

**CITY OF DECATUR, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2003**

Prepared By:  
Accounting, Collections, and Records Department

Karen desIslets  
City Clerk

**CITY OF DECATUR, GEORGIA**  
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February 24, 2004

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, ywe hereby issue the comprehensive annual financial report of the City of Decatur, Georgia for the fiscal year ended June 30, 2003.

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

The City of Decatur, Georgia's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Decatur, Georgia for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Decatur, Georgia's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Government**

The City of Decatur, first chartered as a municipality by the State of Georgia in 1823, provides a full range of municipal services. These services include public safety (police and fire protection, inspections, housing codes enforcement, etc.), public works (streets and sidewalk construction and maintenance, storm drainage construction and maintenance, refuse collection, street sweeping, etc.), parks and recreation 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.

The City of Decatur, Georgia currently occupies a land area of 4.2 square miles and serves a population of 18,400. The City of Decatur, Georgia is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

The City Commission is the legislative and policy making arm of the City government. It is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, task forces and commissions, and hiring the city manager and appointing the city attorney and municipal court judges. The City Commission appoints a professional administrator known as the City Manager who serves at their pleasure. The City Charter designates the City Manager as the CEO and CAO of the City. The City Manager is responsible for carrying out the policies and ordinances of the

governing council, for overseeing the day-to-day operations of the government and the appointment of all employees except that the appointment of department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The current City Manager has served since May, 1993.

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

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

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

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

The City maintains budgetary controls in order to ensure compliance with provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the general fund, special revenue funds and debt service funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established by function within an individual fund (e.g., at the department level in the general fund). The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commission.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

## **Factors Affecting Financial Condition**

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

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

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. Currently both locations continue to offer banking services but full-service branch operations are located in the former First Union space.

Retail and restaurant leasing activity continues to be vigorous in the central business district. Activity along the western edge of the central business district, including a restaurant and a renovated camper sales company that now houses five new businesses will be joined by development of approximately 70 new condominium units with 6,000 square feet of retail space fronting the major commercial thoroughfare that will soon be under construction.

Construction of a new 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 that will provide for the relocation of the SunTrust banking center and some additional retail space is under construction and should be completed soon.

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, 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. In addition to stable retail and restaurant activity, 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. Redevelopment efforts have resulted in several new restaurants, an art gallery and a salon.

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. Sales of existing housing stock continue at a reasonable rate with moderation in sale prices. In addition to sales of existing housing, favorable interest rates resulted in significant refinancing activity. This also contributed to growth in the digest. The City's overall residential property digest increased 7% this year from the previous year.

Construction has been completed on a 66-unit condominium development on Clairemont Avenue just north of downtown Decatur. Sales of units are strong with only a few remaining on the market. Two additional residential mixed-use projects have been approved for the central business district. As described earlier, 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. Permits have been approved and it is expected that construction will begin in the near future. Construction has already begun on the other project located on East Ponce de Leon Avenue to 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 completed a five-year \$100 million facilities master plan. 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 completed a \$50 million new construction project at the Courthouse and will soon be starting renovations of the existing facility.

## MAJOR ACTIVITIES

The City has completed its fifth 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 39%, 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. It is anticipated that the plan will be completed during the current fiscal year.

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 has received state funding for greenspace acquisition and grant funding from the Land and Water Conservation Fund and from the Arthur M. Blank Family Foundation for acquisition of greenspace as well as master planning for greenspace maintenance and acquisition.

The Decatur Preservation Alliance has accepted a gift from the Morse family of approximately 7.4 acres of undeveloped greenspace near the northern city limits. The Decatur Preservation Alliance has contracted for development of a master plan and has begun substantial fundraising efforts in order to establish an endowment to fund the operations and maintenance of the property into perpetuity. The City Commission has provided various grant funds to the Decatur Preservation Alliance to assist with the effort. It is anticipated that the City will appropriate approximately \$50,000 a year over a five-year period to match other fundraising efforts.

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 cable television franchise agreement, 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 implementing 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. Programs are currently being installed to allow initial internet transactions for recreation program registration. In addition, the police department is implementing a program to accept fines on-line.

The City has been awarded two grants from the Atlanta Regional Commission's Livable Communities Initiative program. One is a \$2 million grant to begin implementation of the Decatur MARTA Station master plan. Construction documents are being developed and it is expected that construction will begin in early 2005. The other is a \$3 million grant to begin implementation of Phase I of the Avondale Decatur master plan for redevelopment of the area surrounding the Avondale MARTA Station bordered by East College Avenue and South Columbia Drive. The City is working in cooperation with the Decatur Housing Authority who is currently soliciting proposals for design and architectural services and it is expected that construction will also begin on that project in early 2005.

The City has completed the process of moving and stabilizing the Old Decatur Depot. This project was funded by a combination of a TEA-21 grant, private donations and funds from the City of Decatur and DeKalb County. The City is in the process of pursuing private redevelopment opportunities for the facility.

In cooperation with the City Schools of Decatur, the Recreation and Community Services Department was able to secure additional funding of 2.4 million dollars over a five-year period from the federal 21st Century Learning Center program to be used to continue to strengthen after-school programs for children.

### **Long-term financial planning.**

With the exception of the two items discussed below, the City of Decatur, Georgia does not anticipate major changes in either revenue sources or expenditures in the future.

In 1998, the City of Decatur entered into an intergovernmental agreement with DeKalb County for the equalization of tax proceeds from the Homestead Option Sales Tax (HOST). In 1999, the City received its first distribution; however, the City maintains that the distribution was not correctly calculated in accordance with the agreement's provisions. The Superior Court granted the County's motion for summary judgment on the pleadings on July 21, 2001 and entered final judgment against the City on August 22, 2001. The City appealed and the Georgia Supreme Court reversed the Superior Court's decision on November 10, 2003. At this time the case is returning to Superior Court and the parties will return to litigating over the calculation method. Should the City's position prevail, then there would be a source of revenues for capital improvement projects.

The City adopted a storm water utility in 2000. Completion of a master plan for improvements to the storm water system is expected in the very near future. It is anticipated that once the master plan is complete and adopted, that the City may finance major capital improvement projects using revenue bonds. It is anticipated that revenues from the storm water utility will cover the debt service on the bonds and that no general fund appropriations will be needed.

### **Cash management policies and practices.**

Operating cash on deposits in excess of balances used to offset bank service charges earns interest based on prevailing market rates, defined as the prior month's weekly average of the 90 day Treasury Bill auction rate. All bank deposits are collateralized at 110% as provided in O.C.G.A. section 45-8-1 through 45-8-14.

### **Risk management.**

The City of Decatur maintains a risk management program to control and manage workers' compensation cost. As part of this comprehensive plan, resources are accumulated in the general fund to meet potential losses. In addition, various control techniques, including employee accident prevention training and incentives for safe work behavior have been in

place during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims in excess of \$150,000 and to cover aggregate claims (over a three year-period) of \$2,371,500.

Additional information on the City of Decatur, Georgia's risk management activity can be found in Note 14 of the notes to the financial statements.

### **Pension and other post employment benefits.**

The City of Decatur, Georgia sponsors a single-employer defined benefit pension plan for all of its full-time employees. Every two years, an independent actuary engaged by the Board of Trustees of the retirement system calculates the amount of the annual contribution that the City of Decatur, Georgia must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Decatur, Georgia fully funds each year's annual required contribution to the retirement system as determined by the actuary. As a result, the City of Decatur, Georgia is currently contributing 5.35% of payroll to fund the system's liability for projected benefits earned by employees.

The City of Decatur, Georgia also provides post retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 71 retired employees receiving these benefits, which are financed on a pay-as-you-go basis.

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

### **Acknowledgements**

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

Respectfully Submitted,



Peggy Merriss  
City Manager

**CITY OF DECATUR, GEORGIA**

**PRINCIPAL OFFICIALS**

**June 30, 2003**

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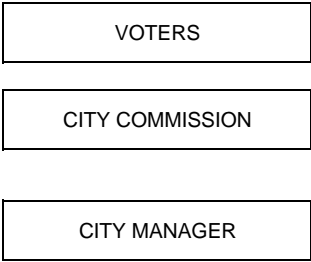
**CITY COMMISSION**

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
David Rutledge	Public Safety Director
Karen desIslets	City Clerk

**CITY OF DECATUR, GEORGIA  
ORGANIZATIONAL CHART**



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**

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CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS, LLC

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Decatur, Georgia** as of and for the year ended June 30, 2003, which collectively comprise the City of Decatur, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Decatur, Georgia as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments: Omnibus*, an amendment of GASB Statements No. 31 and 34, and Statement No. 38, *Certain Financial Statement Note Disclosures*, effective July 1, 2002.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2003 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. That 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.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
September 19, 2003



## Management's Discussion and Analysis

As management of the City of Decatur (the "City"), we offer readers of the City of Decatur's financial statements this narrative overview and analysis of the financial activities of the City of Decatur for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

### Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$56,961,061 (*net assets*). Of this amount, \$10,653,338 (*unrestricted net assets*) may be used to meet the government's ongoing obligations.

The City's total net assets increased by \$6,745,799, approximately \$5,924,969 of this increase is attributable to additions of capital assets for improvements to the City's buildings made by the City Schools of Decatur.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,464,976, an increase of \$997,142 in comparison with the prior year. This amount is available for spending at the government's discretion, as it is unreserved fund balance. At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,475,697 or 48 percent of total general fund expenditures.

### Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *total net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, education, public safety, public works, recreation and economic development. The business-type activities of the City include the conference center, the stormwater utility and sanitation.

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

The government-wide financial statements can be found on pages 14-16 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvement fund, both of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-20 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the conference center and parking deck activities, the storm water utility and solid waste functions all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

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

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-54 of this report.

## **Government-wide Financial Analysis**

### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Decatur, Georgia, assets exceeded liabilities by \$56,961,061 at the close of the most recent fiscal year. Following is a description of the City's net assets (in thousands). In the future, this table will present a comparative between years; however, this is not included in the current table due to this being the first year that GASB Standard 34 has applied to the City.

## City of Decatur Net Assets

	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	City Schools of Decatur
<b>Assets</b>					
Current Assets	\$ 9,204	\$1,959	\$11,163	\$ 247	\$17,257
Capital Assets	47,420	7,280	54,700	3,992	375
Total Assets	56,624	9,239	65,863	4,239	17,632
<b>Liabilities</b>					
Long-term Liabilities Outstanding	558	4,070	4,628	3,412	223
Other Liabilities	2,206	2,068	4,274	677	5,245
Total Liabilities	2,764	6,138	8,902	4,089	5,468
<b>Net Assets</b>					
Invested in Capital Assets (net of related debt)	43,863	2,444	46,307		375
Unrestricted	9,997	657	10,654	150	11,790
Total Net Assets	53,860	3,101	56,961	150	12,165

By far the largest portion of the City's net assets (84 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City's net assets are unrestricted (\$10,653,338) and may be used to meet the government's ongoing obligations. At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its business-type activities, with the exception of the Solid Waste Fund.

During the current fiscal year the government's net assets increased by \$6,745,799. Almost all of the increase (\$5,924,969) is due to the contribution of capital assets by the City Schools of Decatur.

## Changes in Net Assets

The following schedule presents a summary of changes in net assets for the fiscal year ending June 30, 2003 (in thousands).

### City of Decatur's Changes in Net Assets

	Governmental Activities	Business-type Activities	Component Units
<b>REVENUES</b>			
Program Revenues			
Charges for Services	2,521	3,037	1,102
Operating Grants and Contributions	435		12,825
Capital Grants and Contributions	7,493	47	124
General Revenues			
Property Taxes	10,322		19,389
Franchise Taxes	1,047		
Sales Taxes	219		2,242
Other Taxes	1,125	259	
Grants (not program restricted)			22
Investment Earnings	35		65
Gain on Sale of Capital Assets	11		
Miscellaneous			220
<b>Total Revenues</b>	<b>23,208</b>	<b>3,343</b>	<b>35,989</b>
<b>EXPENSES</b>			
General Government	4,030		
Education	1,499		
Public Safety	6,340		
Public Works	2,758		
Recreation	1,649		
Downtown Development	318		
Interest on Long-term Debt	35		
Conference Center		671	
Stormwater		649	
Sanitation		1,857	
Downtown Development Auth.		354	
City Schools of Decatur		36,844	
<b>Total Expenses</b>	<b>16,629</b>	<b>3,177</b>	<b>37,198</b>
<b>INCREASE IN NET ASSETS</b>	<b>6,579</b>	<b>166</b>	<b>(1,210)</b>
<b>TRANSFERS</b>	<b>(50)</b>	<b>50</b>	
<b>CHANGE IN NET ASSETS</b>	<b>6,529</b>	<b>216</b>	<b>(1,210)</b>
<b>ENDING NET ASSETS</b>	<b>53,860</b>	<b>3,101</b>	<b>12,315</b>

Revenue for taxes increased mainly from additional income from real estate and intangibles taxes. The significant increase in intangible taxes and property transfer tax was due to the high volume of refinancing of existing real estate due to extremely favorable interest rates and increases in the fair market value of real estate in the City of Decatur. Other general tax revenue basically remained the same.

Licenses and permits show a slight decrease from the previous year due to fewer construction and building permits being issued. Fines and forfeitures show an increase due to the implementation of the red-light camera program and significant increases in fines from parking violations. Use of money and property shows a decrease due to lower interest rates and increased bank services charges. Charges for services show an increase in part due to collection of E-911 and wireless E-911 fees. (However, all E-911 and wireless E-911 fees must go to the support of emergency dispatch services). In addition, additional revenue was collected from recreation service fees, in part due to increased fees for some programs. Intergovernmental revenues decreased due to reduced grant income from various programs, including the United Way and due to the City accounting for grants in other funds (Greenspace Trust Fund, Cemetery Capital Improvement Fund, etc.).

Overall increases in expenditures were expected in the past fiscal year due to an approved general salary adjustment of five percent for most positions and a significant increase in group medical insurance costs. Functions with greater number of employees, saw the most increases. In addition, departments whose operations are heavily reliant on vehicles and equipment saw significant increases in costs for gasoline. The decrease in Recreation expense can be attributed to the funding of the recreation facilities master plan in fiscal year 2001-2002. The overall decrease in capital outlay reflects a transfer of capital expenses to the capital improvement fund.

In fiscal year 2002-2003, it was anticipated that there would be a contribution of \$163,960 to general fund balance. However, because revenues exceeded projections and expenditures were approximately 4% less than budgeted, there will be a contribution to fund balance of \$1,059,874. The City's general fund balance as of June 30, 2003 is \$6,475,697. This is equivalent to approximately 44% of the City's current estimated general fund expenditures for fiscal 2003-2004. It should be noted that the fiscal 2003-2004 budget anticipates using \$746,970 of general fund balance to provide sufficient revenues to meet operations. That should reduce the fund balance to approximately \$5,728,727 or 39% of general fund expenditures.

Consistent with proposals made during the adoption of the fiscal 2003-2004 budget, it is anticipated that recommendations will be made to the City Commission for designating a portion of the fund balance for possible salary increases, for matching funds for grants and for future funding of property tax relief.

**Business-type activities.** Business-type activities increased the City of Decatur's net assets by \$216,667, accounting for 1 percent of the total growth in the government's net assets. All of the increase can be accounted for by hotel/motel tax receipts.

Business-type activities include operations of the conference center and parking deck, the storm water utility and solid waste collection.

Revenues for charges for services for the conference center and parking fund showed a decrease in fiscal year 2002-2003 and expenditures for services increased. Hotel/motel tax receipts decreased due to a downturn in the economy that resulted in reduced hotel room rates and an increase in hotel vacancy rates. The City is aggressively working with the current conference center management company to collect revenues due to the City and to reduce and control expenditures. It is expected that hotel/motel receipts will begin to increase as the economy improves. Regardless, the conference center and parking deck fund continued a positive cash position at the close of the fiscal year.

Revenues and expenses in the stormwater utility fund increased as full implementation of the utility began. The storm water utility fee remained the same at \$6.00 per ERU(Equivalent Residential Unit) per month. After accounting for overhead charges due to the general fund for services rendered, the stormwater utility contributed \$167,552 to net assets for total net assets of \$3,008,214 at the end of the fiscal year. It is anticipated that the stormwater utility master plan will be completed during the 2004 fiscal year and that the City will be initiating major capital improvements to the stormwater system within the next twelve to twenty-four months. During this time the City will be pursuing various capital funding opportunities, including the use of revenue bonds.

Revenues in the solid waste fund were down slightly, mostly due to reduced income from commercial collections as commercial accounts are either being switched to other service providers or businesses are selecting lower service levels. Operating expenses were slightly less in the current fiscal year resulting in an operating income of \$181,466. However, after accounting for overhead charges due to the general fund for services rendered, the solid waste fund had a deficit of \$178,534 for a total deficit of \$776,255. However, it should be noted that the solid waste fund had positive cash flows for the fiscal year and added \$142,237 to cash at the end of the fiscal year for a total of \$497,181.

The City is undertaking an overhead cost allocation study to determine whether the overhead costs charged to the solid waste fund and the stormwater utility are appropriate. In addition, the Sanitation Director and staff are analyzing costs and service charges to confirm that fees charged cover the cost of services delivered as well as developing alternative service delivery options to reduce costs and to reduce the deficit in total net assets.

### **Financial Analysis of the Government's Funds**

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

*Governmental funds.* The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or for use during the fiscal year to balance cash flows needs.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,464,976, an increase of \$997,142 in comparison with the prior year. Approximately ninety-two percent of the total amount (\$6,926,203) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance (\$538,773) is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to purchase law enforcement equipment (\$76,204); 2) to liquidate grants already received but not expended (\$56,783); 3) to encourage economic development activities (\$71,318); 4) to purchase greenspace (\$20,241); and 5) to pay debt service (\$314,227).

The general fund is the chief operating fund of the City of Decatur, Georgia. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,475,697, while total fund balance of all governmental funds reached \$7,464,976. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 48 percent of total general fund expenditures, while total governmental fund balance represents 56 percent of total general fund expenditures.

During the current fiscal year the fund balance of the City's general fund increased by \$1,059,874. Key factors in this growth included:

- \* Significant additional revenue from the intangibles and property transfer tax which resulted from increased refinancing activity due to increased real estate property values and incredibly favorable low interest rates.
- \* Increased revenues from E-911 charges and E-911 wireless charges.
- \* Reduction in expenditures of approximately 5%.

The capital improvement fund balance increased by \$117,865 to \$346,760. The purpose of the capital improvement fund is to provide for construction of major capital improvements and to purchase capital equipment items for operating departments. The unreserved fund balance in the capital improvement fund represents approximately 20 percent of total capital improvement fund expenditures. The fund balance in the capital improvement fund is used to cover cash flow operating needs and to fund unanticipated capital construction or capital equipment needs as approved by the City Commission.

The Debt Service Fund has a total fund balance of \$314,227, all of which is reserved for the payment of debt service. During fiscal year 2002-2003, it was specifically recommended that proceeds from debt service fund balance be used to cover debt service costs. Consistent with this recommendation, \$48,445 of fund balance was used to meet overall debt service obligations.

The other nonmajor governmental funds (Downtown Development Authority, Confiscated Drug, Grant, Economic Development, Greenspace Trust and Cemetery Capital Improvement Funds) have a combined fund balance of \$328,292, of which only \$103,746 in the Cemetery Capital Improvement Fund is unreserved.



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

Unrestricted net assets of the Conference and Parking Deck fund at the end of the year amounted to \$300,214. Unrestricted net assets of the Stormwater Utility fund at the end of the year amounted to \$1,143,092. Unrestricted net assets of the Solid Waste fund at the end of the year amounted to (\$786,787). Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor, including \$3,080 in additional revenues and \$110,910 in reduced expenditures. The original budget anticipated using \$34,720 of fund balance to meet operational needs. However, by the close of the fiscal year revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance and providing the City with the opportunity to add an additional \$1,059,874 to fund balance.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of June 30, 2003, amounts to \$51,897,843 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure (roads, bridges and drainage culverts, etc.) The total increase in the City's investment in capital assets for the current fiscal year was 13% percent (a 14 percent increase for governmental activities and a 8 percent decrease for business-type).

The bulk of the increase in capital assets for governmental activities includes an increase of \$5,924,969 for buildings and improvements, a majority of which is contributions from the City Schools of Decatur. Excluding this increase, other capital assets associated with governmental activities actually showed a net decrease of one percent. Additional information on the City's capital assets can be found in note Note 6 on pages 38-40 of this report.

**Long-term Debt and Capital Leases.** At the end of the current fiscal year, the City had no long-term bonded debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$83,543,410.

The City has entered into lease agreements for financing the acquisition of equipment, machinery and improvements. The total amount of capital leases for machinery, equipment and vehicles at June 30, 2003 was \$1,550,613 (\$951,789 for governmental activities and \$598,824 for business-type activities).

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

During 1993 the Authority refunded the debt in order to take advantage of lower interest rates. The Authority maintains a "A+" rating from Standard & Poor's for the revenue bonds. The bonds are payable through fiscal year 2009 and the future minimum payments on the bonds as of June 30, 2003 was \$4,656,318.

During 2000, the Authority borrowed \$600,000 to finance improvements to the Conference Center. Payments are due quarterly ending May 15, 2008. Payments are being made from an increased hotel/motel tax assessment of two percent. As of June 30, 2003, the amount outstanding was \$453,854.

Additional information on the City's long-term debt and capital leases can be found in note 7 on pages 41-44 of this report.

### **Economic Factors.**

The unemployment rate for the City is currently 4.5 percent. The occupancy rate of the government's central business district is approximately 93 percent, as compared to surrounding areas that average a 72% occupancy rate. Inflationary trends in the region compare favorably to national indices. Recovery from the recent recession appears to be occurring more quickly in the Atlanta metropolitan region as compared to other areas of the state or the county.

### **Next Year's Budget and Fee Schedule.**

During the current fiscal year, unreserved fund balance in the general fund increased to \$6,475,697. The City has appropriated \$746,970 of this amount for spending in the 2004 fiscal year budget. This use of available fund balance avoided the need to raise taxes, and provided the opportunity for a slight millage rate decrease. It is anticipated that personnel costs, including salaries and benefits, may increase significantly in fiscal year 2004-2005 due to the need for an overall general salary adjustment as well as continuing cost increases for medical insurance. In addition, it is anticipated that the real estate property digest will show only very modest growth. Therefore, it is possible that there will be a recommendation to increase the millage rate for fiscal year 2004-2005 general government operations.

The Storm Water Utility rate remained unchanged for 2003. It is anticipated that the rate will remain the same for 2004. Sanitation rates were increased in 2003 an average of three percent. It is anticipated that rates will need to be increased in 2004 but the exact amount is difficult to estimate at this time.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Decatur's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, 509 North McDonough Street, City of Decatur, Decatur, Georgia 30030.

**CITY OF DECATUR, GEORGIA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2003**

ASSETS	Primary Government			Component Units	
	Governmental	Business-type	Total	Downtown	City
	Activities	Activities		Development	Schools of
				Authority	Decatur
Cash and cash equivalents	\$ 7,578,748	\$ 2,106,535	\$ 9,685,283	\$ 225,222	\$ 14,070,928
Taxes receivable	537,576	-	537,576	-	1,580,214
Other receivables	326,932	-	326,932	-	-
Accounts receivable, net of allowances	-	290,960	290,960	8,088	-
Due from primary government	-	-	-	13,866	313,014
Due from other governments	74,020	-	74,020	-	1,269,420
Internal balances	507,488	(507,488)	-	-	-
Due from component unit	97,166	-	97,166	-	-
Inventory	-	-	-	-	23,446
Prepaid expenditures / expenses	61,848	-	61,848	-	-
Other current assets	20,000	-	20,000	-	-
Deferred charges, unamortized balance	-	69,301	69,301	-	-
Capitalized lease receivable from primary government	-	-	-	3,991,860	-
Capital assets, net of accumulated depreciation	44,618,099	7,279,744	51,897,843	-	375,290
Other non-current assets	2,802,255	-	2,802,255	-	-
<b>Total assets</b>	<b>56,624,132</b>	<b>9,239,052</b>	<b>65,863,184</b>	<b>4,239,036</b>	<b>17,632,312</b>
<b>LIABILITIES</b>					
Accounts payable	610,593	75,076	685,669	-	1,889,470
Contracts payable	-	-	-	-	479,018
Retainage payable	-	-	-	-	253,941
Salaries payable	-	-	-	-	2,596,853
Accrued liabilities	304,391	88,040	392,431	-	4,782
Deferred revenues	485,895	1,139,673	1,625,568	-	-
Due to primary government	-	-	-	97,166	-
Due to component unit	13,866	-	13,866	-	-
Compensated absences due within one year	505,300	-	505,300	-	20,469
Compensated absences due in more than one year	89,169	-	89,169	-	222,812
Capital leases due to component unit, current	-	580,000	580,000	580,000	-
Capital leases due within one year	285,752	124,942	410,694	-	-
Capital leases due to component unit, long-term	-	3,411,860	3,411,860	-	-
Capital leases due in more than one year	468,706	353,979	822,685	-	-
Notes payable due within one year	-	61,035	61,035	-	-
Notes payable due in more than one year	-	303,846	303,846	-	-
Bonds payable due in more than one year	-	-	-	3,411,860	-
<b>Total liabilities</b>	<b>2,763,672</b>	<b>6,138,451</b>	<b>8,902,123</b>	<b>4,089,026</b>	<b>5,467,345</b>

(Continued)

**CITY OF DECATUR, GEORGIA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2003**

NET ASSETS	Primary Government			Component Units	
	Governmental	Business-type	Total	Downtown	City
	Activities	Activities		Development	Schools of
	Authority		Authority	Decatur	
Investment in capital assets, net of related debt	\$ 43,863,641	\$ 2,444,082	\$ 46,307,723	\$ -	\$ 375,290
Unrestricted	9,996,819	656,519	10,653,338	150,010	11,789,677
Total net assets	<u>\$ 53,860,460</u>	<u>\$ 3,100,601</u>	<u>\$ 56,961,061</u>	<u>\$ 150,010</u>	<u>\$ 12,164,967</u>

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

**CITY OF DECATUR, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,029,999	\$ 414,180	\$ 709	\$ 480
Education	1,499,322	-	-	5,924,969
Public safety	6,339,852	1,245,965	-	105,219
Public works	2,758,062	148,852	-	1,124,443
Recreation	1,649,254	712,134	433,925	52,800
Community & economic development	318,154	-	-	285,000
Interest on long-term debt	34,685	-	-	-
Total governmental activities	<u>16,629,328</u>	<u>2,521,131</u>	<u>434,634</u>	<u>7,492,911</u>
Business-type activities:				
Conference center	670,797	74,232	-	-
Stormwater	648,605	923,885	-	46,972
Sanitation	1,857,582	2,039,048	-	-
Total business-type activities	<u>3,176,984</u>	<u>3,037,165</u>	<u>-</u>	<u>46,972</u>
Total primary government	<u>\$ 19,806,312</u>	<u>\$ 5,558,296</u>	<u>\$ 434,634</u>	<u>\$ 7,539,883</u>
<b>Component units:</b>				
Downtown Development Authority	\$ 353,908	\$ -	\$ 318,154	\$ -
City Schools of Decatur	36,844,474	1,101,724	12,506,941	123,481
Total component units	<u>\$ 37,198,382</u>	<u>\$ 1,101,724</u>	<u>\$ 12,825,095</u>	<u>\$ 123,481</u>
General revenues:				
Property taxes				
Franchise taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

**Net (Expenses) Revenues and  
Changes in Net Assets**

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	City Schools of Decatur
\$ (3,614,630)	\$ -	\$ (3,614,630)	\$ -	\$ -
4,425,647	-	4,425,647	-	-
(4,988,668)	-	(4,988,668)	-	-
(1,484,767)	-	(1,484,767)	-	-
(450,395)	-	(450,395)	-	-
(33,154)	-	(33,154)	-	-
(34,685)	-	(34,685)	-	-
(6,180,652)	-	(6,180,652)	-	-
-	(596,565)	(596,565)	-	-
-	322,252	322,252	-	-
-	181,466	181,466	-	-
-	(92,847)	(92,847)	-	-
\$ (6,180,652)	\$ (92,847)	\$ (6,273,499)	\$ -	\$ -
-	-	-	(35,754)	-
-	-	-	-	(23,112,328)
-	-	-	(35,754)	(23,112,328)
10,321,979	-	10,321,979	-	19,389,155
1,047,318	-	1,047,318	-	-
219,431	-	219,431	-	2,241,985
1,124,996	259,214	1,384,210	-	-
-	-	-	-	22,170
35,180	-	35,180	-	64,862
11,180	-	11,180	-	-
-	-	-	98,228	121,442
(50,300)	50,300	-	-	-
12,709,784	309,514	13,019,298	98,228	21,839,614
6,529,132	216,667	6,745,799	62,474	(1,272,714)
47,331,328	2,883,934	50,215,262	87,536	13,437,681
\$ 53,860,460	\$ 3,100,601	\$ 56,961,061	\$ 150,010	\$ 12,164,967

**CITY OF DECATUR, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003**

<b>ASSETS</b>	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 6,182,722	\$ 406,235	\$ 989,791	\$ 7,578,748
Taxes receivable	443,429	38,436	55,711	537,576
Other receivables	320,837	-	6,095	326,932
Due from other governments	-	74,020	-	74,020
Due from other funds	623,136	105,737	70,225	799,098
Due from component unit	97,166	-	-	97,166
Prepaid expenditures	61,848	-	-	61,848
Other current assets	20,000	-	-	20,000
<b>Total assets</b>	<b>\$ 7,749,138</b>	<b>\$ 624,428</b>	<b>\$ 1,121,822</b>	<b>\$ 9,495,388</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 421,143	\$ 179,681	\$ 9,769	\$ 610,593
Accrued liabilities	298,658	-	-	298,658
Deferred revenues	483,415	86,176	246,094	815,685
Due to other funds	70,225	11,811	209,574	291,610
Due to component unit	-	-	13,866	13,866
<b>Total liabilities</b>	<b>1,273,441</b>	<b>277,668</b>	<b>479,303</b>	<b>2,030,412</b>
<b>FUND BALANCES</b>				
Fund balances:				
Reserved for:				
Special projects	-	-	224,546	224,546
Debt service	-	-	314,227	314,227
Unreserved, reported in:				
General fund	6,475,697	-	-	6,475,697
Capital projects funds	-	346,760	103,746	450,506
<b>Total fund balances</b>	<b>6,475,697</b>	<b>346,760</b>	<b>642,519</b>	<b>7,464,976</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,749,138</b>	<b>\$ 624,428</b>	<b>\$ 1,121,822</b>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				44,618,099
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				329,790
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.				(1,354,660)
Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds.				2,802,255
Net assets of governmental activities				<u>\$ 53,860,460</u>

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



**CITY OF DECATUR, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 10,768,511	\$ 678,393	\$ 834,709	\$ 12,281,613
Licenses and permits	397,938	-	-	397,938
Intergovernmental	313,960	1,039,069	501,622	1,854,651
Fines and forfeitures	820,477	-	-	820,477
Charges for services	1,404,359	-	-	1,404,359
Interest income	23,940	10,293	947	35,180
Other revenues	134,517	78,171	137,434	350,122
Total revenues	<u>13,863,702</u>	<u>1,805,926</u>	<u>1,474,712</u>	<u>17,144,340</u>
<b>Expenditures</b>				
Current:				
General government	2,015,404	1,019,002	140,526	3,174,932
Education	-	-	544,681	544,681
Public safety	6,537,856	-	6,848	6,544,704
Public works	2,290,331	-	-	2,290,331
Recreation	1,683,336	-	-	1,683,336
Non-departmental	883,471	-	-	883,471
Capital outlay	-	284,564	100,100	384,664
Debt service:				
Principal retirements	-	414,776	-	414,776
Interest and fiscal charges	-	36,465	-	36,465
Total expenditures	<u>13,410,398</u>	<u>1,754,807</u>	<u>792,155</u>	<u>15,957,360</u>
Excess of revenues over expenditures	<u>453,304</u>	<u>51,119</u>	<u>682,557</u>	<u>1,186,980</u>
<b>Other financing sources (uses):</b>				
Proceeds from capital leases	100,690	66,746	-	167,436
Proceeds from sale of capital assets	11,180	-	-	11,180
Transfer in from other funds	514,700	-	20,000	534,700
Transfers out:				
To other funds	(20,000)	-	(565,000)	(585,000)
To component unit	-	-	(318,154)	(318,154)
Total other financing sources (uses)	<u>606,570</u>	<u>66,746</u>	<u>(863,154)</u>	<u>(189,838)</u>
Net change in fund balances	1,059,874	117,865	(180,597)	997,142
<b>Fund balances, beginning of year</b>	<u>5,415,823</u>	<u>228,895</u>	<u>823,116</u>	<u>6,467,834</u>
<b>Fund balances, end of year</b>	<u>\$ 6,475,697</u>	<u>\$ 346,760</u>	<u>\$ 642,519</u>	<u>\$ 7,464,976</u>

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

**CITY OF DECATUR, GEORGIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

Net change in fund balances - total governmental funds	\$ 997,142
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period.	(1,281,037)
The net effect of the donation of capital assets is to increase net assets.	5,924,969
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	128,271
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	247,340
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>512,447</u>
	<u>\$ 6,529,132</u>

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

**CITY OF DECATUR, GEORGIA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2003**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 10,394,300	\$ 10,508,000	\$ 10,768,511	\$ 260,511
Licenses and permits	455,700	399,850	397,938	(1,912)
Fines and forfeitures	831,000	817,000	820,477	3,477
Interest	75,000	20,000	23,940	3,940
Charges for services	1,139,000	1,301,200	1,404,359	103,159
Intergovernmental	482,000	356,500	313,960	(42,540)
Contributions	93,970	52,200	68,567	16,367
Miscellaneous	44,600	63,900	65,950	2,050
Total revenues	<u>13,515,570</u>	<u>13,518,650</u>	<u>13,863,702</u>	<u>345,052</u>
Expenditures				
Current:				
General government:				
Commission	101,390	105,320	80,576	24,744
Manager	384,750	350,050	330,754	19,296
Administrative services	106,870	109,820	100,359	9,461
Attorney	100,000	100,000	106,167	(6,167)
Community & economic development	512,390	547,930	542,326	5,604
Development and inspection	309,900	312,280	297,984	14,296
Accounting, collection and records	556,850	565,770	557,238	8,532
Total general government	<u>2,072,150</u>	<u>2,091,170</u>	<u>2,015,404</u>	<u>75,766</u>
Public safety:				
General management	377,730	429,590	431,180	(1,590)
Fire	2,281,270	2,380,260	2,377,807	2,453
Police	4,037,530	3,772,890	3,728,869	44,021
Total public safety	<u>6,696,530</u>	<u>6,582,740</u>	<u>6,537,856</u>	<u>44,884</u>
Public works	<u>2,266,510</u>	<u>2,416,140</u>	<u>2,290,331</u>	<u>125,809</u>
Recreation	<u>2,028,530</u>	<u>1,955,020</u>	<u>1,683,336</u>	<u>271,684</u>
Non-departmental	<u>1,011,270</u>	<u>919,010</u>	<u>883,471</u>	<u>35,539</u>
Total expenditures	<u>14,074,990</u>	<u>13,964,080</u>	<u>13,410,398</u>	<u>553,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(559,420)</u>	<u>(445,430)</u>	<u>453,304</u>	<u>898,734</u>
Other financing sources (uses)				
Proceeds from capital leases	-	100,690	100,690	-
Proceeds from sale of capital assets	10,000	14,000	11,180	(2,820)
Transfers out	-	(20,000)	(20,000)	-
Transfers in	514,700	514,700	514,700	-
Total other financing sources (uses)	<u>524,700</u>	<u>609,390</u>	<u>606,570</u>	<u>(2,820)</u>
Net change in fund balances	(34,720)	163,960	1,059,874	895,914
Fund balance, beginning of year	<u>5,415,823</u>	<u>5,415,823</u>	<u>5,415,823</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,381,103</u>	<u>\$ 5,579,783</u>	<u>\$ 6,475,697</u>	<u>\$ 895,914</u>

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

**CITY OF DECATUR, GEORGIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003**

ASSETS	Business-type Activities - Enterprise Funds			Totals
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	
<b>CURRENT ASSETS</b>				
Cash	\$ 50,929	\$ 1,558,425	\$ 497,181	\$ 2,106,535
Accounts receivable	22,556	87,170	181,234	290,960
Due from other funds	195,000	-	-	195,000
Total current assets	<u>268,485</u>	<u>1,645,595</u>	<u>678,415</u>	<u>2,592,495</u>
<b>FIXED ASSETS</b>				
Land	391,679	-	-	391,679
Infrastructure	-	3,463,797	-	3,463,797
Buildings	8,363,415	-	-	8,363,415
Furniture, fixtures and equipment	450,994	93,388	1,339,213	1,883,595
	<u>9,206,088</u>	<u>3,557,185</u>	<u>1,339,213</u>	<u>14,102,486</u>
Accumulated depreciation	(4,280,919)	(1,645,176)	(896,647)	(6,822,742)
	<u>4,925,169</u>	<u>1,912,009</u>	<u>442,566</u>	<u>7,279,744</u>
<b>OTHER ASSETS</b>	69,301	-	-	69,301
Total assets	<u>5,262,955</u>	<u>3,557,604</u>	<u>1,120,981</u>	<u>9,941,540</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	681	-	74,395	75,076
Accrued liabilities	36,891	5,177	45,972	88,040
Due to other funds	-	174,189	528,299	702,488
Deferred revenue	-	323,137	816,536	1,139,673
Capitalized lease obligations - due to component unit	580,000	-	-	580,000
Capital lease payable - current portion	-	15,629	109,313	124,942
Note payable - current	61,035	-	-	61,035
Total current liabilities	<u>678,607</u>	<u>518,132</u>	<u>1,574,515</u>	<u>2,771,254</u>
Capitalized lease obligations - due to component unit - long term	3,411,860	-	-	3,411,860
Capital lease payable - long term	-	31,258	322,721	353,979
Note payable - long term	303,846	-	-	303,846
Total liabilities	<u>4,394,313</u>	<u>549,390</u>	<u>1,897,236</u>	<u>6,840,939</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	568,428	1,865,122	10,532	2,444,082
Unrestricted	300,214	1,143,092	(786,787)	656,519
Total net assets	<u>\$ 868,642</u>	<u>\$ 3,008,214</u>	<u>\$ (776,255)</u>	<u>\$ 3,100,601</u>

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

**CITY OF DECATUR, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Conference &amp; Parking Deck Fund</b>	<b>Stormwater Utility Fund</b>	<b>Solid Waste Fund</b>	<b>Totals</b>
<b>OPERATING REVENUE</b>				
Stormwater fees	\$ -	\$ 923,634	\$ -	\$ 923,634
Sanitation fees	-	-	1,990,126	1,990,126
Charges for sales and services	74,232	-	-	74,232
Miscellaneous	-	251	48,922	49,173
Total operating revenues	<u>74,232</u>	<u>923,885</u>	<u>2,039,048</u>	<u>3,037,165</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	63,557	562,332	1,713,905	2,339,794
Depreciation and amortization	368,593	86,273	143,677	598,543
Total operating expenses	<u>432,150</u>	<u>648,605</u>	<u>1,857,582</u>	<u>2,938,337</u>
Operating income (loss)	<u>(357,918)</u>	<u>275,280</u>	<u>181,466</u>	<u>98,828</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Taxes	259,214	-	-	259,214
Intergovernmental revenue	-	46,972	-	46,972
Interest expense	(238,647)	-	-	(238,647)
Total nonoperating revenues (expenses)	<u>20,567</u>	<u>46,972</u>	<u>-</u>	<u>67,539</u>
Income (loss) before transfers	<u>(337,351)</u>	<u>322,252</u>	<u>181,466</u>	<u>166,367</u>
Transfers in	565,000	-	-	565,000
Transfers out	-	(154,700)	(360,000)	(514,700)
	<u>565,000</u>	<u>(154,700)</u>	<u>(360,000)</u>	<u>50,300</u>
Change in net assets	227,649	167,552	(178,534)	216,667
<b>Total net assets, beginning</b>	<u>640,993</u>	<u>2,840,662</u>	<u>(597,721)</u>	<u>2,883,934</u>
<b>Total net assets, ending</b>	<u>\$ 868,642</u>	<u>\$ 3,008,214</u>	<u>\$ (776,255)</u>	<u>\$ 3,100,601</u>

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

**CITY OF DECATUR, GEORGIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Conference &amp; Parking Deck Fund</b>	<b>Stormwater Utility Fund</b>	<b>Solid Waste Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 93,503	\$ 849,842	\$ 2,140,379	\$ 3,083,724
Payments to suppliers	(257,687)	(401,606)	(978,615)	(1,637,908)
Payments to employees	-	(205,822)	(536,203)	(742,025)
Net cash provided by (used in) operating activities	<u>(164,184)</u>	<u>242,414</u>	<u>625,561</u>	<u>703,791</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in from other funds	565,000	-	-	565,000
Transfers out to other funds	-	(154,700)	(360,000)	(514,700)
Intergovernmental revenue	-	46,972	-	46,972
Taxes received	259,214	-	-	259,214
Net cash provided by (used in) noncapital financing activities	<u>824,214</u>	<u>(107,728)</u>	<u>(360,000)</u>	<u>356,486</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal payments on capital lease	(560,000)	(11,823)	(101,436)	(673,259)
Principal payments on note payable	(85,017)	-	-	(85,017)
Issuance of capital lease	-	58,710	243,260	301,970
Interest paid	(243,685)	-	-	(243,685)
Purchase of fixed assets	10,243	(45,273)	(265,148)	(300,178)
Net cash provided by (used in) capital and related financing activities	<u>(878,459)</u>	<u>1,614</u>	<u>(123,324)</u>	<u>(1,000,169)</u>
Net increase (decrease) in cash	(218,429)	136,300	142,237	60,108
Cash, beginning of year	269,358	1,422,125	354,944	2,046,427
Cash, end of year	<u>\$ 50,929</u>	<u>\$ 1,558,425</u>	<u>\$ 497,181</u>	<u>\$ 2,106,535</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (357,918)	\$ 275,280	\$ 181,466	\$ 98,828
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	368,593	86,273	143,677	598,543
Change in assets and liabilities:				
Decrease in fees receivable	-	1,237	88,736	89,973
Decrease in accounts receivable	19,271	-	-	19,271
(Increase) decrease in due from other funds	(191,926)	65,262	-	(126,664)
Increase (decrease) in accounts payable	(2,204)	(28,551)	11,908	(18,847)
Increase in accrued liabilities	-	4,193	5,162	9,355
Increase (decrease) in deferred revenue	-	(75,280)	12,595	(62,685)
Increase (decrease) in due to other funds	-	(86,000)	182,017	96,017
Net cash provided by (used in) operating activities	<u>\$ (164,184)</u>	<u>\$ 242,414</u>	<u>\$ 625,561</u>	<u>\$ 703,791</u>

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

**CITY OF DECATUR, GEORGIA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2003**

<b>ASSETS</b>	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
Cash	\$ 192,052	\$ 355,364
Investments	16,476,066	-
Total assets	<u>16,668,118</u>	<u>355,364</u>
<b>LIABILITIES</b>		
Accounts payable	2,876	-
Due to other government	-	17,350
Due to component unit	-	313,014
Due to others	-	25,000
Total liabilities	<u>2,876</u>	<u>355,364</u>
<b>NET ASSETS</b>		
Reserved for employees retirement benefits	<u>\$ 16,665,242</u>	<u>\$ -</u>

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

**CITY OF DECATUR, GEORGIA**  
**STATEMENT OF CHANGES IN**  
**FIDUCIARY NET ASSETS**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

**ADDITIONS**

Contributions	
Plan member contributions	\$ 458,260
Employer contributions	<u>354,805</u>
Total contributions	<u>813,065</u>
Investment income	
Net appreciation in fair value of investments	100,870
Interest and dividends	<u>626,770</u>
Total investment income	<u>727,640</u>
Total additions	<u>1,540,705</u>

**DEDUCTIONS**

Benefit payments	1,161,708
Refunds paid to Plan members and beneficiaries	155,279
Administrative fees	<u>31,316</u>
Total deductions	<u>1,348,303</u>
Net increase	192,402
Net assets at beginning of year	<u>16,472,840</u>
Net assets at end of year	<u><u>\$ 16,665,242</u></u>

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



**CITY OF DECATUR, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**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.

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

The City Schools of Decatur has been included as a discretely presented component unit in the accompanying financial statements. The City collects taxes on its behalf. Financial information with regard to the City Schools of Decatur can be obtained from their 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 levies and collects its taxes and appoints its board. Financial information with regard to the DDA can be obtained from the DDA’s administrative offices at 100 East Trinity Place, Decatur, Georgia 30030.

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. (For the most part, the effect of interfund activity has been removed from these statements). Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net assets will include noncurrent assets which were previously reported in the General Fixed Assets Account Group and noncurrent liabilities previously reported in the General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The format of the fund financial statements has also been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activity.

The City reports the following major governmental funds:

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major proprietary funds:

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

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

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

The City also reports the following fund types:

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

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

The **Municipal Court Agency Fund** is accounted for on the modified accrual basis of accounting, and is used to account for funds that the City holds for others in an agency capacity.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

#### D. Budgets

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. 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.

#### **F. Receivables and Payables**

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

#### **G. Inventories**

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

#### **H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2003 are recorded as prepaid items in both government-wide and fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery & equipment	3-20
Vehicles	5
Land improvements	15-20
Infrastructure	15-50
Buildings	30-50

#### J. Compensated Absences

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **K. Long-Term Obligations**

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

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

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

#### **L. Fund Equity**

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

#### **M. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.



## NOTES TO FINANCIAL STATEMENTS

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

#### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,354,660 difference are as follows:

Accrued interest payable	\$	5,733
Capital leases payable		754,458
Compensated absences		594,469
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$	1,354,660

#### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$1,281,037 difference are as follows:

Capital outlay	\$	384,664
Capital outlay expenditures recognized in various functions		262,146
Depreciation expense		(1,927,847)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$	(1,281,037)

## NOTES TO FINANCIAL STATEMENTS

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

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$247,340 difference are as follows:

Proceeds from capital leases	\$ 167,436
Principal retirement of long-term debt	<u>(414,776)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (247,340)</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$512,447 difference are as follows:

Compensated absences	\$ (14,890)
Accrued interest	1,780
Net pension obligation	<u>525,557</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 512,447</u>

### NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

1. In accordance with the Fiscal Control Ordinance of the City, the City Manager submits a proposed operating budget to the City Commissioners. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Commissioners, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

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.

### NOTE 4. CASH AND INVESTMENTS

At June 30, 2003, the carrying amount of the City's bank deposits was \$10,232,699 and the bank balance was \$10,907,223. The amount of total bank balance is classified into three categories of custodial credit risk. 1) cash that is insured or collateralized with securities held by the City or by its agent in the City's name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name and 3) uncollateralized bank accounts.

The bank balance is classified as follows at June 30, 2003:

Category	
1	\$ 400,000
2	10,339,749
3	167,474
Total	<u>\$ 10,907,223</u>

The carrying amount of the City's bank deposits as noted above are reconciled to the statement of net assets as follows:

Cash - Primary Government - above	<u>\$ 10,232,699</u>
Amounts as presented on the government-wide statement of net assets:	
Governmental activities:	
Cash and cash equivalents	\$ 7,578,748
Business-type activities:	
Cash and cash equivalents	2,106,535
Amounts as presented on the fiduciary statement of net assets:	
Pension Trust Fund:	
Cash	192,052
Agency Funds:	
Cash	355,364
Total	<u>\$ 10,232,699</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. CASH AND INVESTMENTS (Continued)

At June 30, 2003, the carrying amount of deposits for the Decatur Downtown Development Authority (the "DDA"), a discretely presented component unit, was \$225,222 and the bank balance was \$369,166. All of the DDA's deposits were covered by federal depository insurance or by collateral held by the DDA's agent in the component unit's name.

At June 30, 2003, the carrying amount of deposits for the City Schools of Decatur, a discretely presented component unit, was \$7,041,623 and the bank balance was \$7,493,145. All of the City Schools of Decatur's deposits were covered by federal depository insurance or by collateral held by the City Schools of Decatur's agent in the component unit's name.

At June 30, 2003, all investments of the City Schools of Decatur were invested in Georgia Fund 1, the local government investment pool administered by the State of Georgia. The Georgia Fund 1 investment pool is not subject to credit risk classification and the carrying amount of \$7,029,305 represents fair value at June 30, 2003.

A reconciliation of the City Schools of Decatur's cash and investments as noted above to cash and cash equivalents as shown in the statement of net assets follows:

Amounts as noted above:	
Cash	\$ 7,041,623
Investments	7,029,305
	<u>\$ 14,070,928</u>
Statement of net assets captions:	
Cash and cash equivalents	\$ 14,070,928
	<u>\$ 14,070,928</u>

### NOTE 5. RECEIVABLES

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES (Continued)

Receivables at June 30, 2003 for the City's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Capital Improvement	Conference & Parking Deck	Stormwater Utility	Solid Waste	Nonmajor and Other Funds
Receivables:						
Taxes	\$ 517,039	\$ 42,372	\$ -	\$ -	\$ -	\$ 64,653
Accounts	-	-	22,556	152,822	259,977	-
Due from other governments	-	74,020	-	-	-	-
Other	392,229	-	-	-	-	6,095
Less allowance for uncollectible	145,002	3,936	-	65,652	78,743	8,942
Net total receivable	<u>\$ 764,266</u>	<u>\$ 112,456</u>	<u>\$ 22,556</u>	<u>\$ 87,170</u>	<u>\$ 181,234</u>	<u>\$ 61,806</u>

### NOTE 6. CAPITAL ASSETS

#### Primary government

Capital asset activity for the fiscal year ended June 30, 2003 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 391,679	\$ -	\$ -	\$ 391,679
Total	<u>391,679</u>	<u>-</u>	<u>-</u>	<u>391,679</u>
Capital assets, being depreciated:				
Infrastructure	3,463,797	-	-	3,463,797
Buildings	8,373,658	(10,243)	-	8,363,415
Furniture, fixtures, and equipment	1,582,697	327,820	(26,922)	1,883,595
Total	<u>13,420,152</u>	<u>317,577</u>	<u>(26,922)</u>	<u>13,710,807</u>
Less accumulated depreciation for:				
Infrastructure	(1,554,410)	(71,179)	-	(1,625,589)
Buildings	(3,488,498)	(346,398)	-	(3,834,896)
Furniture, fixtures, and equipment	(1,225,925)	(163,254)	26,922	(1,362,257)
Total	<u>(6,268,833)</u>	<u>(580,831)</u>	<u>26,922</u>	<u>(6,822,742)</u>
Total capital assets, being depreciated, net	<u>7,151,319</u>	<u>(263,254)</u>	<u>-</u>	<u>6,888,065</u>
Business-type activities capital assets, net	<u>\$ 7,542,998</u>	<u>\$ (263,254)</u>	<u>\$ -</u>	<u>\$ 7,279,744</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,051,304	\$ -	\$ -	\$ 2,051,304
Construction in progress	-	4,801,230	-	4,801,230
	<u>2,051,304</u>	<u>4,801,230</u>	<u>-</u>	<u>6,852,534</u>
Capital assets, being depreciated:				
Land improvements	680,606	173,555	-	854,161
Infrastructure	19,218,547	-	-	19,218,547
Buildings and improvements	36,065,585	1,123,739	-	37,189,324
Machinery and equipment	2,048,959	288,883	(14,100)	2,323,742
Vehicles	2,673,193	184,372	(146,916)	2,710,649
Total	<u>60,686,890</u>	<u>1,770,549</u>	<u>(161,016)</u>	<u>62,296,423</u>
Less accumulated depreciation for:				
Land improvements	(456,475)	(2,823)	-	(459,298)
Infrastructure	(10,018,864)	(535,127)	-	(10,553,991)
Buildings and improvements	(9,307,294)	(954,807)	-	(10,262,101)
Machinery and equipment	(1,298,602)	(227,836)	14,100	(1,512,338)
Vehicles	(1,682,792)	(207,254)	146,916	(1,743,130)
Total	<u>(22,764,027)</u>	<u>(1,927,847)</u>	<u>161,016</u>	<u>(24,530,858)</u>
Total capital assets, being depreciated, net	<u>37,922,863</u>	<u>(157,298)</u>	<u>-</u>	<u>37,765,565</u>
Governmental activities capital assets, net	<u>\$ 39,974,167</u>	<u>\$ 4,643,932</u>	<u>\$ -</u>	<u>\$ 44,618,099</u>

The beginning balances of the above governmental activities capital assets reflect adjustments totaling \$26,214,858. These adjustments include provision for a reduction of capital assets for the change in the City's capitalization threshold in the amount of \$1,320,589. Additionally, an adjustment of \$27,535,447 was required, representing capital assets utilized by the City Schools of Decatur but owned by the City, which have never been recorded on the records of the City.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 124,463
Education	954,641
Public safety	258,487
Public works	577,146
Recreation	<u>13,110</u>
Total depreciation expense - governmental activities	<u>\$ 1,927,847</u>
Business-type activities:	
Conference center	\$ 350,881
Stormwater	86,273
Sanitation	<u>143,677</u>
Total depreciation expense - business-type activities	<u>\$ 580,831</u>

#### City Schools of Decatur

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 483,803	\$ 118,137	\$ -	\$ 601,940
Total	<u>483,803</u>	<u>118,137</u>	<u>-</u>	<u>601,940</u>
Less accumulated depreciation for:				
Equipment	(151,227)	(75,423)	-	(226,650)
Total	<u>(151,227)</u>	<u>(75,423)</u>	<u>-</u>	<u>(226,650)</u>
Total capital assets, being depreciated, net	<u>332,576</u>	<u>42,714</u>	<u>-</u>	<u>375,290</u>
Governmental activities capital assets, net	<u>\$ 332,576</u>	<u>\$ 42,714</u>	<u>\$ -</u>	<u>\$ 375,290</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES

#### Primary government

Long-term liability activity for the year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 1,001,798	\$ 167,436	\$ (414,776)	\$ 754,458	\$ 285,752
Compensated absences	579,579	402,871	(387,979)	594,471	505,300
Governmental activity					
Long-term liabilities	<u>\$ 1,581,377</u>	<u>\$ 570,307</u>	<u>\$ (802,755)</u>	<u>\$ 1,348,929</u>	<u>\$ 791,052</u>
<b>Business-type activities:</b>					
Capital leases - due to component unit	\$ 4,575,000	\$ -	\$ (560,000)	\$ 4,015,000	\$ 580,000
Capital leases	290,210	301,970	(113,259)	478,921	124,942
Note payable	449,898	-	(85,017)	364,881	61,035
Business-type activity					
Long-term liabilities	<u>\$ 5,315,108</u>	<u>\$ 301,970</u>	<u>\$ (758,276)</u>	<u>\$ 4,858,802</u>	<u>\$ 765,977</u>

**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. The following is an analysis of leased assets under capital leases as of June 30, 2003:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 697,058	\$ 598,824
Vehicles	254,731	-
	<u>\$ 951,789</u>	<u>\$ 598,824</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (Continued)

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Fiscal Year Ending June 30,		
2004	\$ 309,224	\$ 139,153
2005	264,402	134,780
2006	191,071	130,407
2007	33,420	79,084
2008	-	27,478
Total minimum lease payments	798,117	510,902
Less amount representing interest	43,659	31,981
Present value of future minimum lease payments	\$ 754,458	\$ 478,921

**Capital Lease - 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (Continued)

Future required minimum payments on this lease are as follows at June 30, 2003:

Fiscal Year Ending June 30,	
2004	\$ 764,323
2005	767,243
2006	777,613
2007	779,374
2008	783,066
2009	784,699
	<u>4,656,318</u>
Less:	
Amount representing interest	(641,318)
Unamortized loss on refunding	<u>(23,140)</u>
Net present value of capitalized lease obligation due to component unit	<u>\$ 3,991,860</u>

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 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, 2003:

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (Continued)**

**City Schools of Decatur**

Long-term liability activity for the year ended June 30, 2003 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 201,752	\$ 296,922	\$ (255,393)	\$ 243,281	\$ 20,469
Governmental activity					
Long-term liabilities	<u>\$ 201,752</u>	<u>\$ 296,922</u>	<u>\$ (255,393)</u>	<u>\$ 243,281</u>	<u>\$ 20,469</u>

**NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2003 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Fund	\$ 14,574
General Fund	Capital Improvement Fund	11,811
General Fund	Solid Waste Fund	468,819
General Fund	Stormwater Utility Fund	127,932
Cemetery Capital Improvement Fund	General Fund	50,225
Greenspace Trust Fund	General Fund	20,000
Capital Improvement Fund	Solid Waste Fund	59,480
Capital Improvement Fund	Stormwater Utility Fund	46,257
Conference & Parking Deck Fund	Debt Service Fund	195,000
		<u>\$ 994,098</u>

Due from/to primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government - General Fund	Component unit - Downtown Development Authority	\$ 97,166
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund	13,866
Component unit - City Schools of Decatur	Primary government - Board of Education Fund	313,014
		<u>\$ 424,046</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Stormwater Utility Fund	\$ 154,700
General Fund	Solid Waste Fund	360,000
		\$ 514,700
Greenspace Trust Fund	General Fund	\$ 20,000
Conference & Parking Deck Fund	Debt Service Fund	\$ 565,000

Interfund transfers of primary government and component unit:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund	\$ 318,154

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounts for in other funds in accordance with budgetary authorizations.

### NOTE 9. PENSION PLANS

#### Primary Government

#### Plan Description

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (Continued)

As of January 1, 2002, the most recent actuarial valuation date, 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.

#### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (Continued)

#### 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, 2003 were as follows: State Street Equity Investments Mutual Fund of \$16,476,066.

#### 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 FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (Continued)

#### Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension asset for the year ended June 30, 2003 were as follows:

Net pension obligation (asset), June 30, 2002	\$ (2,276,698)
Actuarially determined contribution (pension cost)	-
Actual contribution made	(354,805)
Estimated interest adjustment	<u>(170,752)</u>
 Net pension obligation (asset), June 30, 2003	 <u>\$ (2,802,255)</u>

The estimated interest adjustment has been calculated by applying a 7.5% rate of return to the beginning of the year balance of the net pension obligation (asset). The 7.5% rate of return was determined by the City's actuary as the estimated rate of return on investments.

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 \$2,276,698, \$1,770,267, and \$1,351,799, respectively.

#### 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, 2003	\$ -	\$ 354,805	100%
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%

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (Continued)

#### City Schools of Decatur

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

Covered employees are required by state law to contribute 5% of their annual covered salary to the plan and the District is required to contribute 9.24% of current covered payroll. Covered employees contributions for the years ended June 30, 2003, 2002, and 2001 were \$856,481, \$785,336, and \$725,604, respectively. The District's contributions to TRS for the years ended June 30, 2003, 2002, and 2001 were \$1,551,410, \$1,456,313, and \$1,638,415, respectively, equal to the required contribution for each year.

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

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



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 9. PENSION PLANS (Continued)**

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

Covered employees are required by State statute to contribute four dollars per month for the nine month school year. Unlike TRS, the District makes no contribution to PSERS. Total contributions from employees of the District made during the fiscal year ended June 30, 2003 totaled \$2,504.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation. The State's contribution for employees for the fiscal year ended June 30, 2003 for District employees was \$32,084.

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

There were 626 employees covered under PSERS for the year ended June 30, 2003.

### **NOTE 10. DEFINED CONTRIBUTION PENSION PLAN**

The City of Decatur's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. At June 30, 2003, there were 67 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to a maximum of \$12,000 for the year ended June 30, 2003. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Commission has approved employer contributions for four employees. Total employer contributions for the year ended June 30, 2003 was \$19,240.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. FUND DEFICITS

For the year ended June 30, 2003 the City's Solid Waste Fund had a deficit net assets of \$776,255.

### 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 14. RISK MANAGEMENT (Continued)

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.

**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, 68 retirees are eligible for post-retirement benefits. These post-retirement benefits are funded on a pay-as-you go basis and totaled \$606,444 for the year ended June 30, 2003.

<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>
2003	\$ 125,000	\$ 1,388,636	\$1,388,636	\$ 125,000
2002	\$ 114,338	\$ 1,492,656	\$1,481,994	\$ 125,000

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 14. RISK MANAGEMENT (Continued)**

**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>
2003	\$ 14,570	\$ 56,700	\$ 48,787	\$ 22,483
2002	\$ 35,430	\$ 38,381	\$ 59,241	\$ 14,570

**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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 15. COMMITMENTS AND CONTINGENCIES (Continued)

#### Construction Commitments:

The City Schools of Decatur is committed under outstanding construction contracts in the amount of \$5,134,562. Construction contracts include new school construction and expansion and renovation of existing facilities.

### NOTE 16. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 7%. 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, 2003 are as follows:

Balance, July 1, 2002	\$	-
Fiscal year 2003 collections		259,214
Fiscal year 2003 disbursements		<u>(259,214)</u>
Balance, June 30, 2003	<u>\$</u>	<u>-</u>

### NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE

With the adoption of GASB Statement No. 34, the City also adopted Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This interpretation requires that no expenditure or liability be reported in the governmental funds in connection with compensated absences until they are paid or due for payment. As a result, beginning fund balance of the general fund has been adjusted by \$492,642.

**CITY OF DECATUR, GEORGIA**  
**NONMAJOR GOVERNMENTAL FUNDS**

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

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

**Grant Fund** – To account for grants received from the U.S. Department of Education.

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

**Greenspace Trust Fund** – To account for grants received from the Georgia Department of Natural Resources.

**Debt Service Fund** – To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

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

**CITY OF DECATUR, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

ASSETS	Special Revenue Funds			
	Downtown Development Authority Fund	Confiscated Drug Fund	Grant Fund	Economic Development Fund
Cash	\$ 7,020	\$ 76,204	\$ 101,536	\$ 65,318
Taxes receivable	21,102	-	-	-
Other receivables	-	-	95	6,000
Due from other funds	-	-	-	-
Total assets	\$ 28,122	\$ 76,204	\$ 101,631	\$ 71,318
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 9,769	\$ -
Due to other funds	-	-	14,574	-
Due to component unit	13,866	-	-	-
Deferred revenue	14,256	-	20,505	-
Total liabilities	28,122	-	44,848	-
<b>FUND BALANCE</b>				
Reserved	-	76,204	56,783	71,318
Unreserved	-	-	-	-
Total liabilities and fund balance	\$ 28,122	\$ 76,204	\$ 101,631	\$ 71,318

<b>Greenspace Trust Fund</b>	<b>Debt Service Fund</b>	<b>Cemetery Capital Improvement Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 190,253	\$ 495,939	\$ 53,521	\$ 989,791
-	34,609	-	55,711
-	-	-	6,095
20,000	-	50,225	70,225
<u>\$ 210,253</u>	<u>\$ 530,548</u>	<u>\$ 103,746</u>	<u>\$ 1,121,822</u>
\$ -	\$ -	\$ -	\$ 9,769
-	195,000	-	209,574
-	-	-	13,866
190,012	21,321	-	246,094
<u>190,012</u>	<u>216,321</u>	<u>-</u>	<u>479,303</u>
20,241	314,227	-	538,773
-	-	103,746	103,746
<u>20,241</u>	<u>314,227</u>	<u>103,746</u>	<u>642,519</u>
<u>\$ 210,253</u>	<u>\$ 530,548</u>	<u>\$ 103,746</u>	<u>\$ 1,121,822</u>



**CITY OF DECATUR, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Special Revenue Funds</b>			
	<b>Downtown Development Authority Fund</b>	<b>Confiscated Drug Fund</b>	<b>Grant Fund</b>	<b>Economic Development Fund</b>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>REVENUES</b>				
Taxes	\$ 318,154	\$ -	\$ -	\$ -
Intergovernmental	-	-	441,619	60,003
Interest	-	639	308	-
Miscellaneous	-	16,467	54,788	14,916
Total revenues	<u>318,154</u>	<u>17,106</u>	<u>496,715</u>	<u>74,919</u>
<b>EXPENDITURES</b>				
Current				
General services	-	-	-	95,227
Education	-	-	544,681	-
Public safety	-	6,848	-	-
Capital outlay	-	-	100,100	-
Total expenditures	<u>-</u>	<u>6,848</u>	<u>644,781</u>	<u>95,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>318,154</u>	<u>10,258</u>	<u>(148,066)</u>	<u>(20,308)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers out to component unit	(318,154)	-	-	-
Total other financing sources (uses)	<u>(318,154)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>10,258</u>	<u>(148,066)</u>	<u>(20,308)</u>
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>65,946</u>	<u>204,849</u>	<u>91,626</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ 76,204</u>	<u>\$ 56,783</u>	<u>\$ 71,318</u>

<u>Greenspace Trust Fund</u>	<u>Debt Service Fund</u>	<u>Cemetery Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 516,555	\$ -	\$ 834,709
-	-	-	501,622
-	-	-	947
<u>541</u>	<u>-</u>	<u>50,722</u>	<u>137,434</u>
<u>541</u>	<u>516,555</u>	<u>50,722</u>	<u>1,474,712</u>
300	-	44,999	140,526
-	-	-	544,681
-	-	-	6,848
<u>-</u>	<u>-</u>	<u>-</u>	<u>100,100</u>
<u>300</u>	<u>-</u>	<u>44,999</u>	<u>792,155</u>
<u>241</u>	<u>516,555</u>	<u>5,723</u>	<u>682,557</u>
20,000	-	-	20,000
-	(565,000)	-	(565,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(318,154)</u>
<u>20,000</u>	<u>(565,000)</u>	<u>-</u>	<u>(863,154)</u>
<u>20,241</u>	<u>(48,445)</u>	<u>5,723</u>	<u>(180,597)</u>
<u>-</u>	<u>362,672</u>	<u>98,023</u>	<u>823,116</u>
<u>\$ 20,241</u>	<u>\$ 314,227</u>	<u>\$ 103,746</u>	<u>\$ 642,519</u>

# CITY OF DECATUR, GEORGIA

## FIDUCIARY FUNDS

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

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

**CITY OF DECATUR, GEORGIA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2003**

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<b>ASSETS</b>	<b>Municipal Court</b>	<b>Board of Education Fund</b>	<b>Totals</b>
Cash	<u>\$ 42,350</u>	<u>\$ 313,014</u>	<u>\$ 355,364</u>
<b>LIABILITIES</b>			
Due to other government	\$ 17,350	\$ -	\$ 17,350
Due to component unit	-	313,014	313,014
Due to others	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total liabilities	<u>\$ 42,350</u>	<u>\$ 313,014</u>	<u>\$ 355,364</u>

## **STATISTICAL SECTION**

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## 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

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	2003	2002	2001	2000
General government (2)	\$ 2,015,404	\$ 1,921,696	\$ 1,871,266	\$ 1,928,939
Public safety	6,537,856	5,836,781	5,988,526	5,675,398
Public works (3)	2,290,331	-	-	-
Sanitation and Motor maintenance	-	421,702	353,525	2,034,164
Engineering	-	1,463,089	1,471,596	1,483,893
Recreation	1,683,336	1,708,303	1,617,652	1,436,317
Nondepartmental and Miscellaneous	883,471	781,553	1,038,191	765,895
Debt service	-	-	-	-
	\$ 13,410,398	\$ 12,133,124	\$ 12,340,756	\$ 13,324,606

- Notes:** (1) - Includes General Fund only.  
(2) - Expenditures related to Solid Waste transferred to a separate Solid Waste Fund effective July 1, 2000.  
(3) - Expenditures related to Public works were included in Sanitation and Motor maintenance and Engineering prior to fiscal year 2003.



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<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>
\$ 1,153,364	\$ 1,102,716	\$ 1,083,058	\$ 985,080	\$ 997,388	\$ 881,293
5,022,178	4,904,488	4,837,694	4,576,177	4,479,127	4,285,082
-	-	-	-	-	-
1,701,378	1,697,767	1,634,662	1,555,348	1,486,850	1,381,627
1,459,939	1,369,585	1,428,600	1,294,145	1,417,731	1,341,904
1,368,672	1,360,713	1,305,045	1,228,257	1,349,044	1,078,512
1,157,704	950,986	876,309	1,033,611	662,279	838,741
181,016	159,988	343,766	160,648	59,283	104,644
<u>\$ 12,044,251</u>	<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>

**CITY OF DECATUR, GEORGIA**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN YEARS**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Property taxes	\$ 8,381,569	\$ 7,573,906	\$ 6,162,689	\$ 5,693,610
Sanitation taxes (3)	-	-	-	-
Other taxes (4)	2,386,942	2,634,235	2,747,070	2,945,940
Licenses and Permits	397,938	409,595	470,848	538,106
Fines and Forfeitures	820,477	735,518	845,110	862,578
From Use of Money and Property	23,940	44,646	181,795	194,973
Grants	313,960	353,992	552,985	88,872
Charges for Services and Miscellaneous (5)	1,538,876	1,425,757	1,817,463	2,919,596
	<u>\$ 13,863,702</u>	<u>\$ 13,177,649</u>	<u>\$ 12,777,960</u>	<u>\$ 13,243,675</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.

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<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994 (2)</b>
\$ 5,504,553	\$ 3,813,165	\$ 3,916,485	\$ 4,404,090	\$ 5,128,236	\$ 2,103,962
-	1,465,754	2,140,356	2,489,101	1,492,749	2,605,319
2,546,460	2,441,436	2,662,958	2,696,103	2,446,727	2,239,465
965,161	727,766	668,687	631,531	581,635	485,006
904,611	832,636	581,614	626,374	578,335	507,304
94,435	184,236	193,587	169,858	199,930	117,260
245,001	225,093	190,438	202,997	81,054	207,828
<u>2,677,889</u>	<u>939,315</u>	<u>938,570</u>	<u>908,310</u>	<u>889,470</u>	<u>770,876</u>
<u>\$ 12,938,110</u>	<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>

**CITY OF DECATUR, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

Tax Year	Total Tax Levy (1)	Collections of Current Years' Taxes During Year	Percentage of Levy Collected During Year	Collections of Prior Years' Taxes During Year
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
2003	24,746,305	11,092,338	44.8	13,995,326

- 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.

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<b>Total Collections</b>	<b>Delinquent Taxes</b>	<b>Outstanding Delinquent Taxes as % of Levy</b>
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
25,087,664	894,927	3.62

**CITY OF DECATUR, GEORGIA**

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

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<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>
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
2003		3.149	0.953	0.057	2.024	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

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Fiscal Year	Real Property Value		Personal Property Value	
	Assessed	Estimated	Assessed	Estimated
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
2003	823,714,100	1,647,428,200	26,679,900	53,359,800

Privately Owned Public Utilities		Total Property		Ratio of Total Assessed Value to Estimated True Value
Assessed	Estimated	Assessed	Estimated	
\$ 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
20,539,100	41,078,200	870,933,100	1,741,866,200	50



## CITY OF DECATUR, GEORGIA

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

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<u>Calendar Year</u>	<u>City of Decatur (1)</u>	<u>Dekalb County (2)</u>	<u>State (3)</u>
1994	3.985	2.280	0.025
1995	4.150	2.430	0.025
1996	4.150	1.810	0.025
1997	3.566	1.240	0.025
1998	3.350	1.260	0.025
1999	3.250	1.260	0.025
2000	2.875	2.140	0.025
2001	3.002	1.980	0.025
2002	3.113	2.280	0.025
2003	3.149	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, 2003**

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Total Assessed Value of Taxable Property - 2003	<u>\$ 870,933,100</u>
Legal Debt Margin	<u>\$ 87,093,310</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, 2003**

	<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	252,664,000	4.624%	11,683,183
Fulton Dekalb Hospital Authority	<u>68,961,000</u>	4.624%	<u>3,188,757</u>
Total direct and overlapping debt	<u>\$ 321,625,000</u>		<u>\$ 14,871,940</u>

**City of Decatur Debt per Capita (3):**

Direct General Obligation Debt	\$ -
Overlapping General Obligation Debt	\$ 820

**NOTE:** (1) City of Decatur debt stated as of June 30, 2003. All other debt stated as of December 31, 2002.

(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 2003 population of 18,147.

# CITY OF DECATUR, GEORGIA

## DEMOGRAPHIC INFORMATION

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<b>Fiscal Year</b>	<b>1940</b>	<b>1950</b>	<b>1960</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>
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, 2003 - 2,499

**Source:** Decatur Board of Education

# CITY OF DECATUR, GEORGIA

## PRINCIPAL TAXPAYERS 2003

Taxpayer	Type of Business	Assessed Valuation 50%	Percentage of Total Assessed Valuation
Bell South Communications	Utility	\$ 15,270,983	1.75 %
Decatur Towncenter Association	Real Estate Holding	8,335,600	0.96
Dawson Decatur Redevelopment, LLC	Real Estate Holding	7,073,668	0.81
Prime Bank	Bank	5,896,900	0.68
Ackerman Decatur LP	Real Estate Holding	5,604,007	0.64
Lexington Decatur, LLC	Investment	4,784,140	0.55
Clairemont Partners LLP	Real Estate Holding	4,223,020	0.48
Deck-Decatur Court, LLC	Bank	4,140,392	0.48
Bask Decatur Hotel, LLC	Hotel	4,128,025	0.47
Avery Properties	Real Estate Holding	3,811,200	0.44
		<u>\$ 63,267,935</u>	<u>7.26 %</u>

**CITY OF DECATUR, GEORGIA**  
**EMPLOYEES RETIREMENT SYSTEM**  
**SUMMARY OF CHANGES IN FUND BALANCE**  
**LAST TEN YEARS**

Ended June 30,	Fund Balance	Additions		Benefit Payments	Refunds	Expense
		Contributions	Net Increase (Decrease)			
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
2003	16,665,242	813,065	192,402	1,161,708	155,279	31,316

## **COMPLIANCE SECTION**

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CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS, LLC

## INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANT

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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, 2003 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 and Local Assistance Grant #03-C-L-248. 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, 2003 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.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
September 19, 2003



## STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	<b>City of Decatur, Georgia</b>
B	Information for Year Ended	<b>June 30, 2003</b>
C	State Awarding Agency	<b>Georgia Dept of Community Affairs</b>
D	Grant Identification Number	<b>02-C-L-582</b>
E	Grant Title	<b>Local Assistance Grant</b>
F	Grant Award Date	<b>July 2, 2001</b>
G	Grant Amount	<b>\$10,000</b>
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	<b>\$1,470</b>
I	Grant Receipts or Revenue Recognized	<b>\$0</b>
J	Grant Disbursements or Expenditures	<b>\$0</b>
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line H + Line I - Line J)	<b>\$1,470</b>

### 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 \_\_\_\_\_

## STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	<b>City of Decatur, Georgia</b>
B	Information for Year Ended	<b>June 30, 2003</b>
C	State Awarding Agency	<b>Georgia Dept of Community Affairs</b>
D	Grant Identification Number	<b>03-C-L-248</b>
E	Grant Title	<b>Local Assistance Grant</b>
F	Grant Award Date	<b>July 1, 2002</b>
G	Grant Amount	<b>\$5,000</b>
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	<b>\$0</b>
I	Grant Receipts or Revenue Recognized	<b>\$5,000</b>
J	Grant Disbursements or Expenditures	<b>\$5,000</b>
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) (Line H + Line I - Line J)	<b>\$0</b>

### 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 \_\_\_\_\_