Fund	Solid Waste Fund	59,480
Debt Service Fund	General Fund	1,667
Conference and Parking Deck Fund	General Fund	3,074
Stormwater Utility Fund	Capital Improvement Fund	65,262
Pension Trust Fund	General Fund	33,746
		<u>\$ 866,757</u>

Due from/to balances between the City and the Downtown Development Authority (component unit) as of June 30, 2002 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Downtown Development Authority	<u>\$ 154,416</u>

Transfers for the fiscal year ending June 30, 2002 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Stormwater Utility Fund	\$ 150,200
General Fund	Solid Waste Fund	348,900
		<u>\$ 499,100</u>
Conference Center & Parking Deck Fund	Debt Service Fund	<u>\$ 552,544</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN

Plan Description

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

As of January 1, 2001, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	65
Terminated vested participants not yet receiving benefits	2
Active participants	184
	<u>251</u>

Employee Contributions

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

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

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

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

City Contributions

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

Benefits

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

Summary of Significant Accounting Policies

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

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on exchanges are valued at last reported sales price. Investments which represent more than 5% of Plan Net Assets at June 30, 2002 were as follows: State Street Equity Investments Mutual Fund of \$16,274,954.

Funding Policy

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

The annual required contribution for the current year was determined as part of the January 1, 2002 actuarial valuation using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included:

- 7.5% rate of return on investments.
- Projected salary increases of 5% per year (4% for inflation and 1% for merit).
- The post-retirement benefit limits increase 5% per year.
- Minimum monthly benefit of \$350.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension asset for the current year were as follows:

Net pension asset, June 30, 2001	\$ 1,527,577
Actuarially determined contribution (pension cost)	-
Actual contribution made	373,660
 Net pension asset, June 30, 2002	 \$ 1,901,237

The City's annual required pension contribution was zero for each of the last three fiscal years. The City's net pension asset at June 30, 2002, 2001, and 2000 was \$1,901,237, \$1,527,577, and \$1,210,493, respectively. In accordance with *Government Accounting Standards*, this amount is for disclosure only and is not recorded in the accompanying financial statements.

Schedule of Employer Contributions

Six-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contribution</u>	<u>Percentage of ARC Contributed</u>
June 30, 2002	\$ -	\$ 373,660	100%
June 30, 2001	\$ -	\$ 317,084	100%
June 30, 2000	\$ -	\$ 368,526	100%
June 30, 1999	\$ -	\$ 345,815	100%
June 30, 1998	\$ -	\$ 212,339	100%
June 30, 1997	\$ -	\$ 294,726	100%

NOTE 11. FUND DEFICITS

For the year ended June 30, 2002 the City's Solid Waste Fund had a deficit retained earnings of \$603,952.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 12. 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 13. RELATED ORGANIZATIONS

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

NOTE 14. 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 is partially self-insured for both medical and workers' compensation claims. These self-insurance plans are described below. The City has purchased insurance for all other risks of loss. Losses have not exceeded insurance coverage in the last three fiscal years.

Medical Self-Insurance

Active Employees. The City is partially self-insured for employee medical claims. The City pays 80% of the employees' medical expenses, with a maximum out-of-pocket cost to the employee of \$1,000 per year. Each employee's portion of the medical premium cost is withheld from that employee's paycheck.

The City pays aggregate claims up to approximately \$1,000,000. After the claims reach this amount, a private insurance carrier will pay the remaining claims. In addition to the aggregate limit, the City's self-insurance is limited to \$60,000 per individual per calendar year. After an individual's claims reach this amount, the private insurance carrier will begin covering them. The City has entered into a contract with a third party to administer the program. This activity is reported in the General Fund. The City has accrued a liability for medical claims that were incurred but not paid before fiscal year end.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT (Continued)

Retirees. The City provides medical coverage for retirees of the City. For those retirees over 65 years of age, the City is the secondary provider, after Medicare.

The City pays, under the authority of the Commission, 80% of the retirees' medical expenses with a maximum out-of-pocket cost to each retiree of \$1,000 per year. The retirees' medical claims are included in the annual limit discussed above. The individual limits of coverage by the City total \$60,000 per claim per calendar year. After individual limits are met, the private insurance carrier covers additional claims. This activity is reported in the General Fund. The following table describes the activity related to employee and retiree medical claims. Currently, 67 retirees are eligible for post-retirement benefits. These post-retirement benefits are funded on a pay-as-you go basis and totaled \$157,182 for the year ended June 30, 2002.

<u>Fiscal Year</u>	<u>Beginning of Year Claims Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Claims Liability</u>
2002	\$ 114,338	\$ 1,492,656	\$ 1,481,994	\$ 125,000
2001	\$ 40,000	\$ 1,519,281	\$ 1,444,943	\$ 114,338

Worker's Compensation Insurance

The City is partially self-insured for worker's compensation claims. The City pays annual aggregate claims up to \$900,000 over a two-year period. After the claims reach this amount, a private insurance carrier pays the remaining claims. In addition to the biennial aggregate limit, individual limits for City payments are \$250,000 per claim. After the individual limits are met, the private insurance carrier covers the claims. The City has entered into a contract with a third party to administer the program. This activity is recorded in the General Fund. The Following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

<u>Fiscal Year</u>	<u>Beginning of Year Claims Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Claims Liability</u>
2002	\$ 35,430	\$ 38,381	\$ 59,241	\$ 14,570
2001	\$ 30,000	\$ 25,779	\$ 20,349	\$ 35,430

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Grant Contingencies:

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

NOTE 16. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 5% prior to March 2000 and 7% thereafter. Expenditures of the tax were used to promote tourism, conventions and trade shows to operate, maintain and market a conference center facility as required by O.C.G.A. 48-13-51. A summary of hotel/motel tax transactions for the fiscal year ended June 30, 2002 are as follows:

Balance, July 1, 2001	\$ -
Fiscal year 2002 collections	280,530
Fiscal year 2002 disbursements	<u>(280,530)</u>
Balance, June 30, 2002	<u>\$ -</u>

NOTE 17. PRIOR PERIOD ADJUSTMENT

The City has determined that a prior period adjustment is necessary to properly reflect fixed assets of the Stormwater Utility Fund. When the Fund was established in fiscal year 2000, no amounts were included on the balance sheet for stormwater drainage improvements. During the fiscal year ended June 30, 2002, a physical inventory was taken of these stormwater improvements and a prior period adjustment has been recorded in the amount of \$1,773,343.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the City which are not required to be accounted for in another fund.

**CITY OF DECATUR, GEORGIA
GENERAL FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 4,859,246	\$ 3,389,697
Taxes receivable	465,605	340,128
Other receivables	265,124	558,737
Due from other funds	700,453	575,559
Due from component unit	154,416	164,055
Prepaid expenditures	33,333	81,050
Other assets	<u>20,000</u>	<u>15,430</u>
 Total assets	 <u><u>\$ 6,498,177</u></u>	 <u><u>\$ 5,124,656</u></u>
 LIABILITIES AND FUND BALANCE		
 LIABILITIES		
Accounts payable	\$ 375,171	\$ 348,982
Accrued liabilities	249,765	269,846
Deferred revenue	415,854	608,861
Due to other funds	41,562	-
Compensated absences	<u>492,642</u>	<u>518,409</u>
 Total liabilities	 <u>1,574,994</u>	 <u>1,746,098</u>
 FUND BALANCE		
Unreserved	<u>4,923,183</u>	<u>3,378,558</u>
Total fund balance	<u>4,923,183</u>	<u>3,378,558</u>
 Total liabilities and fund balance	 <u><u>\$ 6,498,177</u></u>	 <u><u>\$ 5,124,656</u></u>

**CITY OF DECATUR, GEORGIA
GENERAL FUND**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

	2002	2001
Revenues		
Taxes	\$ 10,208,141	\$ 8,909,759
Licenses and permits	409,595	470,848
Fines and forfeitures	735,518	845,110
Interest	44,646	181,795
Charges for services	1,259,643	1,685,841
Intergovernmental	353,992	552,985
Contributions	122,565	-
Miscellaneous	43,549	131,622
Total revenues	13,177,649	12,777,960
Expenditures		
Current		
General government	1,902,612	1,857,688
Public safety	5,635,691	5,721,376
Motor maintenance	412,567	349,343
Engineering	1,461,551	1,412,012
Recreation	1,705,068	1,609,419
Non-departmental	760,386	903,191
Capital outlay	255,249	487,727
Total expenditures	12,133,124	12,340,756
Excess of revenues over expenditures	1,044,525	437,204
Other financing sources (uses)		
Proceeds from capital leases	-	135,000
Proceeds from sale of fixed assets	1,000	12,051
Operating transfers in	499,100	-
Operating transfers out	-	(430,000)
Total other financing sources (uses)	500,100	(282,949)
Excess of revenues and other financing sources over expenditures and other financing uses	1,544,625	154,255
Fund balance, beginning of year	3,378,558	3,224,303
Fund balance, end of year	\$ 4,923,183	\$ 3,378,558

**CITY OF DECATUR, GEORGIA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Taxes	\$ 9,878,600	\$ 10,208,141	\$ 329,541
Licenses and permits	456,600	409,595	(47,005)
Fines and forfeitures	750,460	735,518	(14,942)
Interest	50,000	44,646	(5,354)
Charges for services	1,094,000	1,259,643	165,643
Intergovernmental	350,150	353,992	3,842
Contributions	148,620	122,565	(26,055)
Miscellaneous	45,700	43,549	(2,151)
Total revenues	<u>12,774,130</u>	<u>13,177,649</u>	<u>403,519</u>
Expenditures			
Current			
General government	1,964,240	1,902,612	61,628
Public safety	5,915,230	5,635,691	279,539
Motor maintenance	418,560	412,567	5,993
Engineering	1,596,590	1,461,551	135,039
Recreation	1,879,300	1,705,068	174,232
Non-departmental	890,820	760,386	130,434
Capital outlay	358,910	255,249	103,661
Total expenditures	<u>13,023,650</u>	<u>12,133,124</u>	<u>890,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(249,520)</u>	<u>1,044,525</u>	<u>1,294,045</u>
Other financing sources			
Proceeds from sale of fixed assets	-	1,000	1,000
Operating transfers in	499,100	499,100	-
Total other financing sources	<u>499,100</u>	<u>500,100</u>	<u>1,000</u>
Excess of revenues and other financing sources over expenditures	249,580	1,544,625	1,295,045
Fund balance, beginning of year	<u>3,378,558</u>	<u>3,378,558</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,628,138</u>	<u>\$ 4,923,183</u>	<u>\$ 1,295,045</u>

**CITY OF DECATUR, GEORGIA
GENERAL FUND**

**SCHEDULE OF EXPENDITURES BY OBJECT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	2002			2001 Actual
	Budget	Actual	Variance	
<u>General Government</u>				
City Commission				
Personal services	\$ 2,040	\$ 27,296	\$ (25,256)	\$ 2,675
Contractual services	87,220	42,078	45,142	63,738
Supplies	6,900	5,234	1,666	4,292
	<u>96,160</u>	<u>74,608</u>	<u>21,552</u>	<u>70,705</u>
City Manager				
Personal services	268,320	263,019	5,301	235,346
Contractual services	68,070	59,653	8,417	68,933
Supplies	4,070	7,828	(3,758)	5,933
Capital outlay	-	-	-	3,242
	<u>340,460</u>	<u>330,500</u>	<u>9,960</u>	<u>313,454</u>
Administrative Services				
Personal services	67,700	65,093	2,607	63,049
Contractual services	11,110	7,566	3,544	26,730
Supplies	1,600	510	1,090	64
	<u>80,410</u>	<u>73,169</u>	<u>7,241</u>	<u>89,843</u>
City Attorney				
Personal services	-	-	-	10,000
Contractual services	130,000	146,069	(16,069)	248,651
	<u>130,000</u>	<u>146,069</u>	<u>(16,069)</u>	<u>258,651</u>
Community & Economic Development				
Personal services	251,890	246,691	5,199	204,058
Contractual services	178,380	188,080	(9,700)	169,680
Supplies	26,830	25,340	1,490	18,920
Capital outlay	5,400	5,529	(129)	4
	<u>462,500</u>	<u>465,640</u>	<u>(3,140)</u>	<u>392,662</u>
Development and Inspection				
Personal services	265,350	254,157	11,193	216,404
Contractual services	48,600	35,431	13,169	38,666
Supplies	7,340	4,705	2,635	5,608
Capital outlay	-	-	-	9,178
	<u>321,290</u>	<u>294,293</u>	<u>26,997</u>	<u>269,856</u>

(Continued)

**CITY OF DECATUR, GEORGIA
GENERAL FUND**

**SCHEDULE OF EXPENDITURES BY OBJECT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	2002			2001 Actual
	Budget	Actual	Variance	
<u>General Government (continued)</u>				
Accounting, Collections and Records				
Personal services	\$ 302,910	\$ 284,975	\$ 17,935	\$ 265,674
Contractual services	213,400	217,341	(3,941)	191,040
Supplies	22,510	21,546	964	18,227
Capital outlay	17,800	13,555	4,245	1,154
	<u>556,620</u>	<u>537,417</u>	<u>19,203</u>	<u>476,095</u>
Total General Government	<u>\$ 1,987,440</u>	<u>\$ 1,921,696</u>	<u>\$ 65,744</u>	<u>\$ 1,871,266</u>
Current expenditures	\$ 1,964,240	\$ 1,902,612	\$ 61,628	\$ 1,857,688
Capital outlay	23,200	19,084	4,116	13,578
Total General Government	<u>\$ 1,987,440</u>	<u>\$ 1,921,696</u>	<u>\$ 65,744</u>	<u>\$ 1,871,266</u>
<u>Public Safety</u>				
General Management				
Personal services	\$ 208,210	\$ 196,372	\$ 11,838	\$ 196,657
Contractual services	21,210	15,877	5,333	16,644
Supplies	5,100	5,359	(259)	5,149
Capital outlay	-	-	-	2,406
	<u>234,520</u>	<u>217,608</u>	<u>16,912</u>	<u>220,856</u>
Fire Department				
Personal services	2,012,620	1,969,307	43,313	1,927,909
Contractual services	81,170	68,427	12,743	68,932
Supplies	77,050	76,425	625	81,004
Capital outlay	53,000	41,399	11,601	34,009
	<u>2,223,840</u>	<u>2,155,557</u>	<u>68,283</u>	<u>2,111,854</u>
Police Department				
Personal services	3,026,450	2,911,290	115,160	3,007,751
Contractual services	297,210	226,551	70,659	221,785
Supplies	186,210	166,084	20,126	195,545
Capital outlay	165,400	159,691	5,709	230,735
	<u>3,675,270</u>	<u>3,463,616</u>	<u>211,654</u>	<u>3,655,816</u>
Total Public Safety	<u>\$ 6,133,630</u>	<u>\$ 5,836,781</u>	<u>\$ 296,849</u>	<u>\$ 5,988,526</u>
Current expenditures	\$ 5,915,230	\$ 5,635,691	\$ 279,539	\$ 5,721,376
Capital outlay	218,400	201,090	17,310	267,150
Total Public Safety	<u>\$ 6,133,630</u>	<u>\$ 5,836,781</u>	<u>\$ 296,849</u>	<u>\$ 5,988,526</u>

(Continued)

**CITY OF DECATUR, GEORGIA
GENERAL FUND**

**SCHEDULE OF EXPENDITURES BY OBJECT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	2002			2001
	Budget	Actual	Variance	Actual
<u>Motor Maintenance</u>				
Personal services	\$ 356,360	\$ 344,558	\$ 11,802	\$ 288,490
Contractual services	44,670	33,037	11,633	41,047
Supplies	17,530	34,972	(17,442)	19,806
Capital outlay	12,340	9,135	3,205	4,182
Total Motor Maintenance	<u>\$ 430,900</u>	<u>\$ 421,702</u>	<u>\$ 9,198</u>	<u>\$ 353,525</u>
Current expenditures	\$ 418,560	\$ 412,567	\$ 5,993	\$ 349,343
Capital outlay	12,340	9,135	3,205	4,182
Total Motor Maintenance	<u>\$ 430,900</u>	<u>\$ 421,702</u>	<u>\$ 9,198</u>	<u>\$ 353,525</u>
<u>Engineering</u>				
Personal services	\$ 1,307,560	\$ 1,193,780	\$ 113,780	\$ 1,029,061
Contractual services	144,730	119,331	25,399	227,686
Supplies	144,300	148,440	(4,140)	155,265
Capital outlay	30,890	1,538	29,352	59,584
Total Engineering	<u>\$ 1,627,480</u>	<u>\$ 1,463,089</u>	<u>\$ 164,391</u>	<u>\$ 1,471,596</u>
Current expenditures	\$ 1,596,590	\$ 1,461,551	\$ 135,039	\$ 1,412,012
Capital outlay	30,890	1,538	29,352	59,584
Total Engineering	<u>\$ 1,627,480</u>	<u>\$ 1,463,089</u>	<u>\$ 164,391</u>	<u>\$ 1,471,596</u>
<u>Recreation</u>				
Personal services	\$ 1,126,850	\$ 957,114	\$ 169,736	\$ 976,308
Contractual services	572,160	552,194	19,966	469,365
Supplies	180,290	195,760	(15,470)	163,746
Capital outlay	28,300	3,235	25,065	8,233
Total Recreation	<u>\$ 1,907,600</u>	<u>\$ 1,708,303</u>	<u>\$ 199,297</u>	<u>\$ 1,617,652</u>
Current expenditures	\$ 1,879,300	\$ 1,705,068	\$ 174,232	\$ 1,609,419
Capital outlay	28,300	3,235	25,065	8,233
Total Recreation	<u>\$ 1,907,600</u>	<u>\$ 1,708,303</u>	<u>\$ 199,297</u>	<u>\$ 1,617,652</u>

(Continued)

CITY OF DECATUR, GEORGIA
GENERAL FUND

SCHEDULE OF EXPENDITURES BY OBJECT -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

(With comparative actual amounts for the year ended June 30, 2001)

	2002			2001 Actual
	Budget	Actual	Variance	
<u>Non-Departmental</u>				
Contractual services	\$ 327,830	\$ 267,779	\$ 60,051	\$ 342,832
Supplies	562,990	492,607	70,383	560,359
Capital outlay	45,780	21,167	24,613	135,000
Total Non-Departmental	<u>\$ 936,600</u>	<u>\$ 781,553</u>	<u>\$ 155,047</u>	<u>\$ 1,038,191</u>
Current expenditures	\$ 890,820	\$ 760,386	\$ 130,434	\$ 903,191
Capital outlay	45,780	21,167	24,613	135,000
Total Non-Departmental	<u>\$ 936,600</u>	<u>\$ 781,553</u>	<u>\$ 155,047</u>	<u>\$ 1,038,191</u>
Total expenditures	<u>\$ 13,023,650</u>	<u>\$ 12,133,124</u>	<u>\$ 890,526</u>	<u>\$ 12,340,756</u>
Total current expenditures	<u>\$ 12,664,740</u>	<u>\$ 11,877,875</u>	<u>\$ 786,865</u>	<u>\$ 11,853,029</u>
Total capital outlay	<u>358,910</u>	<u>255,249</u>	<u>103,661</u>	<u>487,727</u>
Total expenditures	<u>\$ 13,023,650</u>	<u>\$ 12,133,124</u>	<u>\$ 890,526</u>	<u>\$ 12,340,756</u>

(Concluded)

SPECIAL REVENUE FUNDS

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

Board of Education Fund – This fund was established to account for the collection and payment of property taxes levied and collected by the City for the City of Decatur Board of Education.

Downtown Development Authority Fund – This fund was established to account for the collection and payment of property taxes levied and collected by the City for the Decatur Downtown Development Authority.

Confiscated Drug Fund – This fund was established to account for the use of confiscated drug money by the City's Police Department.

Grant Fund – This fund was established to account for grants received from the U.S. Department of Education.

Economic Development Fund – This fund was established to account for monies received from various grantor donors.

Greenspace Trust Fund – This fund was established to account for grants received from the Georgia Department of Natural Resources.

**CITY OF DECATUR, GEORGIA
SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEET
June 30, 2002**

(With comparative totals for June 30, 2001)

ASSETS	Board of Education Fund	Downtown Development Authority Fund	Confiscated Drug Fund	Grant Fund
Cash	\$ 227,173	\$ 7,196	\$ 65,946	\$ 196,591
Taxes receivable	1,428,848	25,120	-	-
Other receivables	-	-	-	75,268
Total assets	<u>\$ 1,656,021</u>	<u>\$ 32,316</u>	<u>\$ 65,946</u>	<u>\$ 271,859</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 12,306
Due to other funds	-	-	-	54,704
Due to component unit	-	19,790	-	-
Deferred revenue	799,109	12,526	-	-
Due to others	856,912	-	-	-
Total liabilities	<u>1,656,021</u>	<u>32,316</u>	<u>-</u>	<u>67,010</u>
FUND BALANCE				
Reserved	-	-	65,946	204,849
Total liabilities and fund balance	<u>\$ 1,656,021</u>	<u>\$ 32,316</u>	<u>\$ 65,946</u>	<u>\$ 271,859</u>

Economic Development Fund	Greenspace Trust Fund	2002	2001
\$ 65,629	\$ 184,441	\$ 746,976	\$ 2,642,990
-	-	1,453,968	1,088,086
25,996	-	101,264	289,468
<u>\$ 91,625</u>	<u>\$ 184,441</u>	<u>\$ 2,302,208</u>	<u>\$ 4,020,544</u>
\$ -	\$ -	\$ 12,306	\$ 861,788
-	-	54,704	14,554
-	-	19,790	2,419,396
-	184,441	996,076	322,539
-	-	856,912	50,161
-	184,441	1,939,788	3,668,438
91,625	-	362,420	352,106
<u>\$ 91,625</u>	<u>\$ 184,441</u>	<u>\$ 2,302,208</u>	<u>\$ 4,020,544</u>

**CITY OF DECATUR, GEORGIA
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative totals for the year ended June 30, 2001)**

	<u>Board of Education Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Confiscated Drug Fund</u>	<u>Grant Fund</u>
REVENUES				
Taxes	\$ 15,654,326	\$ 299,434	\$ -	\$ -
Intergovernmental	-	-	-	512,224
Interest	-	-	2,807	969
Miscellaneous	-	-	-	46,220
	<u>15,654,326</u>	<u>299,434</u>	<u>2,807</u>	<u>559,413</u>
Total revenues	<u>15,654,326</u>	<u>299,434</u>	<u>2,807</u>	<u>559,413</u>
EXPENDITURES				
Current				
General services	-	-	-	-
Education	15,654,326	-	-	444,700
Downtown development	-	299,434	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	62,179
	<u>15,654,326</u>	<u>299,434</u>	<u>-</u>	<u>506,879</u>
Total expenditures	<u>15,654,326</u>	<u>299,434</u>	<u>-</u>	<u>506,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2,807</u>	<u>52,534</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>63,139</u>	<u>152,315</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,946</u></u>	<u><u>\$ 204,849</u></u>

Economic Development Fund	Greenspace Trust Fund	2002	2001
\$ -	\$ -	\$ 15,953,760	\$ 13,979,121
25,996	-	538,220	540,353
-	-	3,776	4,309
8,368	-	54,588	125,533
<u>34,364</u>	<u>-</u>	<u>16,550,344</u>	<u>14,649,316</u>
77,391	-	77,391	32,571
-	-	16,099,026	14,179,983
-	-	299,434	249,892
-	-	-	1,284
2,000	-	64,179	67,819
<u>79,391</u>	<u>-</u>	<u>16,540,030</u>	<u>14,531,549</u>
<u>(45,027)</u>	<u>-</u>	<u>10,314</u>	<u>117,767</u>
<u>136,652</u>	<u>-</u>	<u>352,106</u>	<u>234,339</u>
<u>\$ 91,625</u>	<u>\$ -</u>	<u>\$ 362,420</u>	<u>\$ 352,106</u>

**CITY OF DECATUR, GEORGIA
BOARD OF EDUCATION FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 227,173	\$ 2,102,477
Taxes receivable (net of allowance for doubtful accounts of \$97,704 and \$99,188, respectively)	<u>1,428,848</u>	<u>1,070,602</u>
Total assets	<u><u>\$ 1,656,021</u></u>	<u><u>\$ 3,173,079</u></u>
LIABILITIES AND FUND BALANCE		
Deferred revenue	\$ 799,109	\$ 753,683
Due to others	<u>856,912</u>	<u>2,419,396</u>
Total liabilities	<u>1,656,021</u>	3,173,079
Fund balance - reserved	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 1,656,021</u></u>	<u><u>\$ 3,173,079</u></u>

**CITY OF DECATUR, GEORGIA
BOARD OF EDUCATION FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes	\$ 14,800,000	\$ 15,654,326	\$ 854,326	\$ 13,729,229
EXPENDITURES				
Education	<u>14,800,000</u>	<u>15,654,326</u>	<u>(854,326)</u>	<u>13,729,229</u>
Excess revenues over expenditures	-	-	-	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF DECATUR, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 7,196	\$ 43,872
Taxes receivable (net of allowance for doubtful accounts of \$1,654 and \$1,785, respectively)	<u>25,120</u>	<u>17,484</u>
Total assets	<u><u>\$ 32,316</u></u>	<u><u>\$ 61,356</u></u>
 LIABILITIES AND FUND BALANCE		
Deferred revenue	\$ 12,526	\$ 11,195
Due to component unit	<u>19,790</u>	<u>50,161</u>
Total liabilities	32,316	61,356
Fund balance - reserved	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 32,316</u></u>	<u><u>\$ 61,356</u></u>

**CITY OF DECATUR, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	2002			2001 Actual
	Budget	Actual	Variance	
REVENUES				
Taxes	\$ 275,000	\$ 299,434	\$ 24,434	\$ 249,892
EXPENDITURES				
Downtown development	275,000	299,434	(24,434)	249,892
Excess of revenues over expenditures	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF DECATUR, GEORGIA
CONFISCATED DRUG FUND

COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001

ASSETS	<u>2002</u>	<u>2001</u>
Cash	<u>\$ 65,946</u>	<u>\$ 63,139</u>
 LIABILITIES AND FUND BALANCE		
Fund balance - reserved	<u>\$ 65,946</u>	<u>\$ 63,139</u>
Total liabilities and fund balance	<u>\$ 65,946</u>	<u>\$ 63,139</u>

**CITY OF DECATUR, GEORGIA
CONFISCATED DRUG FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	<u>2002</u>			<u>2001 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Interest	\$ -	\$ 2,807	\$ 2,807	\$ 2,385
Total revenues	-	2,807	2,807	2,385
EXPENDITURES				
Public safety	-	-	-	32,945
Excess (deficiency) of revenues over (under) expenditures	-	2,807	2,807	(30,560)
FUND BALANCE, beginning of year	<u>63,139</u>	<u>63,139</u>	<u>-</u>	<u>93,699</u>
FUND BALANCE, end of year	<u>\$ 63,139</u>	<u>\$ 65,946</u>	<u>\$ 2,807</u>	<u>\$ 63,139</u>

**CITY OF DECATUR, GEORGIA
GRANT FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 196,591	\$ 195,534
Other receivables	<u>75,268</u>	<u>281,468</u>
Total assets	<u>\$ 271,859</u>	<u>\$ 477,002</u>
 LIABILITIES AND FUND BALANCE		
Accounts payable	\$ 12,306	\$ 14,554
Due to other funds	<u>54,704</u>	<u>310,133</u>
Total liabilities	67,010	324,687
Fund balance - unreserved	<u>204,849</u>	<u>152,315</u>
Total liabilities and fund balance	<u>\$ 271,859</u>	<u>\$ 477,002</u>

**CITY OF DECATUR, GEORGIA
GRANT FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	<u>2002</u>			<u>2001 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Intergovernmental	\$ 390,000	\$ 512,224	\$ 122,224	\$ 520,353
Interest	-	969	969	1,924
Miscellaneous	-	46,220	46,220	60,790
	<u>390,000</u>	<u>559,413</u>	<u>169,413</u>	<u>583,067</u>
EXPENDITURES				
Education	354,000	444,700	(90,700)	450,754
Capital outlay	36,000	62,179	(26,179)	35,658
	<u>390,000</u>	<u>506,879</u>	<u>(116,879)</u>	<u>486,412</u>
Excess of revenues over expenditures	-	52,534	52,534	96,655
FUND BALANCE, beginning of year	<u>152,315</u>	<u>152,315</u>	<u>-</u>	<u>55,660</u>
FUND BALANCES, end of year	<u>\$ 152,315</u>	<u>\$ 204,849</u>	<u>\$ 52,534</u>	<u>\$ 152,315</u>

**CITY OF DECATUR, GEORGIA
ECONOMIC DEVELOPMENT FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 65,629	\$ 141,058
Other receivables	<u>25,996</u>	<u>8,000</u>
Total assets	<u><u>\$ 91,625</u></u>	<u><u>\$ 149,058</u></u>
LIABILITIES AND FUND BALANCE		
Due to other funds	<u>\$ -</u>	<u>\$ 12,406</u>
Total liabilities	-	12,406
Fund balance - unreserved	<u>91,625</u>	<u>136,652</u>
Total liabilities and fund balance	<u><u>\$ 91,625</u></u>	<u><u>\$ 149,058</u></u>

**CITY OF DECATUR, GEORGIA
ECONOMIC DEVELOPMENT FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative actual amounts for the year ended June 30, 2001)**

	<u>2002</u>			<u>2001 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Intergovernmental	\$ 16,000	\$ 25,996	\$ 9,996	\$ 20,000
Miscellaneous	2,800	8,368	5,568	64,743
Total revenue	<u>18,800</u>	<u>34,364</u>	<u>15,564</u>	<u>84,743</u>
EXPENDITURES				
General services	53,900	77,391	(23,491)	32,571
Capital outlay	-	2,000	(2,000)	500
Total expenditures	<u>53,900</u>	<u>79,391</u>	<u>(25,491)</u>	<u>33,071</u>
Excess (deficiency) of revenues over (under) expenditures	(35,100)	(45,027)	(9,927)	51,672
FUND BALANCE, beginning of year	<u>136,652</u>	<u>136,652</u>	<u>-</u>	<u>84,980</u>
FUND BALANCE, end of year	<u>\$ 101,552</u>	<u>\$ 91,625</u>	<u>\$ (9,927)</u>	<u>\$ 136,652</u>

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

**CITY OF DECATUR, GEORGIA
DEBT SERVICE FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 337,607	\$ 591,579
Taxes receivable (net of allowance for doubtful accounts of \$4,685 and \$4,933, respectively)	55,425	38,119
Due from other funds	<u>1,667</u>	<u>-</u>
Total assets	<u><u>\$ 394,699</u></u>	<u><u>\$ 629,698</u></u>
LIABILITIES AND FUND BALANCE		
Deferred revenue	\$ 32,028	\$ 25,552
Due to other funds	<u>-</u>	<u>271,290</u>
Total liabilities	<u><u>32,028</u></u>	<u><u>296,842</u></u>
Fund balance - reserved	<u>362,671</u>	<u>332,856</u>
Total fund balance	<u><u>362,671</u></u>	<u><u>332,856</u></u>
Total liabilities and fund balance	<u><u>\$ 394,699</u></u>	<u><u>\$ 629,698</u></u>

**CITY OF DECATUR, GEORGIA
DEBT SERVICE FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002**

(With comparative actual amounts for the year ended June 30, 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Taxes	<u>\$ 560,000</u>	<u>\$ 582,359</u>	<u>\$ 22,359</u>	<u>\$ 552,526</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(540,000)</u>	<u>(552,544)</u>	<u>(12,544)</u>	<u>(540,000)</u>
Excess revenues over other financing uses	<u>20,000</u>	<u>29,815</u>	<u>9,815</u>	<u>12,526</u>
FUND BALANCE, beginning of year	<u>332,856</u>	<u>332,856</u>	<u>-</u>	<u>320,330</u>
FUND BALANCE, end of year	<u><u>\$ 352,856</u></u>	<u><u>\$ 362,671</u></u>	<u><u>\$ 9,815</u></u>	<u><u>\$ 332,856</u></u>

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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

Capital Improvement Fund – This fund was established to account for the receipt and expenditures of money from major capital projects. This fund is general in nature and may be used to finance any capital project that the City Commission designates.

**CITY OF DECATUR, GEORGIA
CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET
JUNE 30, 2002
(With comparative totals for June 30, 2001)**

ASSETS	Cemetery Capital Improvement Fund	Capital Improvement Fund	2002	2001
Cash and cash equivalents	\$ 104,848	\$ 490,216	\$ 595,064	\$ 262,464
Taxes receivable	-	36,504	36,504	1,806
Other receivables	-	-	-	274
Due from other funds	3,075	59,480	62,555	72,345
Total assets	\$ 107,923	\$ 586,200	\$ 694,123	\$ 336,889
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 9,900	\$ 276,889	\$ 286,789	\$ 1,537
Due to other funds	-	65,262	65,262	-
Deferred revenue	-	15,153	15,153	1,806
Total liabilities	9,900	357,304	367,204	3,343
FUND BALANCE				
Unreserved	98,023	228,896	326,919	333,546
Total liabilities and fund balance	\$ 107,923	\$ 586,200	\$ 694,123	\$ 336,889

**CITY OF DECATUR, GEORGIA
CAPITAL PROJECTS FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative totals for the year ended June 30, 2001)**

	Cemetery Capital Improvement Fund	Capital Improvement Fund	<u>2002</u>	<u>2001</u>
REVENUES				
Taxes	\$ -	\$ 684,277	\$ 684,277	\$ 2,871
Intergovernmental	-	1,073,739	1,073,739	33,048
Interest	-	17,979	17,979	38,570
Miscellaneous	32,476	40,000	72,476	81,609
Total revenues	<u>32,476</u>	<u>1,815,995</u>	<u>1,848,471</u>	<u>156,098</u>
EXPENDITURES				
Current				
General services	9,900	219,280	229,180	172,829
Capital outlay	-	1,941,067	1,941,067	246,602
Debt service				
Principal retirements	-	403,590	403,590	360,039
Interest and fiscal charges	-	31,392	31,392	24,610
Total expenditures	<u>9,900</u>	<u>2,595,329</u>	<u>2,605,229</u>	<u>804,080</u>
Excess of revenues over (under) expenditures	<u>22,576</u>	<u>(779,334)</u>	<u>(756,758)</u>	<u>(647,982)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	750,131	750,131	382,193
Operating transfer in	-	-	-	480,000
Total other financing sources (uses)	<u>-</u>	<u>750,131</u>	<u>750,131</u>	<u>862,193</u>
Excess of revenue and other financing sources (uses) over (under) expenditures and other financing (uses)	22,576	(29,203)	(6,627)	214,211
FUND BALANCE, beginning of year	<u>75,447</u>	<u>258,099</u>	<u>333,546</u>	<u>119,335</u>
FUND BALANCE, end of year	<u>\$ 98,023</u>	<u>\$ 228,896</u>	<u>\$ 326,919</u>	<u>\$ 333,546</u>

**CITY OF DECATUR, GEORGIA
CEMETERY CAPITAL IMPROVEMENT FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 104,848	\$ 38,122
Due from other funds	<u>3,075</u>	<u>38,125</u>
Total assets	<u><u>\$ 107,923</u></u>	<u><u>\$ 76,247</u></u>
 LIABILITIES AND FUND BALANCE		
Accounts payable	<u>\$ 9,900</u>	<u>\$ 800</u>
Total liabilities	<u>9,900</u>	<u>800</u>
Fund balance - unreserved	<u>98,023</u>	<u>75,447</u>
Total fund balance	<u>98,023</u>	<u>75,447</u>
Total liabilities and fund balance	<u><u>\$ 107,923</u></u>	<u><u>\$ 76,247</u></u>

**CITY OF DECATUR, GEORGIA
CEMETERY CAPITAL IMPROVEMENT FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative actual amounts for the year ended June 30, 2001)**

	<u>2002</u>			<u>2001 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 9,900
Miscellaneous	<u>32,200</u>	<u>32,476</u>	<u>276</u>	<u>36,686</u>
Total revenues	<u>32,200</u>	<u>32,476</u>	<u>276</u>	46,586
EXPENDITURES				
General services	3,800	9,900	(6,100)	14,019
Capital outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>13,800</u>	<u>9,900</u>	<u>3,900</u>	<u>14,019</u>
Excess of revenues over expenditures	18,400	22,576	(3,624)	32,567
FUND BALANCE, beginning of year	<u>75,447</u>	<u>75,447</u>	<u>-</u>	<u>42,880</u>
FUND BALANCE, end of year	<u><u>\$ 93,847</u></u>	<u><u>\$ 98,023</u></u>	<u><u>\$ (3,624)</u></u>	<u><u>\$ 75,447</u></u>

**CITY OF DECATUR, GEORGIA
CAPITAL IMPROVEMENT FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$ 490,216	\$ 224,342
Taxes receivable (net of allowance for doubtful accounts of \$1,990 and \$1,990, respectively)	36,504	1,806
Other receivables	-	274
Due from other funds	<u>59,480</u>	<u>34,220</u>
 Total assets	 <u>\$ 586,200</u>	 <u>\$ 260,642</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	\$ 276,889	\$ 737
Due to other funds	65,262	-
Deferred revenue	<u>15,153</u>	<u>1,806</u>
 Total liabilities	 <u>357,304</u>	 <u>2,543</u>
 Fund balance - unreserved	 <u>228,896</u>	 <u>258,099</u>
Total fund balance	<u>228,896</u>	<u>258,099</u>
 Total liabilities and fund balance	 <u>\$ 586,200</u>	 <u>\$ 260,642</u>

**CITY OF DECATUR, GEORGIA
CAPITAL IMPROVEMENT FUND**

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative actual amounts for the year ended June 30, 2001)**

	2002			2001 Actual
	Budget	Actual	Variance	
REVENUES				
Taxes	\$ 650,000	\$ 684,277	\$ 34,277	\$ 2,871
Intergovernmental	776,500	1,073,739	297,239	23,148
Interest	17,000	17,979	979	38,570
Miscellaneous	40,000	40,000	-	44,923
Total revenues	<u>1,483,500</u>	<u>1,815,995</u>	<u>332,495</u>	<u>109,512</u>
EXPENDITURES				
General services	183,000	219,280	(36,280)	158,810
Capital outlay	1,291,700	1,941,067	(649,367)	246,602
Debt service				
Principal retirements	440,890	403,590	37,300	360,039
Interest and fiscal charges	23,000	31,392	(8,392)	24,610
Total expenditures	<u>1,938,590</u>	<u>2,595,329</u>	<u>(656,739)</u>	<u>790,061</u>
Deficiency of revenues over (under) expenditures	<u>(455,090)</u>	<u>(779,334)</u>	<u>(324,244)</u>	<u>(680,549)</u>
OTHER FINANCING SOURCES				
Proceeds from capital lease	438,130	750,131	312,001	382,193
Operating transfers in	-	-	-	480,000
Total other financing sources	<u>438,130</u>	<u>750,131</u>	<u>312,001</u>	<u>862,193</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(16,960)</u>	<u>(29,203)</u>	<u>(12,243)</u>	<u>181,644</u>
FUND BALANCE, beginning of year	<u>258,099</u>	<u>258,099</u>	<u>-</u>	<u>76,455</u>
FUND BALANCE, end of year	<u>\$ 241,139</u>	<u>\$ 228,896</u>	<u>\$ (12,243)</u>	<u>\$ 258,099</u>

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City’s council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City’s Commission has decided that periodic determination of net income is appropriate for accountability purposes.

Conference & Parking Deck Fund – This fund was established to account for the activity of the conference center and parking deck.

Stormwater Utility Fund – This fund was established to account for the collection of fees for upgrades to stormwater drains and related expenses.

Solid Waste Fund – This fund was established to account for the collection of fees for garbage collection, disposal and recycling program and related expenses.

**CITY OF DECATUR, GEORGIA
ENTERPRISE FUNDS**

**COMBINING BALANCE SHEET
JUNE 30, 2002
(With comparative totals for June 30, 2001)**

ASSETS	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund
CURRENT ASSETS			
Cash - unrestricted	\$ 265,259	\$ 1,422,125	\$ 354,944
Cash - restricted for renovation	4,099	-	-
Accounts receivable	41,827	88,407	269,970
Due from other funds	3,074	65,262	-
Total current assets	<u>314,259</u>	<u>1,575,794</u>	<u>624,914</u>
FIXED ASSETS			
Land	391,679	-	-
Land improvements	-	3,463,797	-
Buildings	8,373,658	-	1,636
Furniture, fixtures and equipment	450,994	55,825	1,073,631
Construction in progress	-	-	-
	<u>9,216,331</u>	<u>3,519,622</u>	<u>1,075,267</u>
Accumulated depreciation	(3,930,038)	(1,566,614)	(754,172)
	<u>5,286,293</u>	<u>1,953,008</u>	<u>321,095</u>
OTHER ASSETS			
	82,609	-	-
Total assets	<u>\$ 5,683,161</u>	<u>\$ 3,528,802</u>	<u>\$ 946,009</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,885	\$ 28,550	\$ 62,487
Accrued liabilities	41,929	984	40,810
Due to other funds	-	260,189	346,282
Deferred revenue	-	398,417	803,941
Capitalized lease obligations - due to component unit	560,000	-	-
Capital lease payable - current portion	-	-	79,983
Note payable - current	85,017	-	-
Total current liabilities	689,831	688,140	1,333,503
Capitalized lease obligations - due to component unit - long term	3,987,456	-	-
Capital lease payable - long term	-	-	210,227
Note payable - long term	364,881	-	-
Total liabilities	<u>5,042,168</u>	<u>688,140</u>	<u>1,543,730</u>
FUND EQUITY			
Contributed capital	-	-	6,231
Retained earnings (deficit)	640,993	2,840,662	(603,952)
Total fund equity	<u>640,993</u>	<u>2,840,662</u>	<u>(597,721)</u>
Total liabilities and fund equity	<u>\$ 5,683,161</u>	<u>\$ 3,528,802</u>	<u>\$ 946,009</u>

Totals	
2002	2001
\$ 2,042,328	\$ 1,277,363
4,099	56,088
400,204	422,234
68,336	239,877
2,514,967	1,995,562
391,679	391,679
3,463,797	-
8,375,294	7,744,173
1,580,450	1,322,520
-	602,463
13,811,220	10,060,835
(6,250,824)	(4,188,323)
7,560,396	5,872,512
82,609	95,917
\$ 10,157,972	\$ 7,963,991
\$ 93,922	\$ 182,966
83,723	-
606,471	186,180
1,202,358	1,187,291
560,000	525,000
79,983	-
85,017	75,248
2,711,474	2,156,685
3,987,456	4,543,052
210,227	-
364,881	449,898
7,274,038	7,149,635
6,231	157,478
2,877,703	656,878
2,883,934	814,356
\$ 10,157,972	\$ 7,963,991

**CITY OF DECATUR, GEORGIA
ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative totals for the year ended June 30, 2001)**

	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund
OPERATING REVENUE			
Stormwater fees	\$ -	\$ 691,994	\$ -
Sanitation fees	-	-	2,063,111
Charges for sales and services	152,824	-	-
Miscellaneous	-	-	12,032
Total operating revenues	<u>152,824</u>	<u>691,994</u>	<u>2,075,143</u>
OPERATING EXPENSES			
Cost of sales and services	35,493	282,807	1,743,812
Depreciation and amortization	370,055	84,254	120,415
Total operating expenses	<u>405,548</u>	<u>367,061</u>	<u>1,864,227</u>
Operating income (loss)	<u>(252,724)</u>	<u>324,933</u>	<u>210,916</u>
NONOPERATING REVENUES (EXPENSES)			
Taxes	280,530	-	-
Intergovernmental revenue	-	115,262	-
Interest expense	(284,879)	-	-
Total nonoperating revenues (expenses)	<u>(4,349)</u>	<u>115,262</u>	<u>-</u>
Income (loss) before operating transfers	<u>(257,073)</u>	<u>440,195</u>	<u>210,916</u>
OPERATING TRANSFERS			
Operating transfers in	552,544	-	-
Operating transfers out	-	(150,200)	(348,900)
	<u>552,544</u>	<u>(150,200)</u>	<u>(348,900)</u>
Net income (loss)	295,471	289,995	(137,984)
RETAINED EARNINGS (DEFICIT), beginning of year	345,522	777,324	(465,968)
Prior period adjustment	<u>-</u>	<u>1,773,343</u>	<u>-</u>
RETAINED EARNINGS (DEFICIT), beginning of year, restated	345,522	2,550,667	(465,968)
RETAINED EARNINGS (DEFICIT), end of year	<u>\$ 640,993</u>	<u>\$ 2,840,662</u>	<u>\$ (603,952)</u>

Totals	
2002	2001
\$ 691,994	\$ 770,039
2,063,111	1,321,169
152,824	122,671
12,032	105,132
<u>2,919,961</u>	<u>2,319,011</u>
2,062,112	2,108,684
574,724	350,555
<u>2,636,836</u>	<u>2,459,239</u>
<u>283,125</u>	<u>(140,228)</u>
280,530	310,241
115,262	
(284,879)	(248,613)
<u>110,913</u>	<u>61,628</u>
<u>394,038</u>	<u>(78,600)</u>
552,544	540,000
(499,100)	(50,000)
<u>53,444</u>	<u>490,000</u>
447,482	411,400
656,878	245,478
<u>1,773,343</u>	<u>-</u>
2,430,221	245,478
<u>\$ 2,877,703</u>	<u>\$ 656,878</u>

**CITY OF DECATUR, GEORGIA
ENTERPRISE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002
(With comparative totals for the year ended June 30, 2001)**

	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (252,724)	\$ 324,933	\$ 210,916
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	370,055	84,254	120,415
Change in assets and liabilities:			
(Increase) decrease in fees receivable	-	36,145	(32,541)
(Increase) decrease in accounts receivable	18,427	-	-
(Increase) decrease in due from other funds	107,755	(65,262)	129,048
Increase (decrease) in accounts payable	2,885	20,198	(58,580)
Increase (decrease) in accrued liabilities	-	(11,798)	40,810
Increase (decrease) in deferred revenue	-	15,524	(457)
Increase in due to other funds	-	74,009	346,282
Net cash provided by operating activities	<u>246,398</u>	<u>478,003</u>	<u>755,893</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in from other funds	552,544	-	-
Operating transfers out to other funds	-	(150,200)	(348,900)
Intergovernmental revenue	-	115,262	-
Taxes received	280,530	-	-
Net cash provided by (used in) noncapital financing activities	<u>833,074</u>	<u>(34,938)</u>	<u>(348,900)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on capital lease	(525,000)	-	(59,480)
Principal payments on note payable	(75,248)	-	-
Issuance of capital lease	-	-	167,605
Interest paid	(283,715)	-	-
Purchase of fixed assets	(36,843)	(243,699)	(160,174)
Net cash (used in) capital and related financing activities	<u>(920,806)</u>	<u>(243,699)</u>	<u>(52,049)</u>
Net increase in cash	158,666	199,366	354,944
Cash, beginning of year	110,692	1,222,759	-
Cash, end of year	<u>\$ 269,358</u>	<u>\$ 1,422,125</u>	<u>\$ 354,944</u>
Classified as:			
Cash - unrestricted	\$ 265,259	\$ 1,422,125	\$ 354,944
Cash - restricted for renovation	4,099	-	-
	<u>\$ 269,358</u>	<u>\$ 1,422,125</u>	<u>\$ 354,944</u>

Totals	
2002	2001
\$ 283,125	\$ (140,228)
574,724	363,863
3,604	-
18,427	(310,304)
171,541	(239,877)
(35,497)	-
29,012	138,785
15,067	800,145
420,291	186,180
<u>1,480,294</u>	<u>798,564</u>
552,544	540,000
(499,100)	(50,000)
115,262	-
280,530	310,241
<u>449,236</u>	<u>800,241</u>
(584,480)	(570,450)
(75,248)	-
167,605	-
(283,715)	(248,613)
(440,716)	(768,743)
<u>(1,216,554)</u>	<u>(1,587,806)</u>
712,976	10,999
1,333,451	1,322,452
<u>\$ 2,046,427</u>	<u>\$ 1,333,451</u>
\$ 2,042,328	\$ 1,277,363
4,099	56,088
<u>\$ 2,046,427</u>	<u>\$ 1,333,451</u>

**CITY OF DECATUR, GEORGIA
CONFERENCE AND PARKING DECK FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	2002	2001
CURRENT ASSETS		
Cash - unrestricted	\$ 265,259	\$ 54,604
Cash - restricted for renovation	4,099	56,088
Accounts receivable	41,827	60,253
Due from other funds	3,074	110,829
Total current assets	<u>314,259</u>	<u>281,774</u>
FIXED ASSETS		
Land	391,679	391,679
Building	8,373,658	7,744,173
Furniture, fixtures, and equipment	450,994	441,174
Construction in progress	-	602,463
	<u>9,216,331</u>	<u>9,179,489</u>
Accumulated depreciation	<u>(3,930,038)</u>	<u>(3,577,695)</u>
	<u>5,286,293</u>	<u>5,601,794</u>
OTHER ASSETS		
	<u>82,609</u>	<u>95,917</u>
Total assets	<u><u>\$ 5,683,161</u></u>	<u><u>\$ 5,979,485</u></u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 2,885	\$ -
Accrued liabilities	41,929	40,765
Capitalized lease obligations - due to component unit	560,000	525,000
Note payable - current	85,017	75,248
Total current liabilities	<u>689,831</u>	<u>641,013</u>
Capitalized lease obligations - due to component unit - long-term	3,987,456	4,543,052
Note payable	364,881	449,898
Total liabilities	<u>5,042,168</u>	<u>5,633,963</u>
FUND EQUITY		
Retained earnings	<u>640,993</u>	<u>345,522</u>
Total liabilities and fund equity	<u><u>\$ 5,683,161</u></u>	<u><u>\$ 5,979,485</u></u>

**CITY OF DECATUR, GEORGIA
CONFERENCE AND PARKING DECK FUND**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
OPERATING REVENUES		
Charges for sales and services	\$ 152,824	\$ 122,671
OPERATING EXPENSES		
Cost of sales and services	35,493	10,116
Depreciation and amortization	370,055	276,993
Total operating expenses	<u>405,548</u>	<u>287,109</u>
Operating loss	<u>(252,724)</u>	<u>(164,438)</u>
NONOPERATING REVENUES (EXPENSES)		
Taxes	280,530	310,241
Interest expense	<u>(284,879)</u>	<u>(248,613)</u>
Total nonoperating revenues (expenses)	<u>(4,349)</u>	<u>61,628</u>
Loss before operating transfers	<u>(257,073)</u>	<u>(102,810)</u>
OPERATING TRANSFERS		
Operating transfers in	<u>552,544</u>	<u>540,000</u>
Net income	295,471	437,190
RETAINED EARNINGS (deficit), beginning of year	<u>345,522</u>	<u>(91,668)</u>
RETAINED EARNINGS, end of year	<u>\$ 640,993</u>	<u>\$ 345,522</u>

**CITY OF DECATUR, GEORGIA
CONFERENCE AND PARKING DECK FUND**

**COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating (loss)	\$ (252,724)	\$ (164,438)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	370,055	276,993
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	18,427	(60,253)
(Increase) decrease in due from other funds	107,755	(110,829)
Decrease in other assets	-	13,308
Increase in accounts payable	2,885	-
Decrease in accrued liabilities	-	(3,416)
Net cash provided by (used in) operating activities	<u>246,398</u>	<u>(48,635)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in from other funds	552,544	540,000
Taxes received	280,530	310,241
Net cash provided by noncapital financing activities	<u>833,074</u>	<u>850,241</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments made on capital lease	(525,000)	(570,450)
Principal payments made on note payable	(75,248)	-
Interest paid	(283,715)	(248,613)
Purchase of fixed assets	(36,843)	(581,941)
Net cash (used in) capital and related financing activities	<u>(920,806)</u>	<u>(1,401,004)</u>
Net increase (decrease) in cash	158,666	(599,398)
Cash, beginning of year	110,692	710,090
Cash, end of year	<u>\$ 269,358</u>	<u>\$ 110,692</u>
Classified as:		
Cash - unrestricted	\$ 265,259	\$ 54,604
Cash - restricted for renovation	4,099	56,088
	<u>\$ 269,358</u>	<u>\$ 110,692</u>

**CITY OF DECATUR, GEORGIA
STORMWATER UTILITY FUND**

**BALANCE SHEET
JUNE 30, 2002**

ASSETS

CURRENT ASSETS

Cash	\$ 1,422,125
Accounts receivable (net of allowance of doubtful accounts of \$95,239)	88,407
Due from other funds	<u>65,262</u>
Total current assets	<u>1,575,794</u>

FIXED ASSETS

Land improvements	3,463,797
Furniture, fixtures and equipment	<u>55,825</u>
	3,519,622
Accumulated depreciation	<u>(1,566,614)</u>
	<u>1,953,008</u>
Total assets	<u><u>\$ 3,528,802</u></u>

LIABILITIES AND FUND EQUITY

Accounts payable	\$ 28,550
Accrued liabilities	984
Deferred revenue	398,417
Due to other funds	<u>260,189</u>
Total liabilities	<u>688,140</u>

FUND EQUITY

Retained earnings	<u>2,840,662</u>
Total fund equity	<u>2,840,662</u>
Total liabilities and fund equity	<u><u>\$ 3,528,802</u></u>

**CITY OF DECATUR, GEORGIA
STORMWATER UTILITY FUND**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2002**

OPERATING REVENUE	
Stormwater fees	\$ 691,994
OPERATING EXPENSES	
Costs of services	282,807
Depreciation	84,254
Total operating expenses	<u>367,061</u>
Operating income	324,933
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	<u>115,262</u>
Income before operating transfers	440,195
Operating transfers out	<u>(150,200)</u>
Net income	289,995
RETAINED EARNINGS, beginning of year	777,324
Prior period adjustment	<u>1,773,343</u>
RETAINED EARNINGS, beginning of year, restated	2,550,667
RETAINED EARNINGS, end of year	<u>\$ 2,840,662</u>

**CITY OF DECATUR, GEORGIA
STORMWATER UTILITY FUND**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002**

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 324,933
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	84,254
Change in assets and liabilities:	
Decrease in fees receivable	36,145
Increase in due from other funds	(65,262)
Increase in accounts payable	20,198
Decrease in accrued expenses	(11,798)
Increase in deferred revenue	15,524
Increase in due to other funds	74,009
	<hr/>
Net cash provided by operating activities	478,003
	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental revenue	115,262
Operating transfers out to other funds	(150,200)
	<hr/>
Net cash used in noncapital financing activities	(34,938)
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of fixed assets	(243,699)
	<hr/>
Net cash used in capital and related financing activities	(243,699)
	<hr/>
Net increase in cash	199,366
Cash, beginning of year	1,222,759
	<hr/>
Cash, end of year	\$ 1,422,125
	<hr/> <hr/>

**CITY OF DECATUR, GEORGIA
SOLID WASTE FUND**

**COMPARATIVE BALANCE SHEETS
JUNE 30, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
CURRENT ASSETS		
Cash	\$ 354,944	\$ -
Accounts receivable (net of allowance of doubtful accounts of \$78,743)	269,970	237,429
Due from other funds	-	129,048
Total current assets	<u>624,914</u>	<u>366,477</u>
FIXED ASSETS		
Buildings	1,636	-
Furniture, fixtures and equipment	1,073,631	861,126
Accumulated depreciation	(754,172)	(610,628)
Total fixed assets	<u>321,095</u>	<u>250,498</u>
Total assets	<u>\$ 946,009</u>	<u>\$ 616,975</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 62,487	\$ 121,067
Accrued liabilities	40,810	-
Capital lease payable - current portion	79,983	-
Deferred revenue	803,941	804,398
Due to other funds	346,282	-
Total current liabilities	<u>1,333,503</u>	<u>925,465</u>
Capital lease obligation	<u>210,227</u>	<u>-</u>
Total liabilities	<u>1,543,730</u>	<u>925,465</u>
FUND EQUITY (DEFICIT)		
Contributed capital	6,231	157,478
Retained earnings (deficit)	(603,952)	(465,968)
Total fund equity (deficit)	<u>(597,721)</u>	<u>(308,490)</u>
Total liabilities and fund equity (deficit)	<u>\$ 946,009</u>	<u>\$ 616,975</u>

**CITY OF DECATUR, GEORGIA
SOLID WASTE FUND**

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
OPERATING REVENUES		
Sanitation fees	\$ 2,063,111	\$ 1,321,169
Miscellaneous	12,032	105,132
Total operating revenues	<u>2,075,143</u>	<u>1,426,301</u>
OPERATING EXPENSES		
Cost of sales and service	1,743,812	1,818,707
Depreciation	120,415	73,562
Total operating expenses	<u>1,864,227</u>	<u>1,892,269</u>
Operating income (loss)	<u>210,916</u>	<u>(465,968)</u>
OPERATING TRANSFERS		
Operating transfers out	<u>(348,900)</u>	<u>-</u>
Net loss	<u>(137,984)</u>	<u>(465,968)</u>
RETAINED EARNINGS (DEFICIT), beginning of year	<u>(465,968)</u>	<u>-</u>
RETAINED EARNINGS (DEFICIT), end of year	<u><u>\$ (603,952)</u></u>	<u><u>\$ (465,968)</u></u>

**CITY OF DECATUR, GEORGIA
SOLID WASTE FUND**

**COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 210,916	\$ (465,968)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	120,415	73,562
Change in assets and liabilities:		
Increase in fees receivable	(32,541)	(237,429)
(Increase) decrease in due from other funds	129,048	(129,048)
Increase (decrease) in deferred revenue	(457)	804,398
Increase (decrease) in accounts payable	(58,580)	121,067
Increase in accrued liabilities	40,810	-
Increase in due to other funds	346,282	-
	<u>755,893</u>	<u>166,582</u>
Net cash provided by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers to other funds	(348,900)	-
	<u>(348,900)</u>	<u>-</u>
Net cash used in noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	(160,174)	(166,582)
Issuance of capital lease	167,605	-
Principal payments made on capital lease	(59,480)	-
	<u>(52,049)</u>	<u>(166,582)</u>
Net cash used in capital and related financing activities		
Net increase in cash	354,944	-
Cash, beginning of year	-	-
Cash, end of year	<u>\$ 354,944</u>	<u>\$ -</u>

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

Pension Trust Fund – This fund was established to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees and the City at rates determined by actuarial computations.

Municipal Court Agency Fund – This fund was established to account for the collection of court fines and miscellaneous charges and payments to the General Fund and other governments.

**CITY OF DECATUR, GEORGIA
TRUST AND AGENCY FUNDS**

**COMBINING BALANCE SHEET
JUNE 30, 2002
(With comparative totals for June 30, 2001)**

ASSETS	Pension	Agency Fund	Totals	
	Trust Fund	Municipal Court	2002	2001
Cash	\$ 126,706	\$ 123,016	\$ 249,722	\$ 440,502
Investments	16,274,954	-	16,274,954	17,145,235
Other receivables	40,805	-	40,805	-
Due from other funds	33,746	-	33,746	92,714
 Total assets	 \$ 16,476,211	 \$ 123,016	 \$ 16,599,227	 \$ 17,678,451
 LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 3,371	\$ -	\$ 3,371	\$ -
Due to other government	-	6,968	6,968	33,782
Due to other funds	-	98,758	98,758	200,486
Due to others	-	17,290	17,290	33,793
 Total liabilities	 3,371	 123,016	 126,387	 268,061
 FUND EQUITY				
Reserved for employees retirement benefits	16,472,840	-	16,472,840	17,410,390
 Total liabilities and fund equity	 \$ 16,476,211	 \$ 123,016	 \$ 16,599,227	 \$ 17,678,451

**CITY OF DECATUR, GEORGIA
PENSION TRUST FUND**

**STATEMENTS OF PLAN ASSETS
JUNE 30, 2002 AND 2001**

	2002	2001
ASSETS		
Cash	\$ 126,706	\$ 172,441
Investments, at fair value	16,274,954	17,145,235
Benefits receivable	40,805	-
Due from other funds	33,746	92,714
Total assets	16,476,211	17,410,390
 LIABILITIES, accounts payable		
	3,371	-
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
	\$ 16,472,840	\$ 17,410,390

**CITY OF DECATUR, GEORGIA
AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2002**

<u>MUNICIPAL COURT</u>	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Assets - cash	<u>\$ 268,061</u>	<u>\$ 567,230</u>	<u>\$ 712,275</u>	<u>\$ 123,016</u>
Liabilities:				
Due to other governments	\$ 33,782	\$ 366,913	\$ 393,727	\$ 6,968
Due to other funds	200,487	200,317	302,046	98,758
Due to others	<u>33,792</u>	<u>-</u>	<u>16,502</u>	<u>17,290</u>
	<u>\$ 268,061</u>	<u>\$ 567,230</u>	<u>\$ 712,275</u>	<u>\$ 123,016</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

**CITY OF DECATUR, GEORGIA
GENERAL FIXED ASSETS**

**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 2002
(With Comparative Totals for June 30, 2001)**

	<u>2002</u>	<u>2001</u>
General Fixed Assets		
Land	\$ 2,202,936	\$ 2,202,936
Land improvements	717,117	715,117
Buildings	8,566,252	8,413,614
Machinery and equipment	3,141,636	2,853,510
Vehicles	2,676,840	2,155,929
Property rights under capital lease	-	1,231,814
	<u> </u>	<u> </u>
Total	<u><u>\$ 17,304,781</u></u>	<u><u>\$ 17,572,920</u></u>
Investment in General Fixed Assets from:		
Amounts acquired prior to fiscal 1984 for which detail information as to source of investment is not available	\$ 5,191,177	\$ 5,191,177
Fixed assets utilized by the City of Decatur Board of		
Education	4,870,320	4,870,320
Capital projects funds	3,556,137	3,556,137
Special revenue funds	4,825	4,825
General fund	3,682,322	3,950,461
	<u> </u>	<u> </u>
Total Investment in General Fixed Assets	<u><u>\$ 17,304,781</u></u>	<u><u>\$ 17,572,920</u></u>

**CITY OF DECATUR, GEORGIA
GENERAL FIXED ASSETS**

**SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION
JUNE 30, 2002**

<u>Function</u>	<u>Total</u>	<u>Land</u>	<u>Land Improvements</u>
General government	\$ 1,249,173	\$ 188,350	\$ 24,700
Public Safety	6,180,963	105,856	23,000
Public Works	1,362,694	24,880	100,970
Recreation	2,765,030	516,704	517,348
Cemetery	682,400	505,186	51,099
Schools	4,870,320	691,200	-
Non-departmental	194,201	170,760	-
	<u>17,304,781</u>	<u>2,202,936</u>	<u>717,117</u>
Total by function	<u>\$ 17,304,781</u>	<u>\$ 2,202,936</u>	<u>\$ 717,117</u>

Buildings	Machinery and Equipment	Vehicles
\$ 255,994	\$ 704,776	\$ 75,353
2,474,774	1,748,092	1,829,241
313,995	314,955	607,894
1,330,725	340,112	60,141
11,644	33,701	80,770
4,179,120	-	-
-	-	23,441
<u>\$ 8,566,252</u>	<u>\$ 3,141,636</u>	<u>\$ 2,676,840</u>

**CITY OF DECATUR, GEORGIA
GENERAL FIXED ASSETS**

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2002**

Function	Balance July 1, 2001	Additions	Disposals	Adjustments	Balance June 30, 2002
General government	\$ 1,473,743	\$ 52,651	\$ -	\$ (277,221)	\$ 1,249,173
Public Safety	5,833,868	604,765	8,335	(249,335)	6,180,963
Public Works	1,809,251	88,026	617	(533,966)	1,362,694
Recreation	2,758,107	19,051	-	(12,128)	2,765,030
Cemetery	656,871	-	-	25,529	682,400
Schools	4,870,320	-	-	-	4,870,320
Non-departmental	170,760	-	-	23,441	194,201
Total by function	<u>\$ 17,572,920</u>	<u>\$ 764,493</u>	<u>\$ 8,952</u>	<u>\$ (1,023,680)</u>	<u>\$ 17,304,781</u>

STATISTICAL SECTION

CITY OF DECATUR, GEORGIA

COMMENTS RELATIVE TO STATISTICAL SECTION

The following statistical tables are recommended for inclusion by the National Council on Governmental Accounting Statement No.1, which has been adopted by the Governmental Accounting Standards Board, but are not included for the reasons stated:

1. Special Assessment Collections – Last Ten Fiscal Years

The City has levied no special assessments in the last ten fiscal years.

2. Ratio of General Bonded Debt To Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years

The City has had no general obligation bonds outstanding in the last ten fiscal years.

3. Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures – Last Ten Years

The City has had no general obligation bonds outstanding in the last ten fiscal years.

4. Revenue Bond Coverage – Last Ten Fiscal Years

The City has had no revenue bonds outstanding in the last ten fiscal years.

5. Construction and Bank Deposits – Last Ten Fiscal Years

The value of new construction and bank deposits within the City's jurisdiction is not available.

CITY OF DECATUR, GEORGIA

GENERAL INFORMATION

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

The City Commission is the legislative and policy making arm of the City government. Under the commission/manager form of government, which Decatur has had since 1920, the City Commission appoints a professional administrator known as the City Manager to be responsible for the appointment of all employees except that the appointment of the department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The City Manager serves at the pleasure of the City Commission. The current City Manager has served since May 1993.

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

CITY OF DECATUR, GEORGIA

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government (2)	\$ 1,921,696	\$ 1,871,266	\$ 1,928,939	\$ 1,153,364
Public safety	5,836,781	5,988,526	5,675,398	5,022,178
Sanitation and Motor Maintenance	421,702	353,525	2,034,164	1,701,378
Engineering	1,463,089	1,471,596	1,483,893	1,459,939
Recreation	1,708,303	1,617,652	1,436,317	1,368,672
Nondepartmental and Miscellaneous	781,553	1,038,191	765,895	1,157,704
Debt service	-	-	-	181,016
	<u>\$ 12,133,124</u>	<u>\$ 12,340,756</u>	<u>\$ 13,324,606</u>	<u>\$ 12,044,251</u>

Notes: (1) - Includes General Fund only.

(2) - Expenditures related to Solid Waste transferred to a separate Solid Waste Fund effective July 1, 2000.

1998	1997	1996	1995	1994	1993
\$ 1,102,716	\$ 1,083,058	\$ 985,080	\$ 997,388	\$ 881,293	\$ 969,845
4,904,488	4,837,694	4,576,177	4,479,127	4,285,082	4,440,293
1,697,767	1,634,662	1,555,348	1,486,850	1,381,627	1,568,374
1,369,585	1,428,600	1,294,145	1,417,731	1,341,904	1,459,837
1,360,713	1,305,045	1,228,257	1,349,044	1,078,512	959,284
950,986	876,309	1,033,611	662,279	838,741	678,898
159,988	343,766	160,648	59,283	104,644	52,990
<u>\$ 11,546,243</u>	<u>\$ 11,509,134</u>	<u>\$ 10,833,266</u>	<u>\$ 10,451,702</u>	<u>\$ 9,911,803</u>	<u>\$ 10,129,521</u>

CITY OF DECATUR, GEORGIA

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Property taxes	\$ 7,573,906	\$ 6,162,689	\$ 5,693,610	\$ 5,504,553
Sanitation taxes	(3)	(3)	(3)	(3)
Other taxes (4)	2,634,235	2,747,070	2,945,940	2,546,460
Licenses and Permits	409,595	470,848	538,106	965,161
Fines and Forfeitures	735,518	845,110	862,578	904,611
From Use of Money and Property	44,646	181,795	194,973	94,435
Grants	353,992	552,985	88,872	245,001
Charges for Services and Miscellaneous (5)	1,425,757	1,817,463	2,919,596	2,677,889
	<u>\$ 13,177,649</u>	<u>\$ 12,777,960</u>	<u>\$ 13,243,675</u>	<u>\$ 12,938,110</u>

- Notes:**
- (1) - Includes General Fund only.
 - (2) - Reduction in revenue in 1995 was due to the change in real property tax collection dates. Major collections occurred subsequent to June 30, 1995.
 - (3) - Sanitation taxes are accounted for as a charge for services effective for fiscal years ending June 30, 1999.
 - (4) - Business taxes are accounted for as other taxes rather than licenses and permits in conformity with the Uniform Chart of Accounts. Effective June 30, 2000.
 - (5) - Sanitation fees are accounted for as a charge for services in the Solid Waste Fund effective July 1, 2000.

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994 (2)</u>	<u>1993</u>
\$	3,813,165	\$ 3,916,485	\$ 4,404,090	\$ 5,128,236	\$ 2,103,962	\$ 4,280,556
	1,465,754	2,140,356	2,489,101	1,492,749	2,605,319	1,900,999
	2,441,436	2,662,958	2,696,103	2,446,727	2,239,465	2,355,760
	727,766	668,687	631,531	581,635	485,006	598,546
	832,636	581,614	626,374	578,335	507,304	613,193
	184,236	193,587	169,858	199,930	117,260	114,376
	225,093	190,438	202,997	81,054	207,828	83,365
	939,315	938,570	908,310	889,470	770,876	620,714
\$	<u>10,629,401</u>	<u>\$ 11,292,695</u>	<u>\$ 12,128,364</u>	<u>\$ 11,398,136</u>	<u>\$ 9,037,020</u>	<u>\$ 10,567,509</u>

CITY OF DECATUR, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Tax Year</u>	<u>Total Tax Levy (1)</u>	<u>Collections of Current Years' Taxes During Year</u>	<u>Percentage of Levy Collected During Year</u>	<u>Collections of Prior Years' Taxes During Year</u>
1993	\$14,021,476	\$8,898,321	63.5	\$6,693,661
1994	14,575,569	4,596,280	31.5	5,650,739
1995	15,253,367	8,188,900	53.7	10,672,778
1996 (2)	15,326,467	9,771,973	63.8	8,103,319
1997	17,290,359	10,972,549	63.5	6,674,559
1998	15,953,235	9,940,966	62.3	8,226,241
1999 (3)	16,714,855	9,582,511	57.3	8,769,673
2000	18,029,251	9,636,361	53.4	8,495,282
2001	19,947,747	10,451,226	52.4	9,277,208
2002	21,935,643	10,066,724	45.9	13,283,360

- NOTES:**
- (1) Includes all taxes levied for the General Fund, Board of Education Fund, Debt Service Fund, Capital Projects Fund and the Decatur Downtown Development Authority Fund
 - (2) Current year levy and collections for 1995 and 1996 were reduced due to the change in real property tax billing and collection dates.
 - (3) For the tax year 1999 and thereafter, sanitation taxes were converted to an annual fee for property tax billing and collection dates.

<u>Total Collections</u>	<u>Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as % of Levy</u>
\$15,591,982	\$532,314	3.80
10,247,019	652,669	4.50
18,861,678	683,261	4.50
17,875,292	851,876	5.60
17,647,108	944,479	5.50
18,167,207	1,089,716	6.80
18,352,184	1,096,248	6.60
18,131,643	964,450	5.30
19,728,434	871,363	4.40
23,350,084	941,113	4.30

CITY OF DECATUR, GEORGIA

**PROPERTY TAX RATES
(Per \$100 of Assessed Value)
LAST TEN YEARS**

<u>Calendar Year</u>		<u>Total</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Board of Education Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Capital Improvement Fund (2)</u>
1993	(1)	3.755	1.425	0.180	2.100	0.050	0.000
1994	(1)	3.895	1.365	0.180	2.300	0.050	0.000
1995	(1)	4.150	1.360	0.150	2.500	0.050	0.090
1996	(1)	4.150	1.390	0.120	2.500	0.050	0.090
1997		3.566	1.100	0.090	2.250	0.045	0.081
1998		3.350	1.050	0.085	2.150	0.043	0.023
1999		3.250	1.070	0.085	2.050	0.045	0.000
2000		2.875	0.914	0.073	1.850	0.038	0.000
2001		3.002	0.980	0.067	1.850	0.038	0.067
2002		3.113	0.980	0.057	1.961	0.038	0.077

NOTE: (1) Property assessed value reduced from 50% to 40%.
(2) Fund did not exist prior to 1994

CITY OF DECATUR, GEORGIA

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

Fiscal Year	Real Property Value		Personal Property Value	
	Assessed	Estimated	Assessed	Estimated
1993	\$ 303,407,570	\$ 758,518,924	\$ 19,288,733	\$ 48,221,833
1994	293,414,778	733,536,945	18,596,538	46,491,345
1995	296,776,493	741,941,232	17,581,894	43,954,735
1996	298,015,929	745,039,823	14,536,739	36,341,848
1997	396,836,944	793,673,888	17,574,146	35,148,292
1998	445,416,189	890,832,378	17,614,005	35,228,010
1999	501,842,734	1,003,685,468	20,642,085	41,284,170
2000	618,026,918	1,236,053,836	22,039,080	44,078,160
2001	729,417,663	1,458,835,325	30,770,186	61,540,372
2002	790,309,000	1,580,618,000	27,168,000	54,336,000

Privately Owned Public Utilities		Total Property		Ratio of Total Assessed Value to Estimated True Value
Assessed	Estimated	Assessed	Estimated	
\$ 15,602,978	\$ 39,007,445	\$ 338,299,281	\$ 845,748,202	40
12,599,624	31,499,060	324,610,940	811,527,350	40
12,935,647	32,339,118	327,294,034	818,235,085	40
13,440,064	33,600,160	325,992,732	814,981,831	40
18,114,635	36,229,270	432,525,725	865,051,450	50
17,508,528	35,197,056	480,538,722	961,257,444	50
18,487,344	36,974,688	540,972,163	1,081,944,326	50
19,951,280	39,902,560	660,017,278	1,320,034,556	50
20,110,730	40,221,460	780,298,579	1,560,597,157	50
18,873,000	37,746,000	836,350,000	1,672,700,000	50

CITY OF DECATUR, GEORGIA

**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per \$100 of Assessed Value)
LAST TEN YEARS**

<u>Calendar Year</u>	<u>City of Decatur (1)</u>	<u>Dekalb County (2)</u>	<u>State (3)</u>
1993	3.755	1.292	0.025
1994	3.985	1.342	0.025
1995	4.150	1.233	0.025
1996	4.150	1.256	0.025
1997	3.566	1.218	0.025
1998	3.350	1.220	0.025
1999	3.250	1.220	0.025
2000	2.875	1.326	0.025
2001	3.002	1.356	0.025
2002	3.113	1.850	0.025

- NOTE:** (1) Property tax rate includes the combined rates for General Fund, Bond and Sinking Fund (debt retirement) and Board of Education Fund.
- (2) Property tax rate includes the combined rates for general government operations, hospital services, parks and roads, bond retirement and interest, all of which Dekalb County levies within the corporate limits of Decatur. The County assesses property at 50% of fair market value.
- (3) This statewide levy is collected for the State by the County on the basis of the County's assessed value (40% of fair market value).

CITY OF DECATUR, GEORGIA
STATEMENT OF LEGAL DEBT MARGIN
June 30, 2002

Total Assessed Value of Taxable Property - 2002	<u>\$ 836,350,000</u>
Legal Debt Margin	<u>\$ 83,635,000</u>

NOTE: The debt limit set by the State of Georgia is 10% of assessed property value.

CITY OF DECATUR, GEORGIA
STATEMENT OF DIRECT AND OVERLAPPING DEBT
June 30, 2002

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Decatur (2)</u>	<u>Amount Applicable to City of Decatur</u>
City of Decatur (1)	\$ -	100%	\$ -
Overlapping General Obligation Debt:			
Dekalb County	264,665,000	4.417%	11,671,727
Fulton Dekalb Hospital Authority	<u>282,450,000</u>	4.417%	<u>12,456,045</u>
Total direct and overlapping debt	<u>\$ 547,115,000</u>		<u>\$ 24,127,772</u>

City of Decatur Debt per Capita (3):

Direct General Obligation Debt	\$ -
Overlapping General Obligation Debt	\$ 1,330

NOTE: (1) City of Decatur debt stated as of June 30, 2002. All other debt stated as of December 31, 2001.

(2) Percentage of Dekalb County debt applicable to City of Decatur computed as the ratio of value of Dekalb County assessed values within the City of Decatur to value of Dekalb County's total assessed values.

(3) Based on estimated 2002 population of 18,147.

CITY OF DECATUR, GEORGIA

DEMOGRAPHIC INFORMATION

<u>Fiscal Year</u>	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population	16,561	21,635	22,026	21,943	18,404	17,336	18,147
Percent under 18 years	28%	29%	30%	32%	22%	24%	20%
Percent over 65 years	5%	7%	11%	12%	17%	16%	13%
Median family/ household income	N/A	N/A	5,097	9,663	18,058	26,803	57,492

Source: U.S. Census

School enrollment, June 30, 2002 - 2,568

Source: Decatur Board of Education

CITY OF DECATUR, GEORGIA

**PRINCIPAL TAXPAYERS
2002**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation 50%</u>	<u>Percentage of Total Assessed Valuation</u>
Bell South Communications	Utility	\$ 15,144,491	1.81 %
Decatur Towncenter Association	Real Estate Holding	8,336,300	1.00
Dawson Decatur Redevelopment, LLC	Real Estate Holding	7,351,400	0.88
Ackerman Decatur LP	Real Estate Holding	6,377,200	0.76
Lexington Decatur, LLC	Investment	5,628,400	0.67
Prime Bank	Bank	5,621,250	0.67
Bask Decatur Hotel, LLC	Hotel	4,128,025	0.49
Deck-Decatur Court, LLC	Bank	4,016,050	0.48
Park Trace Properties, LTD	Real Estate Holding	3,916,600	0.47
Avery Properties	Real Estate Holding	3,639,700	0.44
		<u>\$ 64,159,416</u>	<u>7.67 %</u>

CITY OF DECATUR, GEORGIA

**EMPLOYEES RETIREMENT SYSTEM
SUMMARY OF CHANGES IN FUND BALANCE
LAST TEN YEARS**

Ended June 30,	Fund Balance	Revenues		Benefit Payments	Refunds	Expense
		Contributions	Income (Loss)			
1993	\$ 10,158,136	\$ 415,370	\$ 949,549	\$ 371,393	\$ 41,685	\$ 68,041
1994	9,651,515	395,127	(251,377)	395,880	169,372	85,119
1995	10,913,512	362,449	1,462,952	409,732	76,741	76,932
1996	12,171,116	386,088	1,532,018	420,277	170,821	69,403
1997	13,678,935	540,906	1,847,562	590,461	181,302	108,886
1998	15,727,693	548,691	2,264,848	582,064	154,205	28,512
1999	16,764,924	614,766	1,189,899	639,336	102,718	25,379
2000	17,843,475	673,992	1,419,872	901,584	102,852	10,877
2001	17,410,390	720,695	24,203	1,002,444	86,684	88,855
2002	16,472,840	804,363	(367,179)	1,086,634	225,236	62,864

COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANT

Honorable Chair and
Members of the City Commission
City of Decatur, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about the City of Decatur, Georgia's compliance during the fiscal year ended June 30, 2002 with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grant #02-C-L-582. Management is responsible for the City of Decatur, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about the City of Decatur, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the City of Decatur, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Decatur, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that the City of Decatur, Georgia complied with the aforementioned requirement for the fiscal year ended June 30, 2002 is fairly stated, in all material respects.

This report is intended solely for the information and use of the City of Decatur, Georgia City Commission and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
September 20, 2002

STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	City of Decatur, Georgia
B	Information for Year Ended	June 30, 2002
C	State Awarding Agency	Georgia Dept of Community Affairs
D	Grant Identification Number	02-C-L-582
E	Grant Title	Local Assistance Grant
F	Grant Award Date	July 2, 2001
G	Grant Amount	\$10,000
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	\$0
I	Grant Receipts or Revenue Recognized	\$10,000
J	Grant Disbursements or Expenditures	\$8,530
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line H + Line I - Line J)	\$1,470

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made. I understand that failure to comply with the provisions of the law applicable to this grant award shall result in a forfeiture of such grant and the return to the state of any such grant funds received.

Signature of Chief Elected Official: _____ Date _____

Signature of Chief Financial Officer: _____ Date _____