

**CITY OF DECATUR, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2007**

Prepared By:  
Administrative Services Department

Karen desIslets  
City Clerk

**CITY OF DECATUR, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2007**

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**City Manager's Office**

509 North McDonough Street

P.O. Box 220

Decatur, Georgia 30031

404-370-4102 ■ Fax 678-553-6518

info@decaturga.com ■ www.decaturga.com

December 17, 2007

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with these standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Decatur, Georgia for the fiscal year ended June 30, 2007.

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, 2007, 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, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

The independent audit of the financial statements of the City 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The 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, the operation of a municipal cemetery and community and economic development. In addition, the City owns a 280-space parking facility and a 25,000 square foot conference center.

The City of Decatur, Georgia currently occupies a land area of approximately 4.2 square miles and serves an estimated population of 20,000. 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 its 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 City Commission, for overseeing the day-to-day operations of the government and the appointment of all employees except that the appointment of department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The current City Manager has served since May, 1993.

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

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

Budgetary control is exercised at the departmental level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commission.

Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented on page 21 as part of the basic financial statements.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### **Residential Activity**

The residential housing market is stable. Applications for renovations, 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 spite of a general slow down in the residential housing market, the City's overall residential property digest increased 6% this year from the previous year.

As an indication of the City's housing market, 2 separate townhouse developments totaling 60 dwellings have been completed along Church Street just outside downtown Decatur. The first phase of an 85-unit townhouse development on Scott Boulevard is under construction. On the east side of the City, Columbia Park, a 271-apartment development has completed the permitting process. A condominium development at 201 West Ponce de Leon Avenue (54 dwellings) is under construction with significant pre-sales. Developments at 233 East Trinity Place (210 apartments) and 432 East Howard Avenue (57 dwellings) have received plan approval but have not applied for permits.

### **Commercial Activity**

In addition to government-related employers, mainly DeKalb County, the City's employer base continues to be centered on professional occupations. The City's overall commercial property digest increased 19% in 2006 and showed a slight decrease of 4% for the current year which is primarily accounted for by reductions in assessments that were appealed to the DeKalb County Board of Assessors. Even with these reductions, the commercial digest in 2007 was 16% higher than in 2005. In addition to Emory University Hospital administration, Enterpulse, an internet technology company, maintains its corporate headquarters in Decatur.



Decatur First Bank is doing well in the community banking market and has expanded operations to include a limited hours office at Clairmont Place, a senior residential community, a full-time office located in the downtown Decatur Kroger supermarket and a full-time branch office in the Wal-Mart Supercenter in Lithonia, Georgia.

Vacancy rates for available office space in the City of Decatur are generally lower than in surrounding office market areas. Vacant office space has been renovated and is being leased. A major tenant with expansion interests has been secured for the One West Court Square building. Interest in restaurant and retail activity continues to be vigorous in the central business district while interest in other commercial activities remains constant.

The Decatur Downtown Development Authority has secured a private tenant for the Old Decatur Depot. Renovation has been completed and a restaurant opened in the building in Summer, 2007.

The Oakhurst Business District continues to experience positive commercial business activity. In addition to stable retail and restaurant activity, the executive offices of Progressive Redevelopment Inc., an affordable housing development company, are located in 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 that have resulted in several new restaurants and commercial establishments.

Development of the Avondale-Decatur MARTA Station Livable Centers Initiative Master Plan has attracted redevelopment to the East College Avenue corridor, including the redevelopment of the former Bio-Lab Corporate headquarters into a 70,000 square foot mixed-use property that currently contains a regional theatre company, a small church facility, a hair salon, a number of professional offices and three eating establishments.

### **Mixed-Use Activity**

Support for mixed-use developments within the central business district remains robust. On the eastern edge of the central business district, occupancy in a mixed-use development that contains 169-unit condominium units and 8,000 square feet of commercial space is strong. In addition, on the western side of the central business district, occupancy is equally as strong in a mid-rise building that includes 70 condominium units and 6,000 square feet of retail space. Sales of condominium units in both developments have been outstanding with few available units remaining on the market. A significant amount of the available retail space is leased.

Construction of Phase I of a mixed-use development for the northeast corner of West Ponce de Leon Avenue and Commerce Drive is complete and units are occupied. Construction of Phase II which contains 54 units is underway. This development

replaces three undeveloped surface parking lots and the location of the former SunTrust drive-in bank. The project was designed to contain approximately 15,000 square feet of commercial space which has been leased to several retail and restaurant operations including Ted's Montana Grill. As part of the project, the City sold a surface parking lot adjacent to the Decatur Conference Center to the developer, who has included replacement public parking in the privately owned and managed lot.

An additional mixed-use development is planned for the area adjacent to the Avondale MARTA Station along Sams Street and East College Avenue. Funding from the Atlanta Regional Commission's Livable Centers Initiative will assist in constructing parking facilities for MARTA patrons and ultimately the development will contain 350 living units and approximately 20,000 square feet of commercial space. The first phase of the project has been approved and will consist of 270 apartments, of which up to 20% will be developed as part of the City's lifecycle housing program. Construction is expected to begin in 2008.

Talley Street Lofts, a nearby mid-rise residence with 90 condominium dwellings, is complete and sales volume has exceeded adjacent markets. Eleven dwellings in this project are part of the City's lifecycle housing initiative.

A private developer has assembled several pieces of property at the end of the block bordered by East Trinity Place and East Howard Avenue, including area that is currently developed with an one-story office/warehouse, a budget motel, a Dairy Queen restaurant and a nightclub. This property will be redeveloped with a mixed-use development that includes 210 units of rental apartments and 25,000 feet of commercial space. The property has been acquired and concept plans have been approved.

### **Institutional Activity**

Agnes Scott College, a four-year liberal arts college for women, remains financially healthy and has increased its enrollment from approximately 750 students to over 1,000 students. 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. With the approval of \$16 million in general obligation bonds and 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 addition at its Courthouse and has started over \$17 million worth of renovations of the existing facility.

### **MAJOR ACTIVITIES**

In September 2006, voters approved issuance of \$33,245,000 in general obligation debt to finance major capital improvement projects for the City and for the City Schools of Decatur. In December 2006, Moody's Investors Service issued a rating of Aa3 and

Standard & Poor's upgraded the City's rating to AA from A+ for the bonds. The bonds were issued in January 2007.

The City's portion of the proceeds was approximately \$16,653,000. A number of projects are underway including phase I of sidewalk repair and construction improvements, reconstruction of a pool at McKoy Park, installation of a Wayfinding signage system, reconstruction of Fire Station Number 2, West Ponce de Leon bike lanes and traffic calming, Oakhurst Business District Streetscapes and Phase V of the Downtown Streetscapes Master Plan, acquisition of flood-prone properties located on Westchester Drive and development of a master plan for Glenlake Park.

Future projects include a variety of transportation improvements such as additional sidewalk repair and construction, intersection improvements and matching funds for transportation facility grants; parks and recreation improvements including improvements to the Decatur Recreation Center and Glenlake Park, and acquisition of Greenspace; and, construction of a joint City/City School's public works facility.

The City Schools of Decatur intend to use funds to construct improvements for Renfro Middle School and Decatur High School.

The City has been awarded two grants from the Atlanta Regional Commission's Livable Communities Initiative program. One 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 has shifted project sponsorship of the grant to the Decatur Housing Authority who has completed major design and architectural activities and it is completing final negotiations with MARTA. Construction of the 750 space parking deck and a mixed-use development containing 271 apartment units and 14,000 s.f. in commercial space is expected to begin in 2008.

The other was a \$4 million grant to implement the Decatur MARTA Station master plan. Construction began in Fall 2005 and is complete. The plaza and east entrance to the Decatur MARTA Station received significant physical improvements which have been well received by the community including receiving a PEDS award for creating a pedestrian-friendly public space.

Improvements to the City's storm drainage system have begun using funds from the City's storm water utility. The City has completed a comprehensive storm drainage master plan to guide major capital improvements to the City's drainage system. It is anticipated that in conjunction with private and institutional construction projects in the central business district, the City will be looking to finance substantial capital improvements through the storm water utility in the next several years.

The City's volume-based sanitation collection system continues to work very well. The number and types of items collected have expanded since inception of the recycling

program. The City currently has reduced landfill deposits by approximately 40%, well in excess of the State of Georgia's goal of a 25% reduction in landfill deposits. The program has been an overwhelming success. The City has also sponsored a number of electronics recycling events which have resulted in over 170 tons of electronic equipment being recycled and not sent to the landfill.

During the past year the City's ISO Fire Rating was renewed at the Class 2 level, a rating that is only obtained by 1.5% of all the Fire Departments in the United States. The Police Department received recertification from the Georgia Police Chief Association. The City is also in the final stages of implementing a reverse emergency notification system that will allow the City to send recorded telephone messages to residents and businesses regarding emergency situations.

The City hired a consultant team to assist in developing a community transportation plan that is meant to incorporate the concepts of an active living community to provide a vision for the future for pedestrian, cycling, transit and vehicular transportation needs. The final draft of the plan will be presented to the City Commission in November 2007 with final adoption in early 2008.

In cooperation with the City Schools of Decatur, the Children and Youth Services Division was able to secure funding of \$2.4 million 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. The Division is currently developing plans to sustain the program at the conclusion of the grant period.

The City continues to implement its 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 have been installed to allow initial internet transactions for recreation program registration. In addition, the police department has implemented a program to accept fines on-line. 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.

In addition, the City was selected as one of six communities in Georgia to receive grant funding from the Governor's Wireless Communities Georgia Program. The City has used the grant funds, city funds and funds provided through institutional partners to provide wireless broadband access throughout the city limits. The city will own the system and has contracted with a private provider to provide access and system management services. Wireless service is in the beta test phase for an approximate one square mile area.

The Carl Vinson Institute of Government at the University of Georgia has completed a study of annexation possibilities for the City of Decatur applying a cost/benefit analysis and a policy analysis to land areas adjacent to the City of Decatur to determine the

potential advantages to annexing area into the city. The City Commission is considering how to proceed, particularly with approaching large commercial property owners.

## **LONG-TERM FINANCIAL PLANNING**

With the exception of the item 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 County then took the position that the entire agreement was invalid. The Superior Court granted the County's motion for judgment on the pleadings and entered final judgment against the City in 2001. The City appealed and the Georgia Supreme Court reversed the Superior Court's decision. In December 2006, the Superior Court entered a ruling in favor of the City, but the Court of Appeals recently reversed that ruling. The Court of Appeals' decision is being appealed to the Georgia Supreme Court. Should the City's position prevail, there would be a source of revenues for capital improvement projects.

## **CASH MANAGEMENT POLICIES AND PRACTICES**

Operating cash on deposit 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. The average yield on excess operating balances for the year was 4.77%.

## **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 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 \$300,000 and to cover aggregate claims of \$1,000,000.

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. Annually, 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 has contributed 8.95% of payroll during fiscal year ending June 30, 2007 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 74 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 Notes 9 and 10 in the notes to the financial statements.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the second year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrative Services 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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director

**CITY OF DECATUR, GEORGIA**

**PRINCIPAL OFFICIALS**

**June 30, 2007**

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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        | Deputy City Manager   |
| Bryan Downs       | City Attorney   |
| Andrea Arnold     | Assistant City Manager -<br>Administrative Services             |
| Lyn Menne         | Assistant City Manager -<br>Community & Economic<br>Development |
| Karen desIslets   | City Clerk  |
| Jerry Malone      | Fire Chief  |
| J. Michael Booker | Police Chief  |



**CITY OF DECATUR, GEORGIA  
ORGANIZATIONAL CHART**

VOTERS

CITY COMMISSION

CITY MANAGER

DEPUTY CITY  
MANAGER

Development  
Building Inspections

Codes Enforcement

Public Works Director

Solid Waste Collection  
Recycling  
Motor Maintenance  
Building and Grounds Maintenance  
Cemetery

Engineering

Streets  
Drainage/Stormwater Utility

FIRE  
CHIEF

Fire

POLICE  
CHIEF

Police

Uniform Patrol  
Criminal Investigations  
Special Units  
Dispatch/911

ASSISTANT CITY  
MANAGER - COMMUNITY/  
ECONOMIC DEVELOPMENT

Development Authorities

Communications

Recreation

Traditional Programs  
Non-Traditional Programs

Historic Preservation

ASSISTANT CITY  
MANAGER - ADMINISTRATIVE  
SERVICES

Finance

Accounting  
Budget  
Tax Collection  
Records Management

Technology

Insurance

Personnel

Municipal Court

## **FINANCIAL SECTION**

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## 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Decatur, Georgia** as of and for the year ended June 30, 2007, which collectively comprise the City of Decatur, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Decatur, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Georgia as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007, on our consideration of the City of Decatur, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. 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 of Decatur, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 17, 2007

# CITY OF DECATUR, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements and footnotes.

### Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$43,643,679 (net assets). Of this amount, \$9,770,533 (unrestricted net assets) may be used to meet the government's ongoing obligations.

In September 2006, Decatur voters approved a bond referendum that provides the City of Decatur and City Schools of Decatur with \$33,245,000 for large capital improvement projects. This is the first general obligation debt for the City since 1955 and for the school system since the late 1950s. The bonds were issued in January 2007. Of the overall bond issue, \$16,500,000 was transferred to the school system. As a result of the transfer of bond proceeds to the school system, the City's total net assets decreased by \$14,830,726. In the absence of the bond issuance, the net assets would have increased by approximately \$1,670,000 primarily due to an increase in cash related to governmental activities and a decrease in liabilities related to both governmental and business-type activities.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,263,870, an increase of \$18,611,644, primarily as a result of proceeds from the issuance of general obligation bonds, in comparison with the prior year. At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,224,275 or 38% of total general fund expenditures. This amount is available for spending at the government's discretion, as it is unreserved fund balance.

### Overview of the Financial Statements

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

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

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).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 and parking deck, the stormwater utility and solid waste.

The government-wide financial statements include not only the City itself (known as the primary government), but also two discretely presented component units, the Downtown Development Authority and the 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 ten 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 Capital Improvement Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 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 17-19 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The basic proprietary fund financial statements can be found on pages 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 27-59 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### 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 \$43,643,679 at the close of the most recent fiscal year. Following is a description of the City's net assets (in thousands) as compared to the previous year.

#### City of Decatur Net Assets

|  | Governmental<br>Activities |                  | Business-type<br>Activities |                 | Total Primary<br>Government |                  |
|--|----------------------------|------------------|-----------------------------|-----------------|-----------------------------|------------------|
|  | 2006                       | 2007             | 2006                        | 2007            | 2006                        | 2007             |
| <b>Assets</b>                                      |                            |                  |                             |                 |                             |                  |
| Current assets                                     | \$ 11,213                  | \$ 29,361        | \$ 2,046                    | \$ 2,460        | \$ 13,259                   | \$ 31,821        |
| Capital assets                                     | 49,835                     | 49,953           | 6,004                       | 5,622           | 55,839                      | 55,575           |
| Other non-current assets                           | 755                        | 716              | -                           | -               | 755                         | 716              |
| Total assets                                       | <u>61,803</u>              | <u>80,030</u>    | <u>8,050</u>                | <u>8,082</u>    | <u>69,853</u>               | <u>88,112</u>    |
| <b>Liabilities</b>                                 |                            |                  |                             |                 |                             |                  |
| Long-term liabilities                              | 5,220                      | 39,261           | 2,292                       | 1,478           | 7,512                       | 40,739           |
| Other liabilities                                  | 2,425                      | 2,174            | 1,442                       | 1,555           | 3,867                       | 3,729            |
| Total liabilities                                  | <u>7,645</u>               | <u>41,435</u>    | <u>3,734</u>                | <u>3,033</u>    | <u>11,379</u>               | <u>44,468</u>    |
| <b>Net assets</b>                                  |                            |                  |                             |                 |                             |                  |
| Invested in capital assets,<br>net of related debt | 46,046                     | 28,897           | 3,387                       | 4,154           | 49,433                      | 33,051           |
| Restricted   | 595                        | 823              | -                           | -               | 595                         | 823              |
| Unrestricted                                       | 7,517                      | 8,875            | 929                         | 895             | 8,446                       | 9,770            |
| Total net assets                                   | <u>\$ 54,158</u>           | <u>\$ 38,595</u> | <u>\$ 4,316</u>             | <u>\$ 5,049</u> | <u>\$ 58,474</u>            | <u>\$ 43,644</u> |

By far the largest portion of the City's net assets (76%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City's net assets are either restricted (\$822,887) or unrestricted (\$9,770,533). Unrestricted net assets 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. However, the Solid Waste Fund's negative net assets improved by \$88,597 over fiscal year 2006.

During the current fiscal year the City's total net assets decreased by \$14,830,726. This is primarily due to the \$16,500,000 transfer of proceeds from the general obligation bond issuance to the City Schools of Decatur.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Changes in Net Assets

The following schedule presents a summary of changes in net assets for the fiscal year ending June 30, 2007 (in thousands).

|   | <b>City of Decatur Changes in Net Assets</b> |                  |                             |                 |                             |                  |
|---|--|------------------|-----------------------------|-----------------|-----------------------------|------------------|
|   | Governmental<br>Activities                   |                  | Business-type<br>Activities |                 | Total Primary<br>Government |                  |
|   | 2006   | 2007             | 2006                        | 2007            | 2006                        | 2007             |
| Revenues  |  |                  |                             |                 |                             |                  |
| Program revenues:                               |  |                  |                             |                 |                             |                  |
| Charges for services                            | \$ 3,245                                     | \$ 3,361         | \$ 3,381                    | \$ 3,421        | \$ 6,626                    | \$ 6,782         |
| Operating grants & contributions                | 997  | 790              | -                           | -               | 997                         | 790              |
| Capital grants & contributions                  | 8,153  | 3,362            | -                           | -               | 8,153                       | 3,362            |
| General revenues:                               |  |                  |                             |                 |                             |                  |
| Property taxes                                  | 11,847                                       | 14,456           | -                           | -               | 11,847                      | 14,456           |
| Franchise taxes                                 | 1,254  | 1,227            | -                           | -               | 1,254                       | 1,227            |
| Sales taxes                                     | 579  | 609              | -                           | -               | 579                         | 609              |
| Other taxes                                     | 1,363  | 1,495            | -                           | -               | 1,363                       | 1,495            |
| Investment earnings                             | 312  | 710              | -                           | -               | 312                         | 710              |
| Gain on sale of capital assets                  | 24   | 1                | -                           | -               | 24                          | 1                |
| Total revenues                                  | <u>27,774</u>                                | <u>26,011</u>    | <u>3,381</u>                | <u>3,421</u>    | <u>31,155</u>               | <u>29,432</u>    |
| Expenses  |  |                  |                             |                 |                             |                  |
| General government                              | 8,729  | 8,589            | -                           | -               | 8,729                       | 8,589            |
| Education                                       | 1,845  | 2,007            | -                           | -               | 1,845                       | 2,007            |
| Public safety                                   | 8,414  | 8,043            | -                           | -               | 8,414                       | 8,043            |
| Public works                                    | 3,544  | 3,310            | -                           | -               | 3,544                       | 3,310            |
| Recreation                                      | 1,872  | 1,865            | -                           | -               | 1,872                       | 1,865            |
| Interest on long-term debt                      | 106  | 804              | -                           | -               | 106                         | 804              |
| Conference center                               | -  | -                | 561                         | 516             | 561                         | 516              |
| Stormwater                                      | -  | -                | 793                         | 552             | 793                         | 552              |
| Sanitation                                      | -  | -                | 1,945                       | 2,076           | 1,945                       | 2,076            |
| Total expenses                                  | <u>24,510</u>                                | <u>24,618</u>    | <u>3,299</u>                | <u>3,144</u>    | <u>27,809</u>               | <u>27,762</u>    |
| Income (Loss) before transfers and special item | 3,264  | 1,393            | 82                          | 277             | 3,346                       | 1,670            |
| Transfers                                       | (595)  | (456)            | 595                         | 456             | -                           | -                |
| Special item                                    | -  | (16,500)         | -                           | -               | -                           | (16,500)         |
| Change in net assets                            | <u>2,669</u>                                 | <u>(15,563)</u>  | <u>677</u>                  | <u>733</u>      | <u>3,346</u>                | <u>(14,830)</u>  |
| Net assets beginning of year                    | 51,489                                       | 54,158           | 3,639                       | 4,316           | 55,128                      | 58,474           |
| Net assets end of year                          | <u>\$ 54,158</u>                             | <u>\$ 38,595</u> | <u>\$ 4,316</u>             | <u>\$ 5,049</u> | <u>\$ 58,474</u>            | <u>\$ 43,644</u> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Governmental charges for services increased by approximately \$116,000 from general fund activities including slightly increased activity in recreation service fees for after-school programming and parking meter fees and fines. Operating grants and contributions decreased \$207,000 mostly due to the reduction in federal funding for the 21<sup>st</sup> Century Learning Centers grant in the education category. Capital grants and contributions decreased by \$4,790,782 because the completion of the Decatur MARTA Station improvement project was reflected in the prior year's report. Property taxes showed an approximate increase of \$2,600,000 due to an increase in the millage rate necessitated by the voter approval of the general obligation bonds in 2006, an increase in the assessed value of real property and the City's activities with a tax collection service. Investment earnings increased by \$397,897 due to continued overall market improvements and investment of bond proceeds. Other sources of revenue remained relatively stable.

Expenses increased approximately \$110,000 primarily due to slightly higher expenses related to the 21<sup>st</sup> Century Learning Centers grant in the education category. All other governmental activity categories, not related to the bonded debt, experienced a decrease in expenses.

Net assets on governmental activities funds decreased by \$15,563,228 primarily due to the payment to the City Schools of Decatur related to the issuance of general obligation bonds.

Business-type activities include operations of the conference center and parking deck, the storm water utility and solid waste collection. Business-type activities increased the City of Decatur's net assets by \$732,502. The business-type activities experienced a decrease of approximately \$154,500 in expenses during fiscal year 2007 and a slight increase in revenues and transfers of \$99,600.

### 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 flow needs.

As of the end of the current fiscal year, the City of Decatur, Georgia's governmental funds reported combined ending fund balances of \$27,263,870, an increase of \$18,611,644 in comparison with the prior year. Approximately twenty-seven percent of the total amount (\$7,247,840) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$20,016,030) is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate grants already received but not expended (\$822,887); 2) to encourage economic development activities (\$19,303); 3) to pay debt service (\$1,830,543); 4) to provide financing to enterprise funds for capital improvements (\$531,823); 5) to account for pre-paid expenditures in the general fund (\$64,081); and 6) to finance capital projects that were approved by the voters in September 2006 (\$16,747,393).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The general fund is the chief operating fund of the City of Decatur, Georgia. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$6,224,275, while the total fund balance for all governmental funds reached \$27,263,870. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents thirty-eight percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2006 and 2007 (in thousands).

|                                      | General Fund    |                 | \$ Increase<br>(Decrease) | % Increase<br>(Decrease) |
|--------------------------------------|-----------------|-----------------|---------------------------|--------------------------|
|                                      | 2006            | 2007            |                           |                          |
| Revenues                             |                 |                 |                           |                          |
| Taxes                                | \$ 13,270       | \$ 14,151       | 881                       | 7                        |
| Licenses & permits                   | 721             | 603             | (118)                     | (16)                     |
| Intergovernmental                    | 279             | 259             | (20)                      | (7)                      |
| Fines & forfeitures                  | 628             | 571             | (57)                      | (9)                      |
| Charges for services                 | 1,018           | 1,100           | 82                        | 8                        |
| Interest income                      | 246             | 340             | 94                        | 38                       |
| Other revenues                       | 128             | 52              | (76)                      | (59)                     |
| Total revenues                       | <u>16,290</u>   | <u>17,076</u>   | <u>786</u>                | <u>5</u>                 |
| Expenditures                         |                 |                 |                           |                          |
| General government                   | 4,596           | 4,970           | 374                       | 8                        |
| Public safety                        | 6,844           | 7,063           | 219                       | 3                        |
| Public works                         | 2,839           | 2,663           | (176)                     | (6)                      |
| Recreation                           | 1,656           | 1,752           | 96                        | 6                        |
| Total expenditures                   | <u>15,935</u>   | <u>16,448</u>   | <u>513</u>                | <u>3</u>                 |
| Excess of revenues over expenditures | 355             | 628             | 273                       | 77                       |
| Other financing sources (uses)       |                 |                 |                           |                          |
| Proceeds from sale of capital assets | 22              | 1               | (21)                      | (95)                     |
| Transfers in                         | 403             | 424             | 21                        | 5                        |
| Transfers out                        | (935)           | (298)           | 637                       | (68)                     |
| Total other financing sources (uses) | <u>(510)</u>    | <u>127</u>      | <u>637</u>                | <u>125</u>               |
| Net change in fund balances          | (155)           | 755             | 910                       | (587)                    |
| Fund balances, beginning of year     | 5,688           | 5,533           | (155)                     | (3)                      |
| Fund balances, end of year           | <u>\$ 5,533</u> | <u>\$ 6,288</u> | <u>755</u>                | <u>14</u>                |

Revenue from taxes increased mainly from additional income from real estate taxes as result of an increase in assessed values as well as collection efforts with a tax service, an increase in penalties and interest from delinquent taxes, and higher than anticipated motor vehicle, intangible and franchise taxes.

Licenses and permits decreased approximately \$118,000 because the previous year had increased over 100% due to major construction programs including mixed-use developments in the downtown area. Construction activity remains strong and actual revenues exceeded budgeted expectations. Fines and forfeitures decreased approximately 9% predominately due to the vacancies in Uniform Patrol. Charges for services show an increase of 8% primarily because recreation program revenues were up due to increased program participation. An increase was experienced in reimbursements for Police officer overtime incurred while working special events such as the ING marathon. Interest income has rebounded significantly as interest rates continue to increase. Other sources of revenue either remained stable or increased slightly. Very few areas experienced reductions in revenue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The overall increase in expenditures was approximately three percent, which is due primarily to the merit-based salary adjustment of five percent budgeted for most full-time City employees in this fiscal year. Additional adjustments were made for other positions based on a market salary survey and internal salary equity. Personnel services comprise approximately 70% of the general fund operating budget. The City's required contribution rate to the City of Decatur Employees' Retirement System decreased from 9.59% to 8.95% of full-time payroll. Expenditures for group medical costs were 26% higher than the previous fiscal year but remained within budget estimates. Employee contributions were increased to offset the impact of the group medical costs. The City continues to work closely with the program's third party administrator to control costs to the City as well as ensure accurate information for budgeting. Workers compensation expenses were greater than budgeted due to unanticipated claims and administrative fees following the budget revision.

The moderate increase in General Government, Public Safety and Recreation expenditures reflects the merit-based general salary adjustment, group medical costs and workers compensations charges. The increases were largely confined to personnel related expenditures. The decrease in expenditures in Public Works was due primarily to the reduction in gasoline costs.

The Capital Improvement Fund's fund balance increased by \$15,836,705 to \$17,736,286. The significant fluctuation from the previous year is due to the issuance of \$33,245,000 of general obligation bonds for capital projects. In the absence of the general bond issuance, the capital improvement fund's fund balance would have decreased by \$1,161,283. 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 eight 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. Major capital outlay projects in 2006-2007 included the Decatur MARTA Station renovation and improvement project which is completed as well as the development of the community transportation plan.

The Debt Service Fund's fund balance increased by \$1,672,040 for a total fund balance of \$1,830,543, all of which is reserved for the payment of debt service. The fund balance is used to cover cash flow needs for debt service payments and to provide resources to cover debt service costs associated with capital construction costs for the conference center and parking deck and the debt service payments for the general obligation bonds issued in 2007.

In fiscal year 2003-2004 the Emergency Telephone System Fund was created to account for receipts from the E-911 and wireless E-911 telephone charges and for expenditures to maintain and operate an E-911 communications center. In fiscal year 2006-2007, the fund balance increased \$116,737 for a total fund balance of \$195,149. In June 2006, the E911 wireless fee was increased from \$1.00 to \$1.50 representing the successful conversion to the Phase II Wireless 911 system which is capable of locating calls from wireless devices.

The other nonmajor governmental funds (Confiscated Drug, Grant, Economic Development, Greenspace Fund, Hotel/Motel Tax and Cemetery Capital Improvement Funds) have a combined fund balance of \$1,213,536, of which \$371,346 is unreserved. Approximately \$19,303 in the Economic Development fund is reserved for tree plantings.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains three enterprise funds that account for activities of the city that are operated in a business fashion. Those funds include the Conference Center and Parking Deck Fund, the Stormwater Utility Fund and the Solid Waste Fund.

Revenues from charges for services for the conference center and parking fund experienced an increase of approximately 3% in fiscal year 2006-2007 and expenditures for services decreased approximately 10%. The conference center and parking deck fund continued a positive cash position at the close of the fiscal year. Improvements to the conference center in fiscal year 2006-2007 included general building maintenance improvements and the replacement of a drainage pump in the parking deck.

Revenue from stormwater fees increased approximately 3% during fiscal year 2006-2007 due to ongoing collection efforts. After accounting for overhead charges due to the general fund for services rendered (\$246,800), the stormwater utility increased its net assets by \$201,250 for total net assets of \$3,178,794 at the end of the fiscal year. This increase is largely attributed to a slight reduction in operating expenditures. Upon the completion of the stormwater utility master plan, the City will initiate storm drainage improvements in conjunction with streetscapes projects and construction of neighborhood storm drainage improvements. Over the next 12-18 months, the City will be pursuing various capital funding opportunities, including the use of revenue bonds.

Revenues in the solid waste fund were up less than one percent. Operating expenses were up about 7% over fiscal year 2005-2006 and the fund experienced an operating income of \$266,097. Even after accounting for overhead charges due to the general fund for services rendered (\$177,500), the solid waste fund had an increase in net assets of \$88,597 which reduced the overall deficit to \$397,641. The solid waste fund continued a positive cash position with cash remaining in the amount of \$1,053,628.

The Public Works staff continues to analyze costs and service charges to confirm that fees charged cover the cost of services delivered as well as developing alternative service delivery options to reduce costs and to reduce the deficit in total net assets.

Unrestricted net assets of the Conference and Parking Deck fund at the end of the year amounted to \$288,956. Unrestricted net assets of the Stormwater Utility fund at the end of the year amounted to \$1,424,060. Unrestricted net assets of the Solid Waste fund at the end of the year amounted to (\$817,685).

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The primary fiduciary fund is the Pension Trust Fund that holds assets to be used for paying pension obligations of city employees. The Pension Trust Fund had a net increase of \$2,784,338 to net assets during fiscal year 2006-2007.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General Fund Budgetary Highlights

In fiscal year 2006-2007, it was initially anticipated that there would be a contribution of \$100,100 from the general fund balance to cover expenditures. However, because expenditures were approximately two percent less than budgeted and revenues were approximately four percent higher than budgeted, the fund balance increased by \$754,704. The City's general fund balance as of June 30, 2007 is \$6,288,356. This is equivalent to approximately thirty-five percent of the City's current estimate of general fund expenditures for fiscal 2007-2008. It should be noted that the fiscal year 2007-2008 budget anticipates using \$203,340 of general fund balance to provide sufficient funds to meet operations. This would reduce the fund balance to approximately \$6,085,016 or thirty-four percent of general fund expenditures.

The final amended budget for revenues was approximately 3.8% less than the original budget. The main differences reflected a reduction in the budget for real property taxes mostly due to disbursement of excess funds from the 2006 sale of tax deeds for three properties that had delinquent taxes. The final amended budget for expenditures was approximately 1% lower than the original budget. The original budget anticipated using \$100,100 of fund balance to meet expenditure needs and that figure was increased to \$327,500 in the amended budget. Although by the close of the fiscal year revenues exceeded budgetary estimates by \$768,358, expenditures were \$331,736 less than budgetary estimates, thus resulting in an addition of \$754,704 to the fund balance. The City's fund balance as of June 30, 2007 was \$6,288,356 which is approximately thirty-eight percent of fiscal year 2006-2007 expenditures.

### 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, 2007, amounts to \$55,575,011 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure (roads, bridges and drainage culverts, etc.) The City's investment in capital assets decreased one-half of a percent for the current fiscal year mainly because of depreciation within the business-type activities. Additional information on the City's capital assets can be found in Note 6 on pages 41-43 of this report. The following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

#### Capital Assets (net of depreciation)

|                                     | Governmental<br>Activities |                  | Business-type<br>Activities |                 | Total Primary<br>Government |                  |
|-------------------------------------|----------------------------|------------------|-----------------------------|-----------------|-----------------------------|------------------|
|                                     | 2006                       | 2007             | 2006                        | 2007            | 2006                        | 2007             |
| Land                                | \$ 2,295                   | \$ 2,322         | \$ 195                      | \$ 280          | \$ 2,490                    | \$ 2,602         |
| Construction in progress            | 5,662                      | 2,318            | -                           | -               | 5,662                       | 2,318            |
| Land improvements                   | 386                        | 335              | -                           | -               | 386                         | 335              |
| Infrastructure                      | 7,693                      | 7,259            | 1,731                       | 1,660           | 9,424                       | 8,919            |
| Building & improvements             | 32,266                     | 35,661           | 3,592                       | 3,239           | 35,858                      | 38,900           |
| Machinery & equipment               | 925                        | 1,010            | -                           | -               | 925                         | 1,010            |
| Vehicles                            | 608                        | 1,048            | -                           | -               | 608                         | 1,048            |
| Furniture, fixtures, &<br>equipment | -                          | -                | 486                         | 443             | 486                         | 443              |
| Total                               | <u>\$ 49,835</u>           | <u>\$ 49,953</u> | <u>\$ 6,004</u>             | <u>\$ 5,622</u> | <u>\$ 55,839</u>            | <u>\$ 55,575</u> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Long-term Debt and Capital Leases.** At the end of the current fiscal year, the City had long-term bonded debt in the amount of \$33,493,772 including the bond issuance premium. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The City's total assessed valuation for 2007 is \$1,621,800,000 with a current debt limitation for the City of \$162,180,000, not including current debt outstanding.

The City has entered into lease agreements for financing the acquisition of equipment, machinery and improvements. The total amount of machinery, equipment and vehicles under capital leases at June 30, 2007 was \$1,044,397.

At June 30, 2007, the City had long-term debt in the amount of \$40,815,823, which was comprised of \$33,493,772 in general obligation bonds payable, \$5,767,260 in capital leases, certificates of participation, claims and judgments and compensated absences in the governmental activities and \$1,554,791 in capital leases, note payable, and compensated absences in the business-type activities. The long-term debt includes the general obligation bonds issued in January 2007. The bond issuance will finance approximately \$16,600,000 worth of capital improvements for city-related capital projects, including transportation improvements, parks and recreation improvements, greenspace acquisition, public safety facility renovations, and public works improvements. The City Schools of Decatur will use approximately \$16,500,000 for school-related capital projects. Also included in the long-term debt are the certificates of participation issued in July 2005 in the principal amount of \$2,675,000 to finance the renovation and addition of Decatur City Hall.

Additional information on the City's long-term debt can be found in Note 7 on pages 42-47 of this report.

### **Economic Factors**

The unemployment rate for the City is currently five percent. The occupancy rate of the government's central business district is approximately ninety percent as compared to surrounding areas that average a seventy-five percent occupancy rate. Inflationary trends in the region compare favorably to national indices. Construction of residential living units in the central business district continues to add to the economic vitality of the district and there are on-going redevelopment efforts occurring throughout the City.

### **Next Year's Budget**

At June 30, 2007, unreserved fund balance in the general fund was \$6,224,275. The City has appropriated \$203,340 of this amount for spending in the 2008 fiscal year budget. This use of fund balance is designated to partially off-set the cost of a one-week merit based bonus. Next year's budget includes the merit-based one-week bonus, various reclassifications and market based salary adjustments, an emphasis on emergency planning and communications, environmental initiatives, performance measurement, technology improvements, transportation planning and significant capital investments through the general obligation bond financing that was approved in September 2006.

### **Requests for Information**

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

**CITY OF DECATUR, GEORGIA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2007**

| ASSETS  | Primary Government |                  |                   | Component Units       |                    |
|---|--------------------|------------------|-------------------|-----------------------|--------------------|
|   | Governmental       | Business-type    | Total             | Downtown              | City               |
|   | Activities         | Activities       |                   | Development Authority | Schools of Decatur |
| Cash and cash equivalents                               | \$ 25,172,778      | \$ 3,142,149     | \$ 28,314,927     | \$ 332,938            | \$ 31,261,450      |
| Taxes receivable  | 551,646            | -                | 551,646           | 20,608                | 1,670,526          |
| Other receivables                                       | 672,817            | -                | 672,817           | 23,872                | 467,826            |
| Accounts receivable, net of allowances                  | -                  | 264,108          | 264,108           | -                     | -                  |
| Due from primary government                             | -                  | -                | -                 | 92,590                | 5,001,481          |
| Due from other governments                              | 358,222            | -                | 358,222           | -                     | 1,851,897          |
| Due from component unit                                 | 293,039            | -                | 293,039           | -                     | -                  |
| Internal balances                                       | 965,740            | (965,740)        | -                 | -                     | -                  |
| Inventory   | -                  | -                | -                 | -                     | 18,095             |
| Prepaid items   | 696,857            | 3,615            | 700,472           | -                     | -                  |
| Restricted investments                                  | 256,269            | -                | 256,269           | -                     | -                  |
| Other current assets                                    | 26,500             | -                | 26,500            | -                     | -                  |
| Deferred charges, unamortized balance                   | 367,432            | 16,071           | 383,503           | -                     | -                  |
| Capitalized lease receivable from primary government    | -                  | -                | -                 | 1,484,476             | -                  |
| Capital assets:   |                    |                  |                   |                       |                    |
| Non-depreciable   | 4,639,397          | 280,065          | 4,919,462         | -                     | -                  |
| Depreciable, net of accumulated depreciation            | 45,313,623         | 5,341,926        | 50,655,549        | -                     | 3,771,558          |
| Other non-current assets                                | 716,159            | -                | 716,159           | -                     | -                  |
| <b>Total assets</b>                                     | <b>80,030,479</b>  | <b>8,082,194</b> | <b>88,112,673</b> | <b>1,954,484</b>      | <b>44,042,833</b>  |
| <b>LIABILITIES</b>                                      |                    |                  |                   |                       |                    |
| Accounts payable  | 539,876            | 70,434           | 610,310           | 36,216                | 3,253,997          |
| Accrued liabilities                                     | 1,589,240          | 53,303           | 1,642,543         | -                     | 2,520,488          |
| Unearned revenue  | 45,569             | 1,354,749        | 1,400,318         | -                     | 8,959,342          |
| Due to primary government                               | -                  | -                | -                 | 164,778               | 67,107             |
| Certificates of participation due within one year       | 95,000             | -                | 95,000            | -                     | -                  |
| Certificates of participation due in more than one year | 3,900,000          | -                | 3,900,000         | -                     | -                  |
| Claims and judgments payable due within one year        | 109,576            | -                | 109,576           | -                     | -                  |
| Claims and judgments payable due in more than one year  | 112,221            | -                | 112,221           | -                     | -                  |
| Compensated absences, current                           | 658,933            | 70,315           | 729,248           | -                     | 69,468             |
| Compensated absences, long-term                         | 87,150             | -                | 87,150            | -                     | 30,236             |
| Capital leases due to component unit, current           | -                  | 725,000          | 725,000           | -                     | -                  |
| Capital leases due to component unit, long-term         | -                  | 759,476          | 759,476           | -                     | -                  |
| Other long-term liability, due to primary government    | -                  | -                | -                 | -                     | 61,154             |
| Capital leases due within one year                      | 176,991            | -                | 176,991           | -                     | 113,241            |
| Capital leases due in more than one year                | 505,409            | -                | 505,409           | -                     | 3,243,108          |
| Bonds payable due within one year                       | -                  | -                | -                 | 725,000               | -                  |
| Bonds payable due in more than one year                 | 33,493,772         | -                | 33,493,772        | 759,476               | -                  |
| Other long-term liability, long-term                    | 121,980            | -                | 121,980           | -                     | -                  |
| <b>Total liabilities</b>                                | <b>41,435,717</b>  | <b>3,033,277</b> | <b>44,468,994</b> | <b>1,685,470</b>      | <b>18,318,141</b>  |

(Continued)



**CITY OF DECATUR, GEORGIA**

**STATEMENT OF NET ASSETS  
JUNE 30, 2007**

| NET ASSETS                                      | Primary Government      |                          |               | Component Units                |                         |
|---|-------------------------|--------------------------|---------------|--------------------------------|-------------------------|
|   | Governmental Activities | Business-type Activities | Total         | Downtown Development Authority | City Schools of Decatur |
| Invested in capital assets, net of related debt | \$ 28,896,673           | \$ 4,153,586             | \$ 33,050,259 | \$ -                           | \$ 415,209              |
| Restricted for capital projects                 | -                       | -                        | -             | -                              | 20,780,849              |
| Restricted for grant programs                   | 822,887                 | -                        | 822,887       | -                              | -                       |
| Unrestricted                                    | 8,875,202               | 895,331                  | 9,770,533     | 269,014                        | 4,528,634               |
| Total net assets                                | \$ 38,594,762           | \$ 5,048,917             | \$ 43,643,679 | \$ 269,014                     | \$ 25,724,692           |

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, 2007**

| <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  | \$ 8,589,499         | \$ 904,553                  | \$ -                                      | \$ 99,000                               |
| Education   | 2,007,012            | 230,477                     | 750,867                                   | 903,737                                 |
| Public safety   | 8,043,407            | 1,499,952                   | -   | 146,496                                 |
| Public works  | 3,309,610            | 87,739                      | 39,521                                    | 2,212,891                               |
| Recreation  | 1,864,869            | 638,708                     | -   | -                                       |
| Interest on long-term debt  | 803,879              | -                           | -   | -                                       |
| Total governmental activities   | <u>24,618,276</u>    | <u>3,361,429</u>            | <u>790,388</u>                            | <u>3,362,124</u>                        |
| Business-type activities:   |                      |                             |   |   |
| Conference center   | 516,000              | 78,655                      | -   | -                                       |
| Stormwater  | 552,010              | 1,000,060                   | -   | -                                       |
| Solid Waste   | 2,076,303            | 2,342,400                   | -   | -                                       |
| Total business-type activities  | <u>3,144,313</u>     | <u>3,421,115</u>            | <u>-</u>                                  | <u>-</u>                                |
| Total primary government  | <u>\$ 27,762,589</u> | <u>\$ 6,782,544</u>         | <u>\$ 790,388</u>                         | <u>\$ 3,362,124</u>                     |
| <b>Component units:</b>   |                      |                             |   |   |
| Downtown Development Authority  | \$ 788,227           | \$ -                        | \$ -                                      | \$ -                                    |
| City Schools of Decatur   | 36,027,254           | 1,457,327                   | 12,565,621                                | -                                       |
| Total component units   | <u>\$ 36,815,481</u> | <u>\$ 1,457,327</u>         | <u>\$ 12,565,621</u>                      | <u>\$ -</u>                             |
| General revenues:   |                      |                             |   |   |
| Property taxes  |                      |                             |   |   |
| Franchise taxes   |                      |                             |   |   |
| Sales taxes   |                      |                             |   |   |
| Business taxes  |                      |                             |   |   |
| Grants and contributions not restricted to specific programs                      |                      |                             |   |   |
| Unrestricted investment earnings  |                      |                             |   |   |
| Gain on sale of capital assets  |                      |                             |   |   |
| Miscellaneous   |                      |                             |   |   |
| Transfers   |                      |                             |   |   |
| Special item - Payment of portion of bond proceeds to the City Schools of Decatur |                      |                             |   |   |
| 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<br>Activities | Business-type<br>Activities | Total                | Downtown<br>Development<br>Authority | City<br>Schools of<br>Decatur |
| \$ (7,585,946)             | \$ -                        | \$ (7,585,946)       | \$ -                                 | \$ -                          |
| (121,931)                  | -                           | (121,931)            | -                                    | -                             |
| (6,396,959)                | -                           | (6,396,959)          | -                                    | -                             |
| (969,459)                  | -                           | (969,459)            | -                                    | -                             |
| (1,226,161)                | -                           | (1,226,161)          | -                                    | -                             |
| (803,879)                  | -                           | (803,879)            | -                                    | -                             |
| <u>(17,104,335)</u>        | <u>-</u>                    | <u>(17,104,335)</u>  | <u>-</u>                             | <u>-</u>                      |
| -                          | (437,345)                   | (437,345)            | -                                    | -                             |
| -                          | 448,050                     | 448,050              | -                                    | -                             |
| -                          | 266,097                     | 266,097              | -                                    | -                             |
| <u>-</u>                   | <u>276,802</u>              | <u>276,802</u>       | <u>-</u>                             | <u>-</u>                      |
| <u>(17,104,335)</u>        | <u>276,802</u>              | <u>(16,827,533)</u>  | <u>-</u>                             | <u>-</u>                      |
| -                          | -                           | -                    | (788,227)                            | -                             |
| -                          | -                           | -                    | -                                    | (22,004,306)                  |
| <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ -</u>          | <u>\$ (788,227)</u>                  | <u>\$ (22,004,306)</u>        |
| <br>                       |                             |                      |                                      |                               |
| \$ 14,455,985              | \$ -                        | \$ 14,455,985        | \$ 407,768                           | \$ 20,647,624                 |
| 1,226,971                  | -                           | 1,226,971            | -                                    | -                             |
| 608,474                    | -                           | 608,474              | -                                    | 3,304,714                     |
| 1,494,632                  | -                           | 1,494,632            | -                                    | -                             |
| -                          | -                           | -                    | -                                    | 20,000                        |
| 710,135                    | -                           | 710,135              | -                                    | 531,404                       |
| 610                        | -                           | 610                  | 105,546                              | -                             |
| -                          | -                           | -                    | 186,024                              | 533,538                       |
| (455,700)                  | 455,700                     | -                    | -                                    | -                             |
| <u>(16,500,000)</u>        | <u>-</u>                    | <u>(16,500,000)</u>  | <u>-</u>                             | <u>16,500,000</u>             |
| <u>1,541,107</u>           | <u>455,700</u>              | <u>1,996,807</u>     | <u>699,338</u>                       | <u>41,537,280</u>             |
| <u>(15,563,228)</u>        | <u>732,502</u>              | <u>(14,830,726)</u>  | <u>(88,889)</u>                      | <u>19,532,974</u>             |
| <u>54,157,990</u>          | <u>4,316,415</u>            | <u>58,474,405</u>    | <u>357,903</u>                       | <u>6,191,718</u>              |
| <u>\$ 38,594,762</u>       | <u>\$ 5,048,917</u>         | <u>\$ 43,643,679</u> | <u>\$ 269,014</u>                    | <u>\$ 25,724,692</u>          |

**CITY OF DECATUR, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

| <b>ASSETS</b>  | <b>General<br/>Fund</b> | <b>Capital<br/>Improvement<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|---|---|---|
| Cash and cash equivalents  | \$ 4,938,143            | \$ 17,377,589                           | \$ 2,857,046                            | \$ 25,172,778                           |
| Taxes receivable   | 366,339                 | 61,421                                  | 123,886                                 | 551,646                                 |
| Other receivables  | 127,780                 | 460,861                                 | 84,176                                  | 672,817                                 |
| Due from other governments   | -                       | -                                       | 358,222                                 | 358,222                                 |
| Due from other funds   | 1,993,211               | 86,861                                  | 60,142                                  | 2,140,214                               |
| Due from component unit  | 131,885                 | 100,000                                 | -                                       | 231,885                                 |
| Restricted investments   | -                       | 256,269                                 | -                                       | 256,269                                 |
| Advances to other funds  | -                       | 531,823                                 | -                                       | 531,823                                 |
| Prepaid expenditures   | 64,081                  | -                                       | 632,776                                 | 696,857                                 |
| Other current assets   | 26,500                  | -                                       | -                                       | 26,500                                  |
| <b>Total assets</b>  | <b>\$ 7,647,939</b>     | <b>\$ 18,874,824</b>                    | <b>\$ 4,116,248</b>                     | <b>\$ 30,639,011</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>   |                         |   |   |   |
| <b>LIABILITIES</b>   |                         |   |   |   |
| Accounts payable   | \$ 508,230              | \$ -                                    | \$ 31,646                               | \$ 539,876                              |
| Accrued liabilities  | 722,366                 | 201,412                                 | -                                       | 923,778                                 |
| Deferred revenues  | 96,226                  | 24,881                                  | 51,397                                  | 172,504                                 |
| Due to other funds   | 32,761                  | 912,245                                 | 644,083                                 | 1,589,089                               |
| Advances from other funds  | -                       | -                                       | 149,894                                 | 149,894                                 |
| <b>Total liabilities</b>   | <b>1,359,583</b>        | <b>1,138,538</b>                        | <b>877,020</b>                          | <b>3,375,141</b>                        |
| <b>FUND BALANCES</b>   |                         |   |   |   |
| Fund balances:   |                         |   |   |   |
| Reserved for:  |                         |   |   |   |
| Long-term advances   | -                       | 531,823                                 | -                                       | 531,823                                 |
| Prepaid expenditures   | 64,081                  | -                                       | -                                       | 64,081                                  |
| Program expenditures   | -                       | -                                       | 822,887                                 | 822,887                                 |
| Tree preservation  | -                       | -                                       | 19,303                                  | 19,303                                  |
| Debt service   | -                       | -                                       | 1,830,543                               | 1,830,543                               |
| Capital projects   | -                       | 16,747,393                              | -                                       | 16,747,393                              |
| Unreserved, reported in:   |                         |   |   |   |
| General fund   | 6,224,275               | -                                       | -                                       | 6,224,275                               |
| Special revenue funds  | -                       | -                                       | 481,656                                 | 481,656                                 |
| Capital projects funds   | -                       | 457,070                                 | 84,839                                  | 541,909                                 |
| <b>Total fund balances</b>   | <b>6,288,356</b>        | <b>17,736,286</b>                       | <b>3,239,228</b>                        | <b>27,263,870</b>                       |
| <b>Total liabilities and fund balances</b>   | <b>\$ 7,647,939</b>     | <b>\$ 18,874,824</b>                    | <b>\$ 4,116,248</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.            |                         |   |   | 49,953,020                              |
| Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                 |                         |   |   | 126,935                                 |
| Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.                    |                         |   |   | (39,465,222)                            |
| Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds. |                         |   |   | 716,159                                 |
| Net assets of governmental activities  |                         |   |   | <b>\$ 38,594,762</b>                    |

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, 2007**

|   | <u>General<br/>Fund</u> | <u>Capital<br/>Improvement<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|---|---|---|
| <b>Revenues</b>   |                         |   |   |   |
| Taxes   | \$ 14,151,099           | \$ 1,076,991                            | \$ 2,567,712                            | \$ 17,795,802                           |
| Licenses and permits  | 603,103                 | -                                       | -                                       | 603,103                                 |
| Intergovernmental   | 259,110                 | 2,102,600                               | 817,654                                 | 3,179,364                               |
| Fines and forfeitures   | 571,465                 | -                                       | 3,555                                   | 575,020                                 |
| Charges for services  | 1,099,782               | -                                       | 766,838                                 | 1,866,620                               |
| Interest income   | 339,909                 | 345,798                                 | 24,428                                  | 710,135                                 |
| Other revenues  | 51,950                  | 229,521                                 | 5,626                                   | 287,097                                 |
| Total revenues  | <u>17,076,418</u>       | <u>3,754,910</u>                        | <u>4,185,813</u>                        | <u>25,017,141</u>                       |
| <b>Expenditures</b>   |                         |   |   |   |
| Current:  |                         |   |   |   |
| General government  | 4,970,288               | 3,291,470                               | 91,152                                  | 8,352,910                               |
| Education   | -                       | -                                       | 750,867                                 | 750,867                                 |
| Public safety   | 7,063,113               | -                                       | 729,337                                 | 7,792,450                               |
| Public works  | 2,662,991               | -                                       | -                                       | 2,662,991                               |
| Recreation  | 1,752,232               | -                                       | -                                       | 1,752,232                               |
| Capital outlay  | -                       | 1,373,036                               | -                                       | 1,373,036                               |
| Debt service:   |                         |   |   |   |
| Principal retirements   | -                       | 305,221                                 | 11,111                                  | 316,332                                 |
| Interest and fiscal charges   | -                       | 542,218                                 | 1,111                                   | 543,329                                 |
| Total expenditures  | <u>16,448,624</u>       | <u>5,511,945</u>                        | <u>1,583,578</u>                        | <u>23,544,147</u>                       |
| Excess (deficiency) of revenues over expenditures                     | <u>627,794</u>          | <u>(1,757,035)</u>                      | <u>2,602,235</u>                        | <u>1,472,994</u>                        |
| <b>Other financing sources (uses):</b>                                |                         |   |   |   |
| Proceeds from capital leases  | -                       | 595,752                                 | -                                       | 595,752                                 |
| Issuance of long-term debt  | -                       | 33,245,000                              | -                                       | 33,245,000                              |
| Premium on bond issuance  | -                       | 252,988                                 | -                                       | 252,988                                 |
| Proceeds from sale of capital assets                                  | 610                     | -                                       | -                                       | 610                                     |
| Transfers in  | 424,300                 | -                                       | 298,000                                 | 722,300                                 |
| Transfers out   | (298,000)               | -                                       | (880,000)                               | (1,178,000)                             |
| Total other financing sources (uses)                                  | <u>126,910</u>          | <u>34,093,740</u>                       | <u>(582,000)</u>                        | <u>33,638,650</u>                       |
| <b>Special item</b>   |                         |   |   |   |
| Payment of portion of bond proceeds to<br>the City Schools of Decatur | -                       | (16,500,000)                            | -                                       | (16,500,000)                            |
| Net change in fund balances   | 754,704                 | 15,836,705                              | 2,020,235                               | 18,611,644                              |
| <b>Fund balances, beginning of year</b>                               | <u>5,533,652</u>        | <u>1,899,581</u>                        | <u>1,218,993</u>                        | <u>8,652,226</u>                        |
| <b>Fund balances, end of year</b>                                     | <u>\$ 6,288,356</u>     | <u>\$ 17,736,286</u>                    | <u>\$ 3,239,228</u>                     | <u>\$ 27,263,870</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, 2007

---

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

|  |                        |
|--|------------------------|
| Net change in fund balances - total governmental funds   | \$ 18,611,644          |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.  | (884,360)              |
| The net effect of the donation of capital assets is to increase net assets.  | 1,002,737              |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | (9,740)                |
| 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. | (33,405,760)           |
| 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>(877,749)</u>       |
| Change in net assets - governmental activities   | <u>\$ (15,563,228)</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, 2007**

|   | Budget              |                     | Actual              | Variance With<br>Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
|   | Original            | Final               |                     |                               |
| <b>Revenues</b>                                   |                     |                     |                     |                               |
| Taxes   | \$ 13,928,730       | \$ 13,590,970       | \$ 14,151,099       | \$ 560,129                    |
| Licenses and permits                              | 546,380             | 496,900             | 603,103             | 106,203                       |
| Fines and forfeitures                             | 726,000             | 530,000             | 571,465             | 41,465                        |
| Interest  | 195,000             | 300,000             | 339,909             | 39,909                        |
| Charges for services                              | 1,114,400           | 995,250             | 1,099,782           | 104,532                       |
| Intergovernmental                                 | 375,110             | 279,110             | 259,110             | (20,000)                      |
| Contributions                                     | -                   | 37,640              | 5,020               | (32,620)                      |
| Miscellaneous                                     | 57,400              | 78,190              | 46,930              | (31,260)                      |
| <b>Total revenues</b>                             | <b>16,943,020</b>   | <b>16,308,060</b>   | <b>17,076,418</b>   | <b>768,358</b>                |
| <b>Expenditures</b>                               |                     |                     |                     |                               |
| Current:  |                     |                     |                     |                               |
| General government:                               |                     |                     |                     |                               |
| Commission  | 102,770             | 99,770              | 99,833              | (63)                          |
| Manager   | 627,500             | 644,420             | 634,523             | 9,897                         |
| Administrative services                           | 1,308,300           | 1,342,390           | 1,307,766           | 34,624                        |
| Attorney  | 550,000             | 550,000             | 496,115             | 53,885                        |
| Community & economic development                  | 799,020             | 812,430             | 810,402             | 2,028                         |
| Development and inspection                        | 513,410             | 546,810             | 520,562             | 26,248                        |
| Accounting, collection and records                | 1,132,080           | 1,153,570           | 1,101,087           | 52,483                        |
| <b>Total general government</b>                   | <b>5,033,080</b>    | <b>5,149,390</b>    | <b>4,970,288</b>    | <b>179,102</b>                |
| Public safety:                                    |                     |                     |                     |                               |
| General management                                | 615,460             | 571,610             | 545,403             | 26,207                        |
| Fire  | 2,944,320           | 3,016,860           | 3,013,084           | 3,776                         |
| Police  | 3,569,670           | 3,450,720           | 3,504,626           | (53,906)                      |
| <b>Total public safety</b>                        | <b>7,129,450</b>    | <b>7,039,190</b>    | <b>7,063,113</b>    | <b>(23,923)</b>               |
| Public works:                                     |                     |                     |                     |                               |
| Engineering                                       | 698,920             | 622,890             | 576,088             | 46,802                        |
| Motor maintenance                                 | 495,780             | 508,110             | 478,904             | 29,206                        |
| Buildings and grounds maintenance                 | 1,323,610           | 1,298,970           | 1,232,739           | 66,231                        |
| Cemetery  | 348,650             | 382,100             | 375,260             | 6,840                         |
| <b>Total public works</b>                         | <b>2,866,960</b>    | <b>2,812,070</b>    | <b>2,662,991</b>    | <b>149,079</b>                |
| Recreation  | 1,906,130           | 1,779,710           | 1,752,232           | 27,478                        |
| <b>Total expenditures</b>                         | <b>16,935,620</b>   | <b>16,780,360</b>   | <b>16,448,624</b>   | <b>331,736</b>                |
| Excess (deficiency) of revenues over expenditures | 7,400               | (472,300)           | 627,794             | 1,100,094                     |
| <b>Other financing sources (uses)</b>             |                     |                     |                     |                               |
| Proceeds from sale of capital assets              | 18,500              | 18,500              | 610                 | (17,890)                      |
| Transfers out                                     | (570,000)           | (298,000)           | (298,000)           | -                             |
| Transfers in                                      | 444,000             | 424,300             | 424,300             | -                             |
| <b>Total other financing sources (uses)</b>       | <b>(107,500)</b>    | <b>144,800</b>      | <b>126,910</b>      | <b>(17,890)</b>               |
| Net change in fund balances                       | (100,100)           | (327,500)           | 754,704             | 1,082,204                     |
| <b>Fund balances, beginning of year</b>           | <b>5,533,652</b>    | <b>5,533,652</b>    | <b>5,533,652</b>    | <b>-</b>                      |
| <b>Fund balances, end of year</b>                 | <b>\$ 5,433,552</b> | <b>\$ 5,206,152</b> | <b>\$ 6,288,356</b> | <b>\$ 1,082,204</b>           |

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

**CITY OF DECATUR, GEORGIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007**

| ASSETS  | Business-type Activities - Enterprise Funds |                         |                     |                     |
|---|---|-------------------------|---------------------|---------------------|
|   | Conference & Parking Deck Fund              | Stormwater Utility Fund | Solid Waste Fund    | Totals              |
| <b>CURRENT ASSETS</b>   |   |                         |                     |                     |
| Cash  | \$ 166,041                                  | \$ 1,922,480            | \$ 1,053,628        | \$ 3,142,149        |
| Accounts receivable   | 7,182                                       | 72,968                  | 183,958             | 264,108             |
| Due from other funds  | 130,000                                     | 8,690                   | 411,907             | 550,597             |
| Prepaid items   | -   | 1,291                   | 2,324               | 3,615               |
| Total current assets  | <u>303,223</u>                              | <u>2,005,429</u>        | <u>1,651,817</u>    | <u>3,960,469</u>    |
| <b>CAPITAL ASSETS</b>   |   |                         |                     |                     |
| Land  | 194,860                                     | 85,205                  | -                   | 280,065             |
| Infrastructure  | -   | 3,589,664               | -                   | 3,589,664           |
| Buildings   | 8,469,375                                   | -                       | -                   | 8,469,375           |
| Furniture, fixtures and equipmen                                  | 164,719                                     | 134,832                 | 1,495,177           | 1,794,728           |
|   | <u>8,828,954</u>                            | <u>3,809,701</u>        | <u>1,495,177</u>    | <u>14,133,832</u>   |
| Accumulated depreciator   | (5,381,741)                                 | (2,054,967)             | (1,075,133)         | (8,511,841)         |
|   | <u>3,447,213</u>                            | <u>1,754,734</u>        | <u>420,044</u>      | <u>5,621,991</u>    |
| <b>OTHER NONCURRENT ASSETS</b>                                    | 16,071                                      | -                       | -                   | 16,071              |
| Total noncurrent assets   | <u>3,463,284</u>                            | <u>1,754,734</u>        | <u>420,044</u>      | <u>5,638,062</u>    |
| Total assets  | <u>3,766,507</u>                            | <u>3,760,163</u>        | <u>2,071,861</u>    | <u>9,598,531</u>    |
| <b>LIABILITIES</b>  |   |                         |                     |                     |
| <b>CURRENT LIABILITIES</b>  |   |                         |                     |                     |
| Accounts payable  | 774   | 1,090                   | 68,570              | 70,434              |
| Accrued liabilities   | 12,789                                      | 17,147                  | 23,367              | 53,303              |
| Compensated absences payabl                                       | -   | 9,316                   | 60,999              | 70,315              |
| Due to other funds  | 704   | 144,148                 | 989,556             | 1,134,408           |
| Deferred revenue  | -   | 409,668                 | 945,081             | 1,354,749           |
| Capitalized lease obligations due to component uni                | 725,000                                     | -                       | -                   | 725,000             |
| Total current liabilities   | <u>739,267</u>                              | <u>581,369</u>          | <u>2,087,573</u>    | <u>3,408,209</u>    |
| <b>NONCURRENT LIABILITIES</b>                                     |   |                         |                     |                     |
| Capitalized lease obligations - due to component unit - long term | 759,476                                     | -                       | -                   | 759,476             |
| Advances from other funds   | -   | -                       | 381,929             | 381,929             |
| Total noncurrent liabilities                                      | <u>759,476</u>                              | <u>-</u>                | <u>381,929</u>      | <u>1,141,405</u>    |
| Total liabilities   | <u>1,498,743</u>                            | <u>581,369</u>          | <u>2,469,502</u>    | <u>4,549,614</u>    |
| <b>NET ASSETS</b>   |   |                         |                     |                     |
| Invested in capital assets, net of related det                    | 1,978,808                                   | 1,754,734               | 420,044             | 4,153,586           |
| Unrestricted  | 288,956                                     | 1,424,060               | (817,685)           | 895,331             |
| Total net assets  | <u>\$ 2,267,764</u>                         | <u>\$ 3,178,794</u>     | <u>\$ (397,641)</u> | <u>\$ 5,048,917</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, 2007**

|                                    | <b>Business-type Activities - Enterprise Funds</b> |  |                                 |                     |
|------------------------------------|--|--|---------------------------------|---------------------|
|                                    | <b>Conference &amp;<br/>Parking<br/>Deck Fund</b>  | <b>Stormwater<br/>Utility<br/>Fund</b> | <b>Solid<br/>Waste<br/>Fund</b> | <b>Totals</b>       |
| <b>OPERATING REVENUE</b>           |  |  |                                 |                     |
| Storm water fees                   | \$ -   | \$ 992,106                             | \$ -                            | \$ 992,106          |
| Sanitation fees                    | -  | -                                      | 2,327,445                       | 2,327,445           |
| Charges for sales and services     | 78,655   | -                                      | -                               | 78,655              |
| Miscellaneous                      | -  | 7,954                                  | 14,955                          | 22,909              |
| Total operating revenue:           | <u>78,655</u>                                      | <u>1,000,060</u>                       | <u>2,342,400</u>                | <u>3,421,115</u>    |
| <b>OPERATING EXPENSES</b>          |  |  |                                 |                     |
| Cost of sales and services         | 54,619   | 453,956                                | 1,934,065                       | 2,442,640           |
| Depreciation and amortization      | 371,464  | 98,054                                 | 142,238                         | 611,756             |
| Total operating expense:           | <u>426,083</u>                                     | <u>552,010</u>                         | <u>2,076,303</u>                | <u>3,054,396</u>    |
| Operating income (loss):           | <u>(347,428)</u>                                   | <u>448,050</u>                         | <u>266,097</u>                  | <u>366,719</u>      |
| <b>NON-OPERATING EXPENSES</b>      |  |  |                                 |                     |
| Interest expense                   | (89,917)   | -                                      | -                               | (89,917)            |
| Total non-operating expense        | <u>(89,917)</u>                                    | <u>-</u>                               | <u>-</u>                        | <u>(89,917)</u>     |
| Income (loss) before transfers:    | <u>(437,345)</u>                                   | <u>448,050</u>                         | <u>266,097</u>                  | <u>276,802</u>      |
| Transfers in                       | 880,000  | -                                      | -                               | 880,000             |
| Transfers out                      | -  | (246,800)                              | (177,500)                       | (424,300)           |
|                                    | <u>880,000</u>                                     | <u>(246,800)</u>                       | <u>(177,500)</u>                | <u>455,700</u>      |
| Change in net assets:              | 442,655  | 201,250                                | 88,597                          | 732,502             |
| <b>Total net assets, beginning</b> | <u>1,825,109</u>                                   | <u>2,977,544</u>                       | <u>(486,238)</u>                | <u>4,316,415</u>    |
| <b>Total net assets, ending</b>    | <u>\$ 2,267,764</u>                                | <u>\$ 3,178,794</u>                    | <u>\$ (397,641)</u>             | <u>\$ 5,048,917</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, 2007**

|  | <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  | \$ 89,473  | \$ 1,000,984                   | \$ 2,364,040            | \$ 3,454,497        |
| Payments to suppliers  | (75,092)   | (56,912)                       | (1,406,715)             | (1,538,719)         |
| Payments to employees  | -  | (244,985)                      | (592,068)               | (837,053)           |
| Net cash provided by operating activities  | <u>14,381</u>                                      | <u>699,087</u>                 | <u>365,257</u>          | <u>1,078,725</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>  |  |                                |                         |                     |
| Transfers in from other funds  | 880,000  | -                              | -                       | 880,000             |
| Transfers out to other funds   | -  | (246,800)                      | (177,500)               | (424,300)           |
| Net cash provided by (used in) non-capital financing activities                                | <u>880,000</u>                                     | <u>(246,800)</u>               | <u>(177,500)</u>        | <u>455,700</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                |  |                                |                         |                     |
| Principal payments on capital lease  | (685,000)  | -                              | -                       | (685,000)           |
| Principal payments on note payable   | (61,685)   | -                              | -                       | (61,685)            |
| Repayment of advances from other funds   | -  | (7,986)                        | (29,939)                | (37,925)            |
| Interest paid  | (96,679)   | -                              | -                       | (96,679)            |
| Purchase of capital assets   | -  | (85,205)                       | (126,800)               | (212,005)           |
| Net cash used in capital and related financing activities                                      | <u>(843,364)</u>                                   | <u>(93,191)</u>                | <u>(156,739)</u>        | <u>(1,093,294)</u>  |
| Net increase in cash   | 51,017   | 359,096                        | 31,018                  | 441,131             |
| Cash, beginning of year  | 115,024  | 1,563,384                      | 1,022,610               | 2,701,018           |
| Cash, end of year  | <u>\$ 166,041</u>                                  | <u>\$ 1,922,480</u>            | <u>\$ 1,053,628</u>     | <u>\$ 3,142,149</u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |                                |                         |                     |
| Operating income (loss)  | \$ (347,428)                                       | \$ 448,050                     | \$ 266,097              | \$ 366,719          |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |  |                                |                         |                     |
| Depreciation and amortization  | 371,464  | 98,054                         | 142,238                 | 611,756             |
| Change in assets and liabilities:  |  |                                |                         |                     |
| Decrease (increase) in fees receivable   | -  | (2,137)                        | 21,235                  | 19,098              |
| Decrease in accounts receivable  | 10,818   | -                              | -                       | 10,818              |
| Decrease (increase) in due from other funds  | (20,000)   | 22,911                         | (39,206)                | (36,295)            |
| Decrease (increase) in prepaid items   | 2,629  | (1,291)                        | (2,324)                 | (986)               |
| Increase (decrease) in accounts payable  | (3,806)  | (12,786)                       | 15,987                  | (605)               |
| Increase in accrued liabilities  | -  | 13,856                         | 23,367                  | 37,223              |
| Increase in compensated absences payable   | -  | 4,540                          | 3,549                   | 8,089               |
| Increase in deferred revenue   | -  | 3,061                          | 405                     | 3,466               |
| Increase (decrease) in due to other funds  | 704  | 124,829                        | (66,091)                | 59,442              |
| Net cash provided by operating activities  | <u>\$ 14,381</u>                                   | <u>\$ 699,087</u>              | <u>\$ 365,257</u>       | <u>\$ 1,078,725</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, 2007**

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| <b>ASSETS</b>                             | <b>Pension<br/>Trust Fund</b> | <b>Agency<br/>Funds</b> |
|---|-------------------------------|-------------------------|
| Cash                                      | \$ 471,789                    | \$ 5,123,012            |
| Mutual funds                              | 22,784,042                    | -                       |
| Due from other funds                      | 32,686                        | -                       |
|   | <hr/>                         | <hr/>                   |
| Total assets                              | 23,288,517                    | 5,123,012               |
|   | <hr/>                         | <hr/>                   |
| <b>LIABILITIES</b>                        |                               |                         |
| Accounts payable                          | 14                            | -                       |
| Due to others                             | -                             | 28,941                  |
| Due to component unit                     | -                             | 5,094,071               |
|   | <hr/>                         | <hr/>                   |
| Total liabilities                         | 14                            | 5,123,012               |
|   | <hr/>                         | <hr/>                   |
| <b>NET ASSETS</b>                         |                               |                         |
| Assets held in trust for pension benefits | \$ 23,288,503                 | \$ -                    |
|   | <hr/> <hr/>                   | <hr/> <hr/>             |

**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, 2007**

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**ADDITIONS**

|   |                  |
|---|------------------|
| Contributions                                 |                  |
| Plan member contributions                     | \$ 571,381       |
| Employer contributions                        | <u>783,658</u>   |
| Total contributions                           | <u>1,355,039</u> |
| Investment income                             |                  |
| Net appreciation in fair value of investments | 1,670,233        |
| Interest and dividends                        | <u>1,043,993</u> |
| Total investment income                       | <u>2,714,226</u> |
| Total additions                               | <u>4,069,265</u> |

**DEDUCTIONS**

|  |                  |
|--|------------------|
| Benefit payments                               | 1,077,024        |
| Refunds paid to Plan members and beneficiaries | 184,497          |
| Administrative fees                            | <u>23,406</u>    |
| Total deductions                               | <u>1,284,927</u> |
| Net increase                                   | 2,784,338        |

**NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:**

|                   |                      |
|-------------------|----------------------|
| Beginning of year | <u>20,504,165</u>    |
| End of year       | <u>\$ 23,288,503</u> |

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

**CITY OF DECATUR, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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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 accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. Reporting Entity**

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

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

The City Schools of Decatur has been included as a discretely presented component unit in the accompanying financial statements. The City Schools of Decatur does not have the power to levy taxes, determine its own budget without the approval of the City of Decatur, Georgia, or issue bonded debt. Separate financial statements for the City Schools of Decatur can be obtained from their administrative offices at 758 Scott Boulevard, 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 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Downtown Development Authority are not prepared.

## 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 non-fiduciary 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, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

## 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 **Capital Improvement Fund** accounts for the receipts 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.

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

**Agency funds** are accounted for on the accrual basis of accounting, and are used to account for funds that the City holds for others in an agency capacity, including municipal court bonds and property taxes.

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



## 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)

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

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

#### 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. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

#### F. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### 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, 2007, 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. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to July 1, 2002 have been reported.

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

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Machinery and equipment    | 3-20         |
| Vehicles                   | 5            |
| Land improvements          | 15-20        |
| Infrastructure             | 15-50        |
| Buildings and improvements | 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 effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

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

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

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

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

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### 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 \$39,465,222 difference are as follows:

|   |                               |
|---|-------------------------------|
| Arbitrage payable   | \$ (121,980)                  |
| Less: Amount due from component unit  | <u>61,154</u>                 |
| Net arbitrage payable   | (60,826)                      |
| Capital leases payable  | (682,400)                     |
| Certificates of participation   | (3,995,000)                   |
| Claims and judgements payable   | (221,797)                     |
| Bonds payable   | (33,245,000)                  |
| Bond issuance costs   | 367,432                       |
| Unamortized premium   | (248,772)                     |
| Accrued interest payable  | (632,776)                     |
| Compensated absences  | <u>(746,083)</u>              |
| Net adjustment to reduce <i>fund balance - total governmental funds</i><br>to arrive at <i>net assets - governmental activities</i> | <u><u>\$ (39,465,222)</u></u> |

#### 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 \$884,360 difference are as follows:

|   |                            |
|---|----------------------------|
| Capital outlay  | \$ 1,557,285               |
| Depreciation expense  | <u>(2,441,645)</u>         |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i><br>to arrive at <i>changes in net assets of governmental activities</i> | <u><u>\$ (884,360)</u></u> |

## NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$33,405,760 difference are as follows:

|  |                 |
|--|-----------------|
| Proceeds from capital leases   | \$ (595,752)    |
| Issuance of long-term debt   | (33,245,000)    |
| Premium on new bonds   | (252,988)       |
| Bond issuance costs  | 373,660         |
| Amortization of premium and deferred charges   | (2,012)         |
| Principal retirement of long-term debt   | 316,332         |
| 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> | \$ (33,405,760) |

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 \$877,749 difference are as follows:

|  |              |
|--|--------------|
| Compensated absences   | \$ (87,102)  |
| Claims and judgments   | (58,833)     |
| Net arbitrage rebate   | (60,826)     |
| Accrued interest   | (632,198)    |
| Net pension asset  | (38,790)     |
| 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> | \$ (877,749) |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

1. In accordance with the Fiscal Control Ordinance of the City, the City Manager submits a proposed operating budget to the City Commissioners. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Commissioners, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Commission.
5. Budgetary control is exercised at the department level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commissioners. Budget amounts shown in these financial statements reflect amendments approved by the City Commissioners. Such amendments resulted in no supplemental appropriations.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2007:

|                                   |    |         |
|-----------------------------------|----|---------|
| Confiscated Drug Fund             | \$ | 2,480   |
| Grant Fund                        |    | 57,042  |
| Cemetery Capital Improvement Fund |    | 4,405   |
| Capital Improvement Fund          |    | 299,455 |
| General Fund departments:         |    |         |
| Commission                        |    | 63      |
| Police                            |    | 53,906  |

These over expenditures were funded by greater than anticipated revenues and by available fund balance. The Capital Improvement fund variance was funded by the \$33,245,000 in bond proceeds.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2007, the City had \$22,784,042 invested on behalf of a defined pension fund and \$256,269 invested for its governmental funds. The City has adopted a separate policy for pension fund assets in compliance with state law. The City's pension fund assets are invested in U.S. Government money market funds, stock mutual funds, and taxable bond funds based on asset allocation ranges and performance benchmarks.

| <u>Investment</u>              | <u>Maturities</u>               | <u>Fair Value</u>    |
|--------------------------------|---------------------------------|----------------------|
| Guaranteed Investment Contract | June 1, 2028                    | \$ 256,269           |
| Stock mutual funds             | (1)                             | 13,498,723           |
| Taxable bond mutual funds      | 4.79 average effective duration | 9,285,319            |
| Georgia Fund 1                 | 15 days                         | 16,669,817           |
| Total                          |                                 | <u>\$ 39,710,128</u> |

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

**Interest rate risk:** The Pension program investment policy limits the duration of fixed income investments to a range of +/- one year of the Lehman Brothers Aggregate Index. The Lehman Brothers Aggregate Index at June 30, 2007 was 4.70 years.

**Credit risk:** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2007, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's.

It is the City's policy to limit its pension investments to mutual funds, separate accounts, or collective unit trusts that invest in any combination of the following permitted categories:

- Cash and cash equivalents, including money market funds and stable value funds;
- Fixed income (bonds of U.S. corporate and government issuers, asset-backed securities, commercial paper or similar fixed income contracts);
- Domestic Equities (Stocks)

The underlying investments in the taxable bond mutual funds had average ratings ranging from AAA to AAA-.



## NOTES TO FINANCIAL STATEMENTS

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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services of the State of Georgia. As of June 30, 2007, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2007, the City had a bank balance of \$471,789 that was uninsured and uncollateralized.

## NOTES TO FINANCIAL STATEMENTS

### 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.

Receivables at June 30, 2007, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

|                                  | <u>General</u>    | <u>Capital<br/>Improvement</u> | <u>Conference<br/>&amp; Parking<br/>Deck</u> | <u>Stormwater<br/>Utility</u> | <u>Solid<br/>Waste</u> | <u>Other<br/>Governmental<br/>Funds</u> |
|----------------------------------|-------------------|--------------------------------|--|-------------------------------|------------------------|---|
| Receivables:                     |                   |                                |  |                               |                        |   |
| Taxes                            | \$ 388,440        | \$ 64,203                      | \$ -   | \$ -                          | \$ -                   | \$ 125,522                              |
| Accounts                         | -                 | -                              | 7,182  | 122,212                       | 250,452                | -                                       |
| Due from other governments       | -                 | -                              | -  | -                             | -                      | 358,222                                 |
| Other                            | 127,780           | 460,861                        | -  | -                             | -                      | 84,176                                  |
| Less allowance for uncollectible | (22,101)          | (2,782)                        | -  | (49,244)                      | (64,494)               | (1,636)                                 |
| Net total receivable             | <u>\$ 494,119</u> | <u>\$ 522,282</u>              | <u>\$ 7,182</u>                              | <u>\$ 72,968</u>              | <u>\$ 185,958</u>      | <u>\$ 566,284</u>                       |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

#### Primary Government

Capital asset activity for the fiscal year ended June 30, 2007, is as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>      | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| <b>Governmental activities:</b>              |                              |                     |                       |                           |
| Capital assets, not being depreciated:       |                              |                     |                       |                           |
| Land   | \$ 2,295,106                 | \$ 26,793           | \$ -                  | \$ 2,321,899              |
| Construction in progress                     | 5,662,201                    | 1,439,566           | (4,784,269)           | 2,317,498                 |
| Total  | <u>7,957,307</u>             | <u>1,466,359</u>    | <u>(4,784,269)</u>    | <u>4,639,397</u>          |
| Capital assets, being depreciated:           |                              |                     |                       |                           |
| Land improvements                            | 960,347                      | -                   | -                     | 960,347                   |
| Infrastructure                               | 19,751,962                   | 26,249              | -                     | 19,778,211                |
| Buildings and improvements                   | 46,097,999                   | 4,790,841           | -                     | 50,888,840                |
| Machinery and equipment                      | 3,271,144                    | 280,200             | -                     | 3,551,344                 |
| Vehicles                                     | 2,945,793                    | 780,642             | (11,309)              | 3,715,126                 |
| Total  | <u>73,027,245</u>            | <u>5,877,932</u>    | <u>(11,309)</u>       | <u>78,893,868</u>         |
| Less accumulated depreciation for:           |                              |                     |                       |                           |
| Land improvements                            | (573,959)                    | (51,518)            | -                     | (625,477)                 |
| Infrastructure                               | (12,058,916)                 | (460,259)           | -                     | (12,519,175)              |
| Buildings and improvements                   | (13,832,477)                 | (1,395,269)         | -                     | (15,227,746)              |
| Machinery and equipment                      | (2,346,354)                  | (194,645)           | -                     | (2,540,999)               |
| Vehicles                                     | (2,338,203)                  | (339,954)           | 11,309                | (2,666,848)               |
| Total  | <u>(31,149,909)</u>          | <u>(2,441,645)</u>  | <u>11,309</u>         | <u>(33,580,245)</u>       |
| Total capital assets, being depreciated, net | <u>41,877,336</u>            | <u>3,436,287</u>    | <u>-</u>              | <u>45,313,623</u>         |
| Governmental activities capital assets, net  | <u>\$ 49,834,643</u>         | <u>\$ 4,902,646</u> | <u>\$ (4,784,269)</u> | <u>\$ 49,953,020</u>      |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (Continued)

|  | Beginning<br>Balance | Increases           | Decreases       | Ending<br>Balance   |
|--|----------------------|---------------------|-----------------|---------------------|
| <b>Business-type activities:</b>             |                      |                     |                 |                     |
| Capital assets, not being depreciated:       |                      |                     |                 |                     |
| Land   | \$ 194,860           | \$ 85,205           | \$ -            | \$ 280,065          |
| Total  | <u>194,860</u>       | <u>85,205</u>       | <u>-</u>        | <u>280,065</u>      |
| Capital assets, being depreciated:           |                      |                     |                 |                     |
| Infrastructure                               | 3,589,664            | -                   | -               | 3,589,664           |
| Buildings                                    | 8,469,375            | -                   | -               | 8,469,375           |
| Furniture, fixtures, and equipment           | 1,683,928            | 126,800             | (16,000)        | 1,794,728           |
| Total  | <u>13,742,967</u>    | <u>126,800</u>      | <u>(16,000)</u> | <u>13,853,767</u>   |
| Less accumulated depreciation for:           |                      |                     |                 |                     |
| Infrastructure                               | (1,858,968)          | (71,108)            | -               | (1,930,076)         |
| Buildings                                    | (4,877,122)          | (352,735)           | -               | (5,229,857)         |
| Furniture, fixtures, and equipment           | (1,197,707)          | (170,201)           | 16,000          | (1,351,908)         |
| Total  | <u>(7,933,797)</u>   | <u>(594,044)</u>    | <u>16,000</u>   | <u>(8,511,841)</u>  |
| Total capital assets, being depreciated, net | <u>5,809,170</u>     | <u>(467,244)</u>    | <u>-</u>        | <u>5,341,926</u>    |
| Business-type activities capital assets, net | <u>\$ 6,004,030</u>  | <u>\$ (382,039)</u> | <u>\$ -</u>     | <u>\$ 5,621,991</u> |

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

|   |                     |
|---|---------------------|
| <b>Governmental activities:</b>                       |                     |
| General government                                    | \$ 145,304          |
| Education   | 1,256,145           |
| Public safety   | 372,684             |
| Public works  | 562,463             |
| Recreation  | 105,049             |
| Total depreciation expense - governmental activities  | <u>\$ 2,441,645</u> |
| <b>Business-type activities:</b>                      |                     |
| Conference and Parking Deck                           | \$ 353,752          |
| Stormwater  | 98,054              |
| Sanitation  | 142,238             |
| Total depreciation expense - business-type activities | <u>\$ 594,044</u>   |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (Continued)

#### City Schools of Decatur

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>  | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|-------------------|---------------------------|
| <b>Governmental activities:</b>              |                              |                     |                   |                           |
| Capital assets, being depreciated:           |                              |                     |                   |                           |
| Leasehold improvements                       | \$ 3,615,047                 | \$ -                | \$ -              | \$ 3,615,047              |
| Equipment                                    | 988,824                      | 218,594             | (27,362)          | 1,180,056                 |
| Total  | <u>4,603,871</u>             | <u>218,594</u>      | <u>(27,362)</u>   | <u>4,795,103</u>          |
| Less accumulated depreciation for:           |                              |                     |                   |                           |
| Leasehold improvements                       | (200,836)                    | (241,003)           | -                 | (441,839)                 |
| Equipment                                    | (482,729)                    | (124,629)           | 25,652            | (581,706)                 |
| Total  | <u>(683,565)</u>             | <u>(365,632)</u>    | <u>25,652</u>     | <u>(1,023,545)</u>        |
| Total capital assets, being depreciated, net | <u>3,920,306</u>             | <u>(147,038)</u>    | <u>(1,710)</u>    | <u>3,771,558</u>          |
| Governmental activities capital assets, net  | <u>\$ 3,920,306</u>          | <u>\$ (147,038)</u> | <u>\$ (1,710)</u> | <u>\$ 3,771,558</u>       |

### NOTE 7. LONG-TERM DEBT

#### Primary Government

Long-term liability activity for the year ended June 30, 2007, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---|------------------------------|----------------------|---------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>             |                              |                      |                     |                           |                                |
| General obligation bonds                    | \$ -                         | \$ 33,245,000        | \$ -                | \$ 33,245,000             | \$ -                           |
| Plus issuance premium                       | -                            | 252,988              | (4,216)             | 248,772                   |                                |
| Total bonds payable                         | <u>-</u>                     | <u>33,497,988</u>    | <u>(4,216)</u>      | <u>33,493,772</u>         |                                |
| Capital leases                              | 307,980                      | 595,752              | (221,332)           | 682,400                   | 176,991                        |
| Certificates of participation               | 4,090,000                    | -                    | (95,000)            | 3,995,000                 | 95,000                         |
| Claims and judgments                        | 162,964                      | 119,347              | (60,514)            | 221,797                   | 109,576                        |
| Other long-term liability                   | -                            | 121,980              | -                   | 121,980                   | -                              |
| Compensated absences                        | 658,981                      | 669,108              | (582,006)           | 746,083                   | 658,933                        |
| Governmental activity Long-term liabilities | <u>\$ 5,219,925</u>          | <u>\$ 35,004,175</u> | <u>\$ (963,068)</u> | <u>\$ 39,261,032</u>      | <u>\$ 1,040,500</u>            |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (Continued)

|  | Beginning<br>Balance | Additions        | Reductions          | Ending<br>Balance   | Due Within<br>One Year |
|--|----------------------|------------------|---------------------|---------------------|------------------------|
| <b>Business-type activities:</b>       |                      |                  |                     |                     |                        |
| Capital leases - due to component unit | \$ 2,175,000         | \$ -             | \$ (685,000)        | \$ 1,490,000        | \$ 725,000             |
| Less deferred amounts                  | (9,928)              | 4,404            | -                   | (5,524)             |                        |
|  | <u>2,165,072</u>     | <u>4,404</u>     | <u>(685,000)</u>    | <u>1,484,476</u>    |                        |
| Note payable                           | 61,685               | -                | (61,685)            | -                   | -                      |
| Compensated absences                   | 65,517               | 76,349           | (71,551)            | 70,315              | 70,315                 |
| Business-type activity                 |                      |                  |                     |                     |                        |
| Long-term liabilities                  | <u>\$ 2,292,274</u>  | <u>\$ 80,753</u> | <u>\$ (818,236)</u> | <u>\$ 1,554,791</u> | <u>\$ 795,315</u>      |

For governmental funds, compensated absences and claims and judgments are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Stormwater Utility Fund and the Solid Waste Fund. The arbitrage liability, classified as other long-term liability, will be liquidated by the Capital Improvements Fund.

**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. As of June 30, 2007, the City had \$1,044,397 of machinery and equipment under capital leases.

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

| Fiscal Year Ending June 30,                    | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| 2008   | \$ 204,560                         |
| 2009   | 137,303                            |
| 2010   | 137,303                            |
| 2011   | 96,650                             |
| 2012   | 96,650                             |
| 2013   | <u>96,650</u>                      |
| Total minimum lease payments                   | 769,116                            |
| Less amount representing interest              | <u>86,716</u>                      |
| Present value of future minimum lease payments | <u>\$ 682,400</u>                  |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT (Continued)

**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.

Future required minimum payments on this lease are as follows at June 30, 2007:

|   |                     |
|---|---------------------|
| Fiscal Year Ending June 30,   |                     |
| 2008  | 783,066             |
| 2009  | 784,699             |
|   | <u>1,567,765</u>    |
| Less:   |                     |
| Amount representing interest  | (77,765)            |
| Unamortized loss on refunding   | <u>(5,524)</u>      |
| Net present value of capitalized lease obligation due to component unit | <u>\$ 1,484,476</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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT (Continued)

**Certificates of Participation.** In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City's participation totaling \$1,320,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal of \$1,320,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the Association. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

In July 2005, the City issued certificates of participation, Series 2005, in the principal amount of \$2,810,000 with principal and interest payments beginning January 1, 2006 through January 1, 2026 at an interest rate of 3.91%. Proceeds were used to acquire, construct, install and equip certain renovations and additions to its City Hall.

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

| Fiscal Year Ending June 30, | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|-----------------------------|---------------------|---------------------|---------------------|
| 2008                        | \$ 95,000           | \$ 114,996          | \$ 209,996          |
| 2009                        | 100,000             | 163,578             | 263,578             |
| 2010                        | 105,000             | 159,668             | 264,668             |
| 2011                        | 110,000             | 155,563             | 265,563             |
| 2012                        | 115,000             | 151,262             | 266,262             |
| 2013-2017                   | 640,000             | 685,146             | 1,325,146           |
| 2018-2022                   | 775,000             | 550,055             | 1,325,055           |
| 2023-2027                   | 735,000             | 386,617             | 1,121,617           |
| 2028                        | 1,320,000           | 62,700              | 1,382,700           |
| Total                       | <u>\$ 3,995,000</u> | <u>\$ 2,429,585</u> | <u>\$ 6,424,585</u> |



## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (Continued)

**General Obligation Bonds.** In January 2007 the City issued \$33,245,000 of Various Purpose Series 2007 General Obligation Bonds, with a premium of \$252,988. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping and renovating certain transportation projects, parks and recreation projects, public safety projects, public works projects and projects for the City School of Decatur as well as the issuance costs. The portion of bond proceeds paid to the City Schools of Decatur in the amount of \$16,500,000 has been reported as a special item due to its infrequency and within the City's discretion.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued as 30-year serial bonds with interest rates ranging from 3.75% to 5.00%. General obligation bonds currently outstanding are as follows:

| Fiscal Year Ending June 30, | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|-----------------------------|----------------------|----------------------|----------------------|
| 2008                        | \$ -                 | \$ 720,884           | \$ 720,884           |
| 2009                        | -                    | 1,441,769            | 1,441,769            |
| 2010                        | 275,000              | 1,441,769            | 1,716,769            |
| 2011                        | 355,000              | 1,431,456            | 1,786,456            |
| 2012                        | 440,000              | 1,418,144            | 1,858,144            |
| 2013-2017                   | 2,830,000            | 6,794,719            | 9,624,719            |
| 2018-2022                   | 4,150,000            | 6,129,119            | 10,279,119           |
| 2023-2027                   | 5,890,000            | 5,158,506            | 11,048,506           |
| 2028-2032                   | 8,180,000            | 3,574,188            | 11,754,188           |
| 2033-2037                   | 11,125,000           | 1,474,750            | 12,599,750           |
| Total                       | <u>\$ 33,245,000</u> | <u>\$ 29,585,304</u> | <u>\$ 62,830,304</u> |

#### City Schools of Decatur

Long-term liability activity for the year ended June 30, 2007, is as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>                         |                              |                   |                     |                           |                                |
| Capital leases  | \$ 3,487,958                 | \$ -              | \$ (131,609)        | \$ 3,356,349              | \$ 113,241                     |
| Compensated absences                                    | 306,297                      | 78,588            | (285,181)           | 99,704                    | 69,468                         |
| Other long term liability,<br>due to primary government | -                            | 61,154            | -                   | 61,154                    | -                              |
| Governmental activity<br>Long-term liabilities          | <u>\$ 3,794,255</u>          | <u>\$ 139,742</u> | <u>\$ (416,790)</u> | <u>\$ 3,517,207</u>       | <u>\$ 182,709</u>              |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (Continued)

Future required minimum payments on the City Schools of Decatur's capital leases are as follows at June 30, 2007:

|   |  |              |  |
|---|--|--------------|--|
| Fiscal Year Ending June 30,                       |  | \$           |  |
| 2008  |  | 209,660      |  |
| 2009  |  | 251,590      |  |
| 2010  |  | 251,590      |  |
| 2011  |  | 251,590      |  |
| 2012  |  | 251,590      |  |
| 2013-2017   |  | 1,257,950    |  |
| 2018-2022   |  | 1,257,950    |  |
| 2023-2026   |  | 796,703      |  |
|   |  | 4,528,623    |  |
| Less amount representing interest                 |  | (1,172,274)  |  |
| Net present value of capitalized lease obligation |  | \$ 3,356,349 |  |

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

The composition of interfund balances as of June 30, 2007, is as follows:

Due to / from other funds:

| Receivable Fund                | Payable Fund                   | Amount       |
|--------------------------------|--------------------------------|--------------|
| General Fund                   | Capital Improvement Fund       | \$ 492,391   |
| General Fund                   | Solid Waste Fund               | 989,556      |
| General Fund                   | Stormwater Utility Fund        | 84,042       |
| General Fund                   | Nonmajor governmental funds    | 427,222      |
| Capital Improvement Fund       | Nonmajor governmental funds    | 86,861       |
| Solid Waste Fund               | Capital Improvement Fund       | 411,868      |
| Stormwater Utility Fund        | Capital Improvement Fund       | 7,986        |
| Conference & Parking Deck Fund | Nonmajor governmental funds    | 130,000      |
| Solid Waste Fund               | Stormwater Utility Fund        | 39           |
| Stormwater Utility Fund        | Conference & Parking Deck Fund | 704          |
| Pension Trust Fund             | General Fund                   | 32,686       |
| Nonmajor governmental funds    | Stormwater Utility Fund        | 60,067       |
| Nonmajor governmental funds    | General Fund                   | 75           |
|                                |                                | \$ 2,723,497 |

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.

## NOTES TO FINANCIAL STATEMENTS

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

Due to/from primary government and component units:

| <u>Receivable Entity</u>                           | <u>Payable Entity</u>                                       | <u>Amount</u>       |
|--|---|---------------------|
| Primary government -<br>General Fund               | Component unit - City Schools<br>of Decatur                 | \$ 67,107           |
| Primary government -<br>General Fund               | Component unit - Downtown<br>Development Authority          | 64,778              |
| Primary government -<br>Capital Improvement Fund   | Component unit - Downtown<br>Development Authority          | 100,000             |
| Component unit - Downtown<br>Development Authority | Primary government - Downtown<br>Development Authority Fund | 92,590              |
| Component unit - City Schools<br>of Decatur        | Primary government - Board<br>of Education Fund             | 5,001,481           |
|  |   | <u>\$ 5,325,956</u> |

In addition to the amounts noted as due to/from primary government and component units above, the City has reported a due from component unit in governmental activities that represents the City Schools of Decatur's portion of the City's arbitrage rebate payable that has been reported in governmental activities as an other long-term liability.

Interfund transfers:

| <u>Transfers In</u>            | <u>Transfers Out</u>        | <u>Amount</u>     |
|--------------------------------|-----------------------------|-------------------|
| Nonmajor governmental funds    | General Fund                | <u>\$ 298,000</u> |
| General Fund                   | Solid Waste Fund            | \$ 177,500        |
| General Fund                   | Stormwater Utility Fund     | 246,800           |
|                                |                             | <u>\$ 424,300</u> |
| Conference & Parking Deck Fund | Nonmajor governmental funds | <u>\$ 880,000</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting 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.

## NOTES TO FINANCIAL STATEMENTS

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

Advances to/from other funds are as follows:

| <u>Receivable Fund</u>   | <u>Payable Fund</u>         | <u>Amount</u> |
|--------------------------|-----------------------------|---------------|
| Capital Improvement Fund | Solid Waste Fund            | \$ 381,929    |
| Capital Improvement Fund | Nonmajor governmental funds | 149,894       |
|                          |                             | \$ 531,823    |

The amounts payable from both the Solid Waste Fund and the Nonmajor governmental funds relate to equipment purchased through the Capital Improvement Fund and transferred to these funds.

### 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 10 years of service. The Plan does not issue a separate financial statement.

As of July 1, 2007 the most recent actuarial valuation date, the plan membership included the following categories of participants:

|   |     |
|---|-----|
| Retirees and beneficiaries receiving benefits             | 72  |
| Terminated vested participants not yet receiving benefits | 7   |
| Active participants                                       | 188 |
|   | 267 |

#### 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 |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### Employee Contributions (Continued)

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 60 consecutive months in which the employee received the highest compensation multiplied by the number of years of service, as described in the Plan document. The minimum benefit is \$4,200 per year, upon retirement.

#### Summary of Significant Accounting Policies

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

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on exchanges are valued at last reported sales price. Investments which represent more than 5% of Plan Net Assets at June 30, 2007, were as follows: State Street Equity Investments Mutual Fund of \$22,784,042. The method for determining the actuarial valuation of assets is the 20% write up method.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (Continued)

#### 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 July 1, 2006, 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.

#### Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2007, is as follows:

|   |                     |
|---|---------------------|
| Annual required contribution                      | \$ 770,443          |
| Interest on net pension obligation (asset)        | (56,621)            |
| Adjustments to annual required contribution       | 108,626             |
| Annual pension cost                               | <u>822,448</u>      |
| Contributions made                                | <u>783,658</u>      |
| Increase in net pension obligation                | 38,790              |
| Net pension obligation (asset), beginning of year | (754,949)           |
| Net pension obligation (asset), end of year       | <u>\$ (716,159)</u> |

For the year ended June 30, 2007, the City's contribution was 8.95% of covered payroll.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (Continued)

#### Trend Information

| <u>Fiscal Year<br/>Ending</u> | <u>Annual Pension<br/>Cost</u> | <u>Percentage<br/>Contributed</u> | <u>Net Pension<br/>Obligation (Asset)</u> |
|-------------------------------|--------------------------------|-----------------------------------|---|
| June 30, 2007                 | \$ 822,448                     | 95%                               | \$ (716,159)                              |
| June 30, 2006                 | 837,378                        | 94%                               | (754,949)                                 |
| June 30, 2005                 | 488,305                        | 91%                               | (801,867)                                 |

#### Schedule of Employer Contributions

| <u>Fiscal Year<br/>Ending</u> | <u>Annual Required<br/>Contribution (ARC)</u> | <u>Employer<br/>Contribution</u> | <u>Percentage of<br/>ARC Contributed</u> |
|-------------------------------|---|----------------------------------|--|
| June 30, 2007                 | \$ 770,443                                    | \$ 783,658                       | 102%                                     |
| June 30, 2006                 | 790,460                                       | 790,460                          | 100%                                     |
| June 30, 2005                 | 436,262                                       | 442,921                          | 102%                                     |
| June 30, 2004                 | 394,624                                       | 386,188                          | 98%                                      |
| June 30, 2003                 | 113,827                                       | 126,389                          | 111%                                     |
| June 30, 2002                 | 54,136  | 149,866                          | 277%                                     |

#### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (Continued)

#### City Schools of Decatur (Continued)

**Teachers Retirement System (continued)** 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 9.28% of current covered payroll. Covered employees' contributions for the years ended June 30, 2007, 2006, and 2005, were \$920,730, \$882,491, and \$862,782, respectively. The District's contributions to TRS for the years ended June 30, 2007, 2006, and 2005, were \$1,702,336, \$1,610,521, and \$1,559,146, 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)

#### City Schools of Decatur (Continued)

#### Public School Employees Retirement System (Continued)

PSERS provides service retirement, disability retirement and survivor's 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 \$4 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 years ended June 30, 2007, June 30, 2006, and June 30, 2005 totaled \$2,076, \$2,364, and \$1,992, respectively.

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, 2007, June 30, 2006, and June 30, 2005 for District employees were \$2,068, \$2,144, and \$6,472, respectively.

Members become fully vested after ten (10) 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 58 employees covered under PSERS for the year ended June 30, 2007.

### 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. Plan provisions and contribution requirements are established and may be amended by the City's Commission. At June 30, 2007, there were 74 plan members.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. DEFINED CONTRIBUTION PENSION PLAN (Continued)**

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to a maximum of \$15,000 from July 1, 2006 through December 31, 2006 and up to a maximum of \$15,500 from January 1, 2007 through June 30, 2007. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Commission has approved discretionary employer contributions for five employees. Total employer and employee contributions for the year ended June 30, 2007, was \$33,099 and \$138,535, respectively.

### **NOTE 11. FUND DEFICITS**

For the year ended June 30, 2007, the City's Solid Waste Fund had deficit net assets of \$397,641, and the Greenspace Fund had a deficit fund balance of \$1,715. The fund deficit in the Solid Waste Fund will be reduced through increased user charges and General Fund appropriations, as needed. The fund deficit in the Greenspace Fund will be reduced through General Fund appropriations, as needed.

### **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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is partially self-insured for both medical and workers' compensation claims. These self-insurance plans are described below. The City has purchased insurance for all other risks of loss. Losses have not exceeded insurance coverage in the last three fiscal years.

#### Medical Self-Insurance

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

The City pays aggregate claims up to \$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 and in the governmental activities in the government-wide financial statements. 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, 74 retirees are eligible for post-retirement benefits. These post-retirement benefits are funded on a pay-as-you go basis and totaled \$1,059,623 for the year ended June 30, 2007.

| <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> |
|--------------------|---|---|--------------------|-------------------------------------|
| 2007               | \$ 97,175                                 | \$ 2,191,881  | \$ 2,200,048       | \$ 89,008                           |
| 2006               | \$ 79,032                                 | \$ 1,763,593  | \$ 1,745,450       | \$ 97,175                           |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. RISK MANAGEMENT (Continued)

#### Workers' Compensation Insurance

The City is partially self-insured for workers' compensation claims. The City pays annual aggregate claims up to \$1,000,000 over a two-year period. After the claims reach this amount, a private insurance carrier pays the remaining claims. In addition to the biennial aggregate limit, individual limits for City payments are \$300,000 per claim. After the individual limits are met, the private insurance carrier covers the claims. The City has entered into a contract with a third party to administer the program. This activity is recorded in the General Fund. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

| <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> |
|--------------------|---|---|--------------------|-------------------------------------|
| 2007               | \$ 27,226                                 | \$ 71,042   | \$ 66,227          | \$ 32,041                           |
| 2006               | \$ 77,127                                 | \$ 104,047  | \$ 153,948         | \$ 27,226                           |

### 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 arising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

#### **Contractual Commitments:**

For the fiscal year ended June 30, 2007, contractual commitments on uncompleted contracts were \$1,115,623.

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

#### City Schools of Decatur:

The District has a contingent liability related to various special education services for two students of the District. At present, the District is required to pay approximately \$1,387,603 over the next six years for special service needs, which will be provided by an outside professional. The District is continuing settlement negotiations. The future commitments are as follows:

| Year Ending June 30,  |    |                  |
|-----------------------|----|------------------|
| 2008                  | \$ | 256,102          |
| 2009                  |    | 265,623          |
| 2010                  |    | 265,623          |
| 2011                  |    | 265,623          |
| 2012                  |    | 221,568          |
| 2013                  |    | 113,064          |
| Total future payments | \$ | <u>1,387,603</u> |

### 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%. Revenues were \$369,823 for the year ended June 30, 2007. Of this amount 92%, or \$340,065, was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

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

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**Emergency Telephone System Fund** – To account for emergency services which are provided to all City taxpayers. Financing is provided through user fees and charges.

**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 and other grant programs.

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

**Greenspace Fund** – To account for amounts received and expended for greenspace acquisitions.

**Hotel/Motel Tax Fund** – To account for the 7% lodging tax levied in the City.

**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, 2007**

| <b>ASSETS</b>                        | <b>Special Revenue Funds</b>                       |                                      |                       |  |
|--------------------------------------|--|--------------------------------------|-----------------------|--|
|                                      | <b>Emergency<br/>Telephone<br/>System<br/>Fund</b> | <b>Confiscated<br/>Drug<br/>Fund</b> | <b>Grant<br/>Fund</b> | <b>Economic<br/>Development<br/>Fund</b> |
| Cash and cash equivalents            | \$ 374,156   | \$ 40,118                            | \$ 810,717            | \$ 211,738                               |
| Taxes receivable                     | -  | -                                    | -                     | -  |
| Due from other governments           | -  | -                                    | 358,222               | -  |
| Other receivables                    | 73,768   | -                                    | -                     | 395                                      |
| Due from other funds                 | -  | -                                    | 75                    | -  |
| Prepays                              | -  | -                                    | -                     | -  |
| Total assets                         | \$ 447,924   | \$ 40,118                            | \$ 1,169,014          | \$ 212,133                               |
| <b>LIABILITIES AND FUND BALANCES</b> |  |                                      |                       |  |
| <b>LIABILITIES</b>                   |  |                                      |                       |  |
| Accounts payable                     | \$ 21,786  | \$ -                                 | \$ -                  | \$ 1,360                                 |
| Due to other funds                   | 81,095   | -                                    | 346,127               | -  |
| Deferred revenue                     | -  | -                                    | -                     | -  |
| Advances from other funds            | 149,894  | -                                    | -                     | -  |
| Total liabilities                    | 252,775  | -                                    | 346,127               | 1,360                                    |
| <b>FUND BALANCES</b>                 |  |                                      |                       |  |
| Reserved for:                        |  |                                      |                       |  |
| Program expenditures                 | -  | -                                    | 822,887               | -  |
| Tree preservation                    | -  | -                                    | -                     | 19,303                                   |
| Debt service                         | -  | -                                    | -                     | -  |
| Unreserved                           | 195,149  | 40,118                               | -                     | 191,470                                  |
|                                      | 195,149  | 40,118                               | 822,887               | 210,773                                  |
| Total liabilities and fund balances  | \$ 447,924   | \$ 40,118                            | \$ 1,169,014          | \$ 212,133                               |

|                            |                                     |                                  | <b>Capital Projects<br/>Fund</b>                     |           |  |
|----------------------------|-------------------------------------|----------------------------------|--|-----------|--|
|                            |                                     |                                  | <b>Cemetery<br/>Capital<br/>Improvement<br/>Fund</b> |           | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
| <b>Greenspace<br/>Fund</b> | <b>Hotel/Motel<br/>Tax<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> |  |           |  |
| \$ 25,079                  | \$ 153,520                          | \$ 1,148,379                     | \$ 93,339  | \$        | 2,857,046  |
| -                          | 33,114                              | 90,772                           | -  |           | 123,886  |
| -                          | -                                   | -                                | -  |           | 358,222  |
| -                          | -                                   | 10,013                           | -  |           | 84,176   |
| 60,067                     | -                                   | -                                | -  |           | 60,142   |
| -                          | -                                   | 632,776                          | -  |           | 632,776  |
| <u>\$ 85,146</u>           | <u>\$ 186,634</u>                   | <u>\$ 1,881,940</u>              | <u>\$ 93,339</u>                                     | <u>\$</u> | <u>4,116,248</u>                                     |
| <br>                       |                                     |                                  |  |           |  |
| \$ -                       | \$ -                                | \$ -                             | \$ 8,500   | \$        | 31,646   |
| 86,861                     | 130,000                             | -                                | -  |           | 644,083  |
| -                          | -                                   | 51,397                           | -  |           | 51,397   |
| -                          | -                                   | -                                | -  |           | 149,894  |
| <u>86,861</u>              | <u>130,000</u>                      | <u>51,397</u>                    | <u>8,500</u>   |           | <u>877,020</u>                                       |
| <br>                       |                                     |                                  |  |           |  |
| -                          | -                                   | -                                | -  |           | 822,887  |
| -                          | -                                   | -                                | -  |           | 19,303   |
| -                          | -                                   | 1,830,543                        | -  |           | 1,830,543  |
| (1,715)                    | 56,634                              | -                                | 84,839   |           | 566,495  |
| <u>(1,715)</u>             | <u>56,634</u>                       | <u>1,830,543</u>                 | <u>84,839</u>  |           | <u>3,239,228</u>                                     |
| <br>                       |                                     |                                  |  |           |  |
| <u>\$ 85,146</u>           | <u>\$ 186,634</u>                   | <u>\$ 1,881,940</u>              | <u>\$ 93,339</u>                                     | <u>\$</u> | <u>4,116,248</u>                                     |



**CITY OF DECATUR, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

|  | <b>Special Revenue Funds</b>                       |                                      |                       |  |
|--|--|--------------------------------------|-----------------------|--|
|  | <b>Emergency<br/>Telephone<br/>System<br/>Fund</b> | <b>Confiscated<br/>Drug<br/>Fund</b> | <b>Grant<br/>Fund</b> | <b>Economic<br/>Development<br/>Fund</b> |
| <b>REVENUES</b>  |  |                                      |                       |  |
| Taxes  | \$ -   | \$ -                                 | \$ -                  | \$ -                                     |
| Charges for services   | 536,361  | -                                    | 230,477               | -  |
| Intergovernmental  | -  | -                                    | 817,654               | -  |
| Fines and forfeitures  | -  | 3,555                                | -                     | -  |
| Interest   | -  | 277                                  | -                     | -  |
| Miscellaneous  | -  | -                                    | -                     | 2,415                                    |
| <b>Total revenues</b>  | <u>536,361</u>                                     | <u>3,832</u>                         | <u>1,048,131</u>      | <u>2,415</u>                             |
| <b>EXPENDITURES</b>  |  |                                      |                       |  |
| Current  |  |                                      |                       |  |
| General government   | -  | -                                    | -                     | 6,780                                    |
| Education  | -  | -                                    | 750,867               | -  |
| Public safety  | 655,402  | 4,480                                | 69,455                | -  |
| Debt service   |  |                                      |                       |  |
| Principal retirements  | 11,111   | -                                    | -                     | -  |
| Interest expenditures  | 1,111  | -                                    | -                     | -  |
| <b>Total expenditures</b>                                    | <u>667,624</u>                                     | <u>4,480</u>                         | <u>820,322</u>        | <u>6,780</u>                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(131,263)</u>                                   | <u>(648)</u>                         | <u>227,809</u>        | <u>(4,365)</u>                           |
| Other financing sources (uses)                               |  |                                      |                       |  |
| Transfers in   | 248,000  | -                                    | -                     | -  |
| Transfers out  | -  | -                                    | -                     | -  |
| <b>Total other financing sources (uses)</b>                  | <u>248,000</u>                                     | <u>-</u>                             | <u>-</u>              | <u>-</u>                                 |
| <b>Net change in fund balances</b>                           | <u>116,737</u>                                     | <u>(648)</u>                         | <u>227,809</u>        | <u>(4,365)</u>                           |
| <b>FUND BALANCES, beginning of year</b>                      | <u>78,412</u>                                      | <u>40,766</u>                        | <u>595,078</u>        | <u>215,138</u>                           |
| <b>FUND BALANCES, end of year</b>                            | <u>\$ 195,149</u>                                  | <u>\$ 40,118</u>                     | <u>\$ 822,887</u>     | <u>\$ 210,773</u>                        |

| Greenspace Fund | Hotel/Motel Tax Fund | Debt Service Fund | Capital Projects Fund             | Total Nonmajor Governmental Funds |
|-----------------|----------------------|-------------------|-----------------------------------|-----------------------------------|
|                 |                      |                   | Cemetery Capital Improvement Fund |                                   |
| \$ -            | \$ 369,823           | \$ 2,197,889      | \$ -                              | \$ 2,567,712                      |
| -               | -                    | -                 | -                                 | 766,838                           |
| -               | -                    | -                 | -                                 | 817,654                           |
| -               | -                    | -                 | -                                 | 3,555                             |
| -               | -                    | 24,151            | -                                 | 24,428                            |
| -               | -                    | -                 | 3,211                             | 5,626                             |
| -               | 369,823              | 2,222,040         | 3,211                             | 4,185,813                         |
| 57,402          | 10,065               | -                 | 16,905                            | 91,152                            |
| -               | -                    | -                 | -                                 | 750,867                           |
| -               | -                    | -                 | -                                 | 729,337                           |
| -               | -                    | -                 | -                                 | 11,111                            |
| -               | -                    | -                 | -                                 | 1,111                             |
| 57,402          | 10,065               | -                 | 16,905                            | 1,583,578                         |
| (57,402)        | 359,758              | 2,222,040         | (13,694)                          | 2,602,235                         |
| 50,000          | -                    | -                 | -                                 | 298,000                           |
| -               | (330,000)            | (550,000)         | -                                 | (880,000)                         |
| 50,000          | (330,000)            | (550,000)         | -                                 | (582,000)                         |
| (7,402)         | 29,758               | 1,672,040         | (13,694)                          | 2,020,235                         |
| 5,687           | 26,876               | 158,503           | 98,533                            | 1,218,993                         |
| \$ (1,715)      | \$ 56,634            | \$ 1,830,543      | \$ 84,839                         | \$ 3,239,228                      |

**CITY OF DECATUR, GEORGIA**  
**EMERGENCY TELEPHONE SYSTEM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**

|  | Budget           |                  | Actual            | Variance With<br>Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
|  | Original         | Final            |                   |                               |
| <b>REVENUES</b>                          |                  |                  |                   |                               |
| Charges for services                     | \$ 579,000       | \$ 500,000       | \$ 536,361        | \$ 36,361                     |
| <b>EXPENDITURES</b>                      |                  |                  |                   |                               |
| Public safety                            | 783,930          | 721,050          | 655,402           | 65,648                        |
| Debt service                             |                  |                  |                   |                               |
| Principal                                | 51,200           | 49,000           | 11,111            | 37,889                        |
| Interest                                 | -                | -                | 1,111             | (1,111)                       |
| Total expenditures                       | 835,130          | 770,050          | 667,624           | 102,426                       |
| Deficiency of revenues over expenditures | (256,130)        | (270,050)        | (131,263)         | 138,787                       |
| <b>OTHER FINANCING SOURCES</b>           |                  |                  |                   |                               |
| Transfers in                             | 270,000          | 248,000          | 248,000           | -                             |
| Net change in fund balances              | 13,870           | (22,050)         | 116,737           | 138,787                       |
| <b>FUND BALANCES, beginning of year</b>  | 78,412           | 78,412           | 78,412            | -                             |
| <b>FUND BALANCES, end of year</b>        | <u>\$ 92,282</u> | <u>\$ 56,362</u> | <u>\$ 195,149</u> | <u>\$ 138,787</u>             |

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|   | Budget           |                  | Actual           | Variance With<br>Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
|   | Original         | Final            |                  |                               |
| <b>REVENUES</b>                         |                  |                  |                  |                               |
| Fines and forfeitures                   | \$ -             | \$ -             | \$ 3,555         | \$ 3,555                      |
| Interest                                | 300              | 250              | 277              | 27                            |
| Total revenue                           | 300              | 250              | 3,832            | 3,582                         |
| <b>EXPENDITURES</b>                     |                  |                  |                  |                               |
| Public safety                           | 2,000            | 2,000            | 4,480            | (2,480)                       |
| Total expenditures                      | 2,000            | 2,000            | 4,480            | (2,480)                       |
| Net change in fund balances             | (1,700)          | (1,750)          | (648)            | 1,102                         |
| <b>FUND BALANCES, beginning of year</b> | 40,766           | 40,766           | 40,766           | -                             |
| <b>FUND BALANCES, end of year</b>       | <u>\$ 39,066</u> | <u>\$ 39,016</u> | <u>\$ 40,118</u> | <u>\$ 1,102</u>               |

**CITY OF DECATUR, GEORGIA  
GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|   | Budget            |                   | Actual            | Variance With<br>Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
|   | Original          | Final             |                   |                               |
| <b>REVENUES</b>                         |                   |                   |                   |                               |
| Intergovernmental                       | \$ 699,590        | \$ 699,590        | \$ 817,654        | \$ 118,064                    |
| Charges for services                    | -                 | -                 | 230,477           | 230,477                       |
| Total revenue                           | <u>699,590</u>    | <u>699,590</u>    | <u>1,048,131</u>  | <u>348,541</u>                |
| <b>EXPENDITURES</b>                     |                   |                   |                   |                               |
| Public safety                           | -                 | -                 | 69,455            | (69,455)                      |
| Education                               | 746,970           | 763,280           | 750,867           | 12,413                        |
| Total expenditures                      | <u>746,970</u>    | <u>763,280</u>    | <u>820,322</u>    | <u>(57,042)</u>               |
| Net change in fund balances             | (47,380)          | (63,690)          | 227,809           | 291,499                       |
| <b>FUND BALANCES, beginning of year</b> | <u>595,078</u>    | <u>595,078</u>    | <u>595,078</u>    | -                             |
| <b>FUND BALANCES, end of year</b>       | <u>\$ 547,698</u> | <u>\$ 531,388</u> | <u>\$ 822,887</u> | <u>\$ 291,499</u>             |

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|   | <u>Budget</u>            |                          | <u>Actual</u>            | <u>Variance With<br/>Final Budget</u> |
|---|--------------------------|--------------------------|--------------------------|---------------------------------------|
|   | <u>Original</u>          | <u>Final</u>             |                          |                                       |
| <b>REVENUES</b>                         |                          |                          |                          |                                       |
| Miscellaneous                           | \$ 25,000                | \$ 6,500                 | \$ 2,415                 | \$ (4,085)                            |
| Total revenue                           | <u>25,000</u>            | <u>6,500</u>             | <u>2,415</u>             | <u>(4,085)</u>                        |
| <b>EXPENDITURES</b>                     |                          |                          |                          |                                       |
| General government                      | <u>40,000</u>            | <u>40,000</u>            | <u>6,780</u>             | <u>33,220</u>                         |
| Net change in fund balances             | (15,000)                 | (33,500)                 | (4,365)                  | 29,135                                |
| <b>FUND BALANCES, beginning of year</b> | <u>215,138</u>           | <u>215,138</u>           | <u>215,138</u>           | <u>-</u>                              |
| <b>FUND BALANCES, end of year</b>       | <u><u>\$ 200,138</u></u> | <u><u>\$ 181,638</u></u> | <u><u>\$ 210,773</u></u> | <u><u>\$ 29,135</u></u>               |

**CITY OF DECATUR, GEORGIA  
GREENSPACE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|  | <u>Budget</u>   |                 | <u>Actual</u>     | <u>Variance With<br/>Final Budget</u> |
|--|-----------------|-----------------|-------------------|---------------------------------------|
|  | <u>Original</u> | <u>Final</u>    |                   |                                       |
| <b>REVENUES</b>                          |                 |                 |                   |                                       |
| Intergovernmental                        | \$ -            | \$ 25,140       | \$ -              | \$ (25,140)                           |
| <b>EXPENDITURES</b>                      |                 |                 |                   |                                       |
| General government                       | 50,000          | 75,750          | 57,402            | 18,348                                |
| Deficiency of revenues over expenditures | (50,000)        | (50,610)        | (57,402)          | (6,792)                               |
| <b>OTHER FINANCING SOURCES</b>           |                 |                 |                   |                                       |
| Transfers in                             | 50,000          | 50,000          | 50,000            | -                                     |
| Net change in fund balances              | -               | (610)           | (7,402)           | (6,792)                               |
| <b>FUND BALANCES, beginning of year</b>  | 5,687           | 5,687           | 5,687             | -                                     |
| <b>FUND BALANCES, end of year</b>        | <u>\$ 5,687</u> | <u>\$ 5,077</u> | <u>\$ (1,715)</u> | <u>\$ (6,792)</u>                     |

**CITY OF DECATUR, GEORGIA  
HOTEL/MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|   | Budget           |                  | Actual           | Variance With<br>Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
|   | Original         | Final            |                  |                               |
| <b>REVENUES</b>                         |                  |                  |                  |                               |
| Taxes                                   | \$ 310,000       | \$ 340,000       | \$ 369,823       | \$ 29,823                     |
| <b>EXPENDITURES</b>                     |                  |                  |                  |                               |
| General government                      | 10,000           | 10,100           | 10,065           | 35                            |
| Total expenditures                      | 10,000           | 10,100           | 10,065           | 35                            |
| Excess of revenues over expenditures    | 300,000          | 329,900          | 359,758          | 29,858                        |
| <b>OTHER FINANCING USES</b>             |                  |                  |                  |                               |
| Transfers out                           | (300,000)        | (330,000)        | (330,000)        | -                             |
| Net change in fund balances             | -                | (100)            | 29,758           | 29,858                        |
| <b>FUND BALANCES, beginning of year</b> | 26,876           | 26,876           | 26,876           | -                             |
| <b>FUND BALANCES, end of year</b>       | <u>\$ 26,876</u> | <u>\$ 26,776</u> | <u>\$ 56,634</u> | <u>\$ 29,858</u>              |



**CITY OF DECATUR, GEORGIA**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|   | Budget           |                     | Actual              | Variance With<br>Final Budget |
|---|------------------|---------------------|---------------------|-------------------------------|
|   | Original         | Final               |                     |                               |
| <b>REVENUES</b>                         |                  |                     |                     |                               |
| Taxes                                   | \$ 590,000       | \$ 1,690,000        | \$ 2,197,889        | \$ 507,889                    |
| Interest                                | -                | 10,000              | 24,151              | 14,151                        |
| Total revenues                          | <u>590,000</u>   | <u>1,700,000</u>    | <u>2,222,040</u>    | <u>522,040</u>                |
| <b>OTHER FINANCING USES</b>             |                  |                     |                     |                               |
| Transfers out                           | <u>(650,000)</u> | <u>(550,000)</u>    | <u>(550,000)</u>    | <u>-</u>                      |
| Net change in fund balances             | (60,000)         | 1,150,000           | 1,672,040           | 522,040                       |
| <b>FUND BALANCES, beginning of year</b> | <u>158,503</u>   | <u>158,503</u>      | <u>158,503</u>      | <u>-</u>                      |
| <b>FUND BALANCES, end of year</b>       | <u>\$ 98,503</u> | <u>\$ 1,308,503</u> | <u>\$ 1,830,543</u> | <u>\$ 522,040</u>             |

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

**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**

|   | Budget           |                  | Actual           | Variance With<br>Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
|   | Original         | Final            |                  |                               |
| <b>REVENUES</b>                         |                  |                  |                  |                               |
| Miscellaneous                           | \$ 6,000         | \$ 5,650         | \$ 3,211         | \$ (2,439)                    |
| Total revenues                          | 6,000            | 5,650            | 3,211            | (2,439)                       |
| <b>EXPENDITURES</b>                     |                  |                  |                  |                               |
| General government                      | 16,000           | 12,500           | 16,905           | (4,405)                       |
| Total expenditures                      | 16,000           | 12,500           | 16,905           | (4,405)                       |
| Net change in fund balances             | (10,000)         | (6,850)          | (13,694)         | (6,844)                       |
| <b>FUND BALANCES, beginning of year</b> | 98,533           | 98,533           | 98,533           | -                             |
| <b>FUND BALANCES, end of year</b>       | <u>\$ 88,533</u> | <u>\$ 91,683</u> | <u>\$ 84,839</u> | <u>\$ (6,844)</u>             |

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

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007**

|  | Budget              |                     | Actual               | Variance With<br>Final Budget |
|--|---------------------|---------------------|----------------------|-------------------------------|
|  | Original            | Final               |                      |                               |
| <b>REVENUES</b>  |                     |                     |                      |                               |
| Taxes  | \$ 1,139,950        | \$ 1,139,950        | \$ 1,076,991         | \$ (62,959)                   |
| Intergovernmental  | 2,106,000           | 2,106,000           | 2,102,600            | (3,400)                       |
| Interest   | 350,000             | 350,000             | 345,798              | (4,202)                       |
| Miscellaneous  | 229,520             | 229,520             | 229,521              | 1                             |
| Total revenues   | <u>3,825,470</u>    | <u>3,825,470</u>    | <u>3,754,910</u>     | <u>(70,560)</u>               |
| <b>EXPENDITURES</b>  |                     |                     |                      |                               |
| General government   | 3,306,540           | 3,306,540           | 3,291,470            | 15,070                        |
| Capital outlay   | 1,373,950           | 1,373,950           | 1,373,036            | 914                           |
| Debt service   |                     |                     |                      |                               |
| Principal retirements  | 306,000             | 306,000             | 305,221              | 779                           |
| Interest and fiscal charges  | 226,000             | 226,000             | 542,218              | (316,218)                     |
| Total expenditures   | <u>5,212,490</u>    | <u>5,212,490</u>    | <u>5,511,945</u>     | <u>(299,455)</u>              |
| Deficiency of revenues under expenditures                          | <u>(1,387,020)</u>  | <u>(1,387,020)</u>  | <u>(1,757,035)</u>   | <u>(370,015)</u>              |
| <b>OTHER FINANCING SOURCES</b>                                     |                     |                     |                      |                               |
| Proceeds from capital lease  | 600,000             | 600,000             | 595,752              | (4,248)                       |
| Issuance of long-term debt   | -                   | -                   | 33,245,000           | 33,245,000                    |
| Premium on bond issuance   | -                   | -                   | 252,988              | 252,988                       |
| Total other financing sources                                      | <u>600,000</u>      | <u>600,000</u>      | <u>34,093,740</u>    | <u>33,493,740</u>             |
| <b>SPECIAL ITEM</b>  |                     |                     |                      |                               |
| Payment of portion of bond proceeds to the City Schools of Decatur | -                   | -                   | (16,500,000)         | (16,500,000)                  |
| Net change in fund balances  | (787,020)           | (787,020)           | 15,836,705           | 16,623,725                    |
| <b>FUND BALANCES, beginning of year</b>                            | <u>1,899,581</u>    | <u>1,899,581</u>    | <u>1,899,581</u>     | <u>-</u>                      |
| <b>FUND BALANCES, end of year</b>                                  | <u>\$ 1,112,561</u> | <u>\$ 1,112,561</u> | <u>\$ 17,736,286</u> | <u>\$ 16,623,725</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.

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

**CITY OF DECATUR, GEORGIA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2007**

| <b>ASSETS</b>          | <b>Municipal<br/>Court Fund</b> | <b>Board of<br/>Education<br/>Fund</b> | <b>Downtown<br/>Development<br/>Authority<br/>Fund</b> | <b>Totals</b>    |
|------------------------|---------------------------------|--|--|------------------|
| Cash                   | \$ 28,941                       | \$ 5,001,481                           | \$ 92,590  | \$ 5,123,012     |
| <br><b>LIABILITIES</b> |                                 |  |  |                  |
| Due to others          | \$ 28,941                       | \$ -                                   | \$ -   | \$ 28,941        |
| Due to component unit  | -                               | 5,001,481                              | 92,590   | 5,094,071        |
| <br>Total liabilities  | <br>\$ 28,941                   | <br>\$ 5,001,481                       | <br>\$ 92,590  | <br>\$ 5,123,012 |

# CITY OF DECATUR, GEORGIA

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 2007

|  | <u>Balance<br/>July 1,<br/>2006</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30,<br/>2007</u> |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| <b><u>MUNICIPAL COURT</u></b>                    |                                     |                  |                  |                                      |
| Assets - cash                                    | \$ 64,652                           | \$ 899,667       | \$ 935,378       | \$ 28,941                            |
| Liabilities:                                     |                                     |                  |                  |                                      |
| Due to others                                    | \$ 64,652                           | \$ 899,667       | \$ 935,378       | \$ 28,941                            |
| <b><u>BOARD OF EDUCATION</u></b>                 |                                     |                  |                  |                                      |
| Assets - cash                                    | \$ 4,425,220                        | \$ 21,147,725    | \$ 20,571,464    | \$ 5,001,481                         |
| Liabilities - due to component unit              | \$ 4,425,220                        | \$ 21,147,725    | \$ 20,571,464    | \$ 5,001,481                         |
| <b><u>DOWNTOWN<br/>DEVELOPMENT AUTHORITY</u></b> |                                     |                  |                  |                                      |
| Assets - cash                                    | \$ 80,508                           | \$ 403,754       | \$ 391,672       | \$ 92,590                            |
| Liabilities - due to component unit              | \$ 80,508                           | \$ 403,754       | \$ 391,672       | \$ 92,590                            |
| <b><u>TOTAL AGENCY FUNDS</u></b>                 |                                     |                  |                  |                                      |
| Assets - cash                                    | \$ 4,570,380                        | \$ 22,451,146    | \$ 21,898,514    | \$ 5,123,012                         |
| Liabilities:                                     |                                     |                  |                  |                                      |
| Due to others                                    | \$ 64,652                           | \$ 899,667       | \$ 935,378       | \$ 28,941                            |
| Due to component unit                            | 4,505,728                           | 21,551,479       | 20,963,136       | 5,094,071                            |
| Total liabilities                                | \$ 4,570,380                        | \$ 22,451,146    | \$ 21,898,514    | \$ 5,123,012                         |

**COMPONENT UNIT –  
DOWNTOWN DEVELOPMENT AUTHORITY**

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# CITY OF DECATUR, GEORGIA

## BALANCE SHEET COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY JUNE 30, 2007

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| <b>ASSETS</b>                           |                   |
|---|-------------------|
| Cash                                    | \$ 332,938        |
| Taxes receivable                        | 20,608            |
| Other receivables                       | 23,872            |
| Due from primary government             | <u>92,590</u>     |
| Total assets                            | <u>\$ 470,008</u> |
| <br><b>LIABILITIES AND FUND BALANCE</b> |                   |
| <b>LIABILITIES</b>                      |                   |
| Accounts payable                        | \$ 36,216         |
| Due to primary government               | 164,778           |
| Deferred revenue                        | <u>11,217</u>     |
| Total liabilities                       | <u>212,211</u>    |
| <br><b>FUND BALANCE</b>                 |                   |
| Unreserved                              | <u>257,797</u>    |
| Total liabilities and fund balance      | <u>\$ 470,008</u> |



# CITY OF DECATUR, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED JUNE 30, 2007

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|  |                          |
|--|--------------------------|
| <b>REVENUES</b>                          |                          |
| Taxes                                    | \$ 406,843               |
| Miscellaneous                            | <u>186,024</u>           |
| Total revenues                           | <u>592,867</u>           |
| <b>EXPENDITURES</b>                      |                          |
| Downtown development                     | 788,227                  |
| Debt service:                            |                          |
| Principal                                | <u>661,383</u>           |
| Total expenditures                       | <u>1,449,610</u>         |
| Deficiency of revenues over expenditures | <u>(856,743)</u>         |
| <b>Other financing sources</b>           |                          |
| Proceeds from sale of capital asset      | <u>766,929</u>           |
| Net change in fund balance               | <u>(89,814)</u>          |
| <b>FUND BALANCE, beginning of year</b>   | <u>347,611</u>           |
| <b>FUND BALANCE, end of year</b>         | <u><u>\$ 257,797</u></u> |

# STATISTICAL SECTION

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This part of the City of Decatur’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

|   | <u>Page</u> |
|---|-------------|
| <b>Financial Trends .....</b>   | <b>74</b>   |
| <b>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</b>  |             |
| <b>Revenue Capacity .....</b>   | <b>80</b>   |
| <b>These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.</b>  |             |
| <b>Debt Capacity .....</b>  | <b>85</b>   |
| <b>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</b>                    |             |
| <b>Demographic and Economic Information .....</b>   | <b>88</b>   |
| <b>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</b>   |             |
| <b>Operating Information .....</b>  | <b>89</b>   |
| <b>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</b> |             |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

# CITY OF DECATUR, GEORGIA

## NET ASSETS BY COMPONENT LAST FIVE YEARS

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

|   | 2007          | 2006      | 2005      | 2004      | 2003      |
|---|---------------|-----------|-----------|-----------|-----------|
| Governmental activities                         |               |           |           |           |           |
| Invested in capital assets, net of related debt | \$ 28,897 (1) | \$ 46,046 | \$ 42,667 | \$ 42,074 | \$ 43,864 |
| Restricted                                      | 823           | 595       | -         | -         | -         |
| Unrestricted                                    | 8,875         | 7,517     | 8,822     | 10,051    | 9,997     |
| Total governmental activities net assets        | \$ 38,595     | \$ 54,158 | \$ 51,489 | \$ 52,125 | \$ 53,861 |
| Business-type activities                        |               |           |           |           |           |
| Invested in capital assets, net of related debt | \$ 4,154      | \$ 3,387  | \$ 3,021  | \$ 2,658  | \$ 2,444  |
| Unrestricted                                    | 895           | 929       | 618       | 585       | 656       |
| Total business-type activities net assets       | \$ 5,049      | \$ 4,316  | \$ 3,639  | \$ 3,243  | \$ 3,100  |
| Primary government                              |               |           |           |           |           |
| Invested in capital assets, net of related debt | \$ 33,051     | \$ 49,433 | \$ 45,688 | \$ 44,732 | \$ 46,308 |
| Restricted                                      | 823           | 595       | -         | -         | -         |
| Unrestricted                                    | 9,770         | 8,446     | 9,440     | 10,636    | 10,653    |
| Total primary government net assets             | \$ 43,644     | \$ 58,474 | \$ 55,128 | \$ 55,368 | \$ 56,961 |

**NOTE:** (1) The decrease in 2007 is due to the issuance of \$33,245,000 in general obligation bonds, with \$16,500,000 paid to the City Schools of Decatur rather than to capital assets of the City.

# CITY OF DECATUR, GEORGIA

## CHANGES IN NET ASSETS LAST FIVE YEARS

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

|   | 2007      | 2006         | 2005      | 2004      | 2003      |
|---|-----------|--------------|-----------|-----------|-----------|
| <b>Expenses</b>                                 |           |              |           |           |           |
| Governmental activities:                        |           |              |           |           |           |
| General government                              | \$ 8,589  | \$ 8,729 (1) | \$ 5,233  | \$ 4,118  | \$ 4,030  |
| Education                                       | 2,007     | 1,845        | 1,926     | 1,914     | 1,499     |
| Public safety                                   | 8,043     | 8,414        | 7,659     | 7,133     | 6,340     |
| Public works                                    | 3,310     | 3,544        | 3,380     | 3,163     | 2,758     |
| Recreation                                      | 1,865     | 1,873        | 1,605     | 1,818     | 1,649     |
| Community & economic development                | -         | -            | -         | -         | 318       |
| Interest on long-term debt                      | 804       | 106          | 99        | 24        | 35        |
| Total governmental activities expenses          | 24,618    | 24,511       | 19,902    | 18,170    | 16,629    |
| Business-type activities:                       |           |              |           |           |           |
| Conference center                               | 516       | 561          | 595       | 611       | 671       |
| Stormwater                                      | 552       | 793          | 1,588     | 670       | 648       |
| Solid Waste                                     | 2,076     | 1,945        | 1,796     | 1,830     | 1,857     |
| Total business-type activities expenses         | 3,144     | 3,299        | 3,979     | 3,111     | 3,176     |
| Total primary government expenses               | \$ 27,762 | \$ 27,810    | \$ 23,881 | \$ 21,281 | \$ 19,805 |
| <b>Program Revenues</b>                         |           |              |           |           |           |
| Governmental activities:                        |           |              |           |           |           |
| Charges for services:                           |           |              |           |           |           |
| General government                              | \$ 905    | \$ 773       | \$ 433    | \$ 588    | \$ 414    |
| Education                                       | 230 (2)   | -            | -         | -         | -         |
| Public safety                                   | 1,500     | 1,214        | 1,241     | 1,257     | 1,246     |
| Public works                                    | 88        | 379          | 84        | 117       | 149       |
| Recreation                                      | 639       | 618          | 524       | 677       | 712       |
| Community & economic development                | -         | 261          | 197       | 214       | -         |
| Operating grants and contributions              | 790       | 997          | 1,065     | 479       | 435       |
| Capital grants and contributions                | 3,362     | 8,153 (1)    | 1,786     | 1,949     | 7,493     |
| Total governmental activities program revenues  | 7,514     | 12,395       | 5,330     | 5,281     | 10,449    |
| Business-type activities:                       |           |              |           |           |           |
| Charges for services:                           |           |              |           |           |           |
| Solid Waste                                     | 79        | 76           | 106       | 66        | 74        |
| Stormwater                                      | 1,000     | 973          | 889       | 780       | 924       |
| Conference Center                               | 2,342     | 2,332        | 2,154     | 2,043     | 2,039     |
| Capital grants and contributions                | -         | -            | -         | -         | 47        |
| Total business-type activities program revenues | 3,421     | 3,381        | 3,149     | 2,889     | 3,084     |
| Total primary government program revenues       | \$ 10,935 | \$ 15,776    | \$ 8,479  | \$ 8,170  | \$ 13,533 |

(Continued)

# CITY OF DECATUR, GEORGIA

## CHANGES IN NET ASSETS LAST FIVE YEARS (accrual basis of accounting) (amounts expressed in thousands)

|   | 2007          | 2006        | 2005        | 2004        | 2003       |
|---|---------------|-------------|-------------|-------------|------------|
| <b>Net (expense)/revenue</b>                                |               |             |             |             |            |
| Governmental activities                                     | \$ (17,104)   | \$ (12,116) | \$ (14,572) | \$ (12,889) | \$ (6,180) |
| Business-type activities                                    | 277           | 82          | (830)       | (222)       | (92)       |
| Total primary government net expense                        | \$ (16,827)   | \$ (12,034) | \$ (15,402) | \$ (13,111) | \$ (6,272) |
| <b>General Revenues and Other Changes<br/>in Net Assets</b> |               |             |             |             |            |
| Governmental activities:                                    |               |             |             |             |            |
| Property taxes  | \$ 14,456 (3) | \$ 11,847   | \$ 11,287   | \$ 9,848    | \$ 10,322  |
| Franchise taxes   | 1,227         | 1,254       | 1,067       | 1,034       | 1,047      |
| Sales taxes   | 608           | 579         | 250         | 261         | 219        |
| Other taxes   | 1,495         | 1,363       | 1,252       | 1,220       | 1,125      |
| Unrestricted investment earnings                            | 710 (4)       | 312         | 188         | 40          | 35         |
| Gain on sale of capital assets                              | 1             | 24          | 8           | 16          | 11         |
| Transfers   | (456)         | (595)       | (116)       | (110)       | (50)       |
| Special item  | (16,500) (5)  | -           | -           | -           | -          |
| Total governmental activities                               | 1,541         | 14,784      | 13,936      | 12,309      | 12,709     |
| Business-type activities:                                   |               |             |             |             |            |
| Other taxes   | -             | -           | 275         | 254         | 259        |
| Gain on sale of capital assets                              | -             | -           | 835         | -           | -          |
| Transfers   | 456           | 595         | 116         | 110         | 50         |
| Total business-type activities                              | 456           | 595         | 1,226       | 364         | 309        |
| Total primary government                                    | \$ 1,997      | \$ 15,379   | \$ 15,162   | \$ 12,673   | \$ 13,018  |
| <b>Change in Net Assets</b>                                 |               |             |             |             |            |
| Governmental activities                                     | \$ (15,563)   | \$ 2,668    | \$ (636)    | \$ (580)    | \$ 6,529   |
| Business-type activities                                    | 733           | 677         | 396         | 142         | 217        |
| Total primary government                                    | \$ (14,830)   | \$ 3,345    | \$ (240)    | \$ (438)    | \$ 6,746   |

**NOTES:** (1) 2006 capital grant revenues and general government expenses include grants received from the U.S. Department of Transportation for MARTA transit station improvements.

(2) This amount was reclassified from other categories in 2007 to more accurately report the activity.

(3) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

(4) Interest income increased due to the increase in cash and investments resulting from the general obligation bond proceeds to be used for construction.

(5) The special item is the payment of bond proceeds to the City Schools of Decatur.

# CITY OF DECATUR, GEORGIA

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST FIVE YEARS (accrual basis of accounting) (amounts expressed in thousands)

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| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Franchise Tax</u> | <u>Sales Tax</u> | <u>Insurance Tax</u> | <u>Other Taxes</u> | <u>Total</u> |
|--------------------|---------------------|----------------------|------------------|----------------------|--------------------|--------------|
| 2003               | \$ 10,322           | \$ 1,047             | \$ 219           | \$ 752               | \$ 373             | \$ 12,713    |
| 2004               | 9,848               | 1,034                | 261              | 820                  | 400                | 12,363       |
| 2005               | 11,287              | 1,067                | 250              | 844                  | 408                | 13,856       |
| 2006               | 11,847              | 1,254                | 579              | 909                  | 454                | 15,043       |
| 2007               | 14,456 (1)          | 1,227                | 608              | 951                  | 544                | 17,786       |

**NOTE:** (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

# CITY OF DECATUR, GEORGIA

## FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

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|                                    | 2007          | 2006     | 2005     | 2004     |
|------------------------------------|---------------|----------|----------|----------|
| General fund                       |               |          |          |          |
| Reserved                           | \$ 64         | \$ 10    | \$ -     | \$ -     |
| Unreserved                         | 6,224         | 5,524    | 5,689    | 6,144    |
| Total general fund                 | \$ 6,288      | \$ 5,534 | \$ 5,689 | \$ 6,144 |
| All other governmental funds       |               |          |          |          |
| Reserved                           | \$ 19,952 (1) | \$ 1,193 | \$ 1,425 | \$ 922   |
| Unreserved, reported in:           |               |          |          |          |
| Special revenue funds              | 482           | 347      | (1)      | -        |
| Capital projects funds             | 542           | 1,578    | 1,314    | 545      |
| Total all other governmental funds | \$ 20,976     | \$ 3,118 | \$ 2,738 | \$ 1,467 |

**NOTE:** (1) The increase in 2007 is the result of fund balance reserved for capital projects to be funded by the 2007 general obligation bonds.

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| <u>2003</u>     | <u>2002</u>     | <u>2001</u>     | <u>2000</u>     | <u>1999</u>     | <u>1998</u>     |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ -            | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| 6,476           | 4,923           | 3,379           | 3,789           | 3,591           | 2,708           |
| <u>\$ 6,476</u> | <u>\$ 4,923</u> | <u>\$ 3,379</u> | <u>\$ 3,789</u> | <u>\$ 3,591</u> | <u>\$ 2,708</u> |
| \$ 539          | \$ 725          | \$ 685          | \$ 462          | \$ 195          | \$ 383          |
| -               | -               | -               | -               | -               | -               |
| 450             | 327             | 333             | 204             | 291             | 600             |
| <u>\$ 989</u>   | <u>\$ 1,052</u> | <u>\$ 1,018</u> | <u>\$ 666</u>   | <u>\$ 486</u>   | <u>\$ 983</u>   |



# CITY OF DECATUR, GEORGIA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS

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

|   | 2007                | 2006          | 2005            | 2004          |
|---|---------------------|---------------|-----------------|---------------|
| <b>Revenues</b>   |                     |               |                 |               |
| Taxes   | \$ 17,796 (2)       | \$ 15,133     | \$ 13,845       | \$ 12,477     |
| Licenses and permits                                    | 603                 | 721           | 354             | 517           |
| Intergovernmental                                       | 3,179               | 3,693 (1)     | 1,701           | 1,105         |
| Fines and forfeitures                                   | 575                 | 653           | 523             | 530           |
| Charges for services                                    | 1,867               | 1,542         | 1,321           | 1,473         |
| Interest income   | 710                 | 312           | 188             | 40            |
| Other revenues  | 287                 | 1,155         | 190             | 554           |
| <b>Total revenues</b>                                   | <b>25,017</b>       | <b>23,209</b> | <b>18,122</b>   | <b>16,696</b> |
| <b>Expenditures</b>                                     |                     |               |                 |               |
| General government                                      | 8,353               | 8,518 (1)     | 4,733           | 4,085         |
| Education   | 751                 | 693           | 777             | 458           |
| Public safety   | 7,793               | 7,736         | 7,585           | 6,948         |
| Public works  | 2,663               | 2,839         | 2,821           | 2,592         |
| Recreation  | 1,752               | 1,656         | 1,525           | 1,777         |
| General services  | -                   | -             | -               | -             |
| Non-departmental  | -                   | -             | -               | -             |
| Capital outlay  | 1,373               | 3,597         | 692             | 401           |
| Debt service  |                     |               |                 |               |
| Principal retirements                                   | 316                 | 262           | 189             | 309           |
| Interest and fiscal charges                             | 543                 | 108           | 101             | 25            |
| <b>Total expenditures</b>                               | <b>23,544</b>       | <b>25,409</b> | <b>18,423</b>   | <b>16,595</b> |
| Excess of revenues over (under) expenditures            | 1,473               | (2,200)       | (301)           | 101           |
| <b>Other financing sources (uses)</b>                   |                     |               |                 |               |
| Proceeds from capital leases                            | 596 (3)             | 186           | 210             | 123           |
| Issuance of long-term debt                              | 33,245 (3)          | 2,810         | -               | -             |
| Premium on bond issuance                                | 253                 | -             | -               | -             |
| Proceeds from sale of capital assets                    | 1                   | 24            | 8               | 32            |
| Transfers in  | 722                 | 1,338         | 1,018           | 1,012         |
| Transfers out   | (1,178)             | (1,933)       | (1,135)         | (1,122)       |
| <b>Total other financing sources (uses)</b>             | <b>33,639</b>       | <b>2,425</b>  | <b>101</b>      | <b>45</b>     |
| <b>Special item</b>                                     | <b>(16,500) (4)</b> | -             | -               | -             |
| <b>Net change in fund balances</b>                      | <b>\$ 18,612</b>    | <b>\$ 225</b> | <b>\$ (200)</b> | <b>\$ 146</b> |
| Debt service as a percentage of noncapital expenditures | 3.91%               | 1.70%         | 1.64%           | 2.06%         |

**NOTE:** (1) 2006 capital grant revenues include grants received from the U.S. Department of Transportation for MARTA transit station improvements.

(2) The increase in 2007 is due to additional property taxes resulting from an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

|    | 2003          | 2002          | 2001          | 2000          | 1999          | 1998          |
|----|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 12,281        | \$ 11,474     | \$ 9,465      | \$ 8,998      | \$ 8,603      | \$ 7,145      |
|    | 398           | 410           | 471           | 984           | 965           | 728           |
|    | 1,855         | 1,966         | 1,127         | 1,289         | 615           | 299           |
|    | 821           | 736           | 845           | 863           | 905           | 833           |
|    | 1,404         | 1,260         | 1,686         | 2,393         | 2,423         | 2,220         |
|    | 35            | 66            | 225           | 226           | 157           | 184           |
|    | 350           | 293           | 339           | 479           | 257           | 234           |
|    | <u>17,144</u> | <u>16,205</u> | <u>14,158</u> | <u>15,232</u> | <u>13,925</u> | <u>11,643</u> |
|    | 3,175         | 1,903         | 1,858         | 1,922         | 1,153         | 1,103         |
|    | 545           | 445           | -             | 487           | -             | -             |
|    | 6,545         | 5,636         | 5,723         | 5,512         | 5,027         | 4,937         |
|    | 2,290         | 1,874         | 1,761         | 3,458         | 3,161         | 3,067         |
|    | 1,683         | 1,705         | 1,610         | 1,417         | 1,369         | 1,361         |
|    | -             | 307           | 656           | 634           | 633           | 355           |
|    | 883           | 760           | 903           | 766           | 867           | 676           |
|    | 385           | 2,260         | 802           | 833           | 545           | 579           |
|    | 415           | 404           | 360           | 259           | 295           | 189           |
|    | 36            | 31            | 25            | 24            | 24            | 25            |
|    | <u>15,957</u> | <u>15,325</u> | <u>13,698</u> | <u>15,312</u> | <u>13,074</u> | <u>12,292</u> |
|    | 1,187         | 880           | 460           | (80)          | 851           | (649)         |
|    | 167           | 750           | 517           | 470           | 183           | 297           |
|    | -             | -             | -             | -             | -             | -             |
|    | -             | -             | -             | -             | -             | -             |
|    | 11            | 1             | 12            | 4             | 9             | 16            |
|    | 535           | 499           | 480           | 325           | 20            | 126           |
|    | (903)         | (552)         | (970)         | (500)         | (520)         | (626)         |
|    | <u>(190)</u>  | <u>698</u>    | <u>39</u>     | <u>299</u>    | <u>(308)</u>  | <u>(187)</u>  |
|    | -             | -             | -             | -             | -             | -             |
| \$ | <u>997</u>    | <u>1,578</u>  | <u>499</u>    | <u>219</u>    | <u>543</u>    | <u>(836)</u>  |
|    | 2.90%         | 3.33%         | 2.99%         | 1.95%         | 2.55%         | 1.83%         |

(3) The City entered into additional capital leases and issued general obligation bonds during fiscal year 2007.

(4) The special item is the payment of bond proceeds to the City Schools of Decatur.

**CITY OF DECATUR, GEORGIA**

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN YEARS**

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

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| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Franchise Tax</u> | <u>Sales Tax</u> | <u>Insurance Tax</u> | <u>Other Taxes</u> | <u>Total</u> |
|--------------------|---------------------|----------------------|------------------|----------------------|--------------------|--------------|
| 1998               | \$ 4,704            | \$ 1,093             | \$ 216           | \$ 769               | \$ 362             | \$ 7,144     |
| 1999               | 6,057               | 1,140                | 225              | 802                  | 378                | 8,602        |
| 2000               | 6,235               | 1,238                | 245              | 871                  | 410                | 8,999        |
| 2001               | 7,094               | 1,062                | 210              | 747                  | 352                | 9,465        |
| 2002               | 9,220               | 973                  | 222              | 695                  | 364                | 11,474       |
| 2003               | 9,894               | 1,048                | 219              | 752                  | 368                | 12,281       |
| 2004               | 9,962               | 1,034                | 261              | 820                  | 400                | 12,477       |
| 2005               | 11,276              | 1,067                | 250              | 844                  | 408                | 13,845       |
| 2006               | 11,937              | 1,254                | 579              | 909                  | 454                | 15,133       |
| 2007               | 14,466 (1)          | 1,227                | 608              | 951                  | 544                | 17,796       |

**NOTE:** (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

# CITY OF DECATUR, GEORGIA

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

(amounts expressed in thousands)

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| <u>Fiscal<br/>Year</u> | <u>Real Property</u> |                   | <u>Personal<br/>Property</u> | <u>Public<br/>Utility</u> |
|------------------------|----------------------|-------------------|------------------------------|---------------------------|
|                        | <u>Residential</u>   | <u>Commercial</u> |                              |                           |
| 1998                   | \$ 362,594           | \$ 82,822         | \$ 17,614                    | \$ 17,509                 |
| 1999                   | 414,109              | 197,257           | 20,642                       | 18,487                    |
| 2000                   | 513,136              | 229,244           | 22,039                       | 19,951                    |
| 2001                   | 612,295              | 423,643           | 30,700                       | 20,111                    |
| 2002                   | 673,048              | 562,535           | 27,168                       | 18,873                    |
| 2003                   | 712,820              | 560,003           | 26,680                       | 20,539                    |
| 2004                   | 747,556              | 590,609           | 21,952                       | 18,617                    |
| 2005                   | 793,006              | 603,435           | 18,082                       | 19,869                    |
| 2006                   | 874,604              | 650,039           | 18,630                       | 19,348                    |
| 2007                   | 924,649              | 659,387           | 19,132                       | 18,632                    |

Source: DeKalb County, Georgia Board of Tax Assessors

Source: City of Decatur Revenue Division

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| <b>Less:</b>         |                       |                     |                         |                        |                        |
|----------------------|-----------------------|---------------------|-------------------------|------------------------|------------------------|
| <b>Tax Exempt</b>    | <b>Total Taxable</b>  | <b>Total Direct</b> | <b>Estimated Actual</b> | <b>Assessed Value</b>  | <b>as a Percentage</b> |
| <b>Real Property</b> | <b>Assessed Value</b> | <b>Tax Rate</b>     | <b>Taxable Value</b>    | <b>of Actual Value</b> |                        |
| \$ N/A               | \$ 480,539            | 1.158               | \$ 961,078              |                        | 50.00%                 |
| 109,523              | 540,972               | 1.155               | 1,081,944               |                        | 50.00%                 |
| 124,353              | 660,017               | 0.987               | 1,320,034               |                        | 50.00%                 |
| 306,520              | 780,229               | 1.114               | 1,560,458               |                        | 50.00%                 |
| 445,274              | 836,350               | 1.114               | 1,672,700               |                        | 50.00%                 |
| 449,109              | 870,933               | 1.087               | 1,741,866               |                        | 50.00%                 |
| 463,811              | 914,923               | 1.166               | 1,829,846               |                        | 50.00%                 |
| 466,989              | 967,403               | 1.166               | 1,934,806               |                        | 50.00%                 |
| 505,041              | 1,057,580             | 1.264               | 2,115,160               |                        | 50.00%                 |
| 515,016              | 1,106,784             | 1.266               | 2,213,568               |                        | 50.00%                 |

# CITY OF DECATUR, GEORGIA

## PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (Per \$1000 of Assessed Value) LAST TEN YEARS

| Calendar Year | City of Decatur, Georgia |                      |                    | DeKalb County | School District   | Downtown Development Authority | State | Total Direct & Overlapping Rates |
|---------------|--------------------------|----------------------|--------------------|---------------|-------------------|--------------------------------|-------|----------------------------------|
|               | Operating Millage        | Debt Service Millage | Total City Millage |               | Operating Millage | Operating Millage              |       |                                  |
| 1998          | 1.073                    | 0.085                | 1.158              | 40.16         | 2.150             | 0.043                          | 0.25  | 43.761                           |
| 1999          | 1.070                    | 0.085                | 1.155              | 37.66         | 2.050             | 0.045                          | 0.25  | 41.160                           |
| 2000          | 0.914                    | 0.073                | 0.987              | 37.91         | 1.850             | 0.038                          | 0.25  | 41.035                           |
| 2001          | 1.047                    | 0.067                | 1.114              | 37.16         | 1.850             | 0.038                          | 0.25  | 40.412                           |
| 2002          | 1.057                    | 0.057                | 1.114              | 37.26         | 1.961             | 0.038                          | 0.25  | 40.623                           |
| 2003          | 1.030                    | 0.057                | 1.087              | 37.81         | 2.024             | 0.038                          | 0.25  | 41.209                           |
| 2004          | 1.109                    | 0.057                | 1.166              | 38.81         | 1.965             | 0.038                          | 0.25  | 42.229                           |
| 2005          | 1.112                    | 0.054                | 1.166              | 38.71         | 1.905             | 0.038                          | 0.25  | 42.069                           |
| 2006          | 1.110                    | 0.154                | 1.264              | 38.71         | 1.895             | 0.038                          | 0.25  | 42.157                           |
| 2007          | 1.122                    | 0.144                | 1.266              | 39.30         | 1.890             | 0.038                          | 0.25  | 42.744                           |

Source: City of Decatur Tax Department and DeKalb County

# CITY OF DECATUR, GEORGIA

## PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO

(amounts expressed in thousands)

| Taxpayer                       | 2007                         |      |   | 1998                         |      |   |
|--------------------------------|------------------------------|------|---|------------------------------|------|---|
|                                | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Taxable<br>Assessed<br>Value |
| Bell South Communications      | \$ 13,541                    | 1    | 1.22 %  | \$ 13,241                    | 1    | 2.76 %  |
| Decatur Towncenter Association | 10,057                       | 2    | 0.91  | 6,060                        | 3    | 1.26  |
| Lexington Decatur, LLC         | 6,640                        | 3    | 0.60  | -                            |      | -   |
| Ackerman Decatur, LP           | 6,593                        | 4    | 0.60  | -                            |      | -   |
| Decatur Plaza, LLC             | 6,331                        | 5    | 0.57  | -                            |      | -   |
| APG Decatur, LLC               | 6,131                        | 6    | 0.55  | -                            |      | -   |
| Deck-Decatur Court, LLC        | 5,400                        | 7    | 0.49  | -                            |      | -   |
| Bask Decatur Hotel             | 4,914                        | 8    | 0.44  | -                            |      | -   |
| Ashton Park Trace, LLC         | 4,428                        | 9    | 0.40  | -                            |      | -   |
| Avery Properties               | 3,700                        | 10   | 0.33  | 2,709                        | 10   | 0.56  |
| First Union National Bank      | -                            |      | -   | 6,257                        | 2    | 1.30  |
| Delos                          | -                            |      | -   | 4,499                        | 4    | 0.94  |
| Sony Creek LTD                 | -                            |      | -   | 4,128                        | 5    | 0.86  |
| Prime Bank                     | -                            |      | -   | 3,832                        | 6    | 0.80  |
| Georgia Power                  | -                            |      | -   | 3,594                        | 7    | 0.75  |
| Park Trace Properties, LTD     | -                            |      | -   | 3,571                        | 8    | 0.74  |
| Decatur Professional Inst      | -                            |      | -   | 3,561                        | 9    | 0.74  |
|                                | <u>\$ 67,735</u>             |      | <u>6.12 %</u>                                 | <u>\$ 51,452</u>             |      | <u>10.71 %</u>                                |

Source: City of Decatur Revenue Division

**CITY OF DECATUR, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**  
(amounts expressed in thousands)

| Tax Year* | Total Tax Levy (1) | Collected within the Fiscal Year of the Levy |                    | Collections in Subsequent Years | Total Collections to Date |                    |
|-----------|--------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
|           |                    | Amount                                       | Percentage of Levy |                                 | Amount                    | Percentage of Levy |
| 1997      | \$ 17,290          | \$ 10,973                                    | 63.5%              | \$ 6,317                        | \$ 17,290                 | 100.00%            |
| 1998      | 15,953             | 9,941  | 62.3%              | 6,012                           | 15,953                    | 100.00%            |
| 1999      | (2) 16,715         | 9,583  | 57.3%              | 7,126                           | 16,709                    | 99.96%             |
| 2000      | 18,029             | 9,636  | 53.4%              | 8,390                           | 18,026                    | 99.98%             |
| 2001      | 19,948             | 10,451                                       | 52.4%              | 9,497                           | 19,948                    | 100.00%            |
| 2002      | 21,936             | 10,067                                       | 45.9%              | 11,869                          | 21,936                    | 100.00%            |
| 2003      | 24,746             | 11,092                                       | 44.8%              | 13,641                          | 24,733                    | 99.95%             |
| 2004      | 25,960             | 11,732                                       | 45.2%              | 14,228                          | 25,960                    | 100.00%            |
| 2005      | 26,397             | 12,335                                       | 46.7%              | 13,906                          | 26,241                    | 99.41%             |
| 2006      | 30,568             | 12,185                                       | 39.9%              | 18,023                          | 30,208                    | 98.82%             |

**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) For the tax year 1999 and thereafter, sanitation taxes were converted to an annual fee for property tax billing and collection dates.

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



**CITY OF DECATUR, GEORGIA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS**

(amounts expressed in thousands, except per capita amount)

| Fiscal Year | Governmental Activities  |                               |                | Business-type Activities |                | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|-------------------------------|----------------|--------------------------|----------------|--------------------------|-----------------------------------|----------------|
|             | General Obligation Bonds | Certificates of Participation | Capital Leases | Notes Payable            | Capital Leases |                          |                                   |                |
| 1998        | \$ -                     | \$ 1,320                      | \$ 651         | \$ -                     | \$ 6,480       | \$ 8,451                 | 3.03%                             | \$ 487         |
| 1999        | -                        | 1,320                         | 552            | -                        | 6,034          | 7,906                    | 2.84%                             | 456            |
| 2000        | -                        | 1,320                         | 662            | 600                      | 5,564          | 8,146                    | 1.53%                             | 449            |
| 2001        | -                        | 1,320                         | 837            | 525                      | 5,068          | 7,750                    | 1.45%                             | 427            |
| 2002        | -                        | 1,320                         | 1,002          | 445                      | 4,838          | 7,605                    | 1.43%                             | 419            |
| 2003        | -                        | 1,320                         | 754            | 365                      | 4,471          | 6,910                    | 1.30%                             | 381            |
| 2004        | -                        | 1,320                         | 324            | 270                      | 3,416          | 5,330                    | 1.00%                             | 294            |
| 2005        | -                        | 1,320                         | 345            | 170                      | 2,811          | 4,646                    | 0.87%                             | 256            |
| 2006        | -                        | 4,090                         | 308            | 62                       | 2,165          | 6,625                    | 1.24%                             | 365            |
| 2007        | 33,245 (2)               | 3,995                         | 682            | -                        | 1,484          | 39,406                   | 7.40%                             | 2,171          |

(1) See the Demographic and Economic Statistics for personal income and population data.

(2) The City issued general obligation bonds in fiscal year 2007.

# CITY OF DECATUR, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2007

(amounts expressed in thousands)

|                                      | <u>Net General<br/>Obligation Bonded<br/>Debt Outstanding</u> | <u>Percentage<br/>Applicable to<br/>City of Decatur (1)</u> | <u>Amount<br/>Applicable to<br/>City of Decatur</u> |
|--------------------------------------|---|---|---|
| Overlapping General Obligation Debt: |   |   |   |
| DeKalb County                        | \$ 408,007  | 4.680%  | \$ 19,095   |
| Fulton Dekalb Hospital Authority     | <u>248,637</u>  | 4.680%  | <u>11,636</u>                                       |
| Total overlapping debt               | 656,644   |   | 30,731  |
| <br>                                 |   |   |   |
| City direct debt                     | <u>33,245</u>   | 100.000%  | <u>33,245</u>                                       |
| <br>                                 |   |   |   |
| Total direct and overlapping debt    | <u>\$ 689,889</u>   |   | <u>\$ 63,976</u>                                    |

Source: Assessed value data used to estimate applicable percentages provided by the Dekalb County Finance Department. Debt outstanding data provided by Dekalb County Finance Departments.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Decatur, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

# CITY OF DECATUR, GEORGIA

## LEGAL DEBT MARGIN INFORMATION

JUNE 30, 2007

(amounts expressed in thousands)

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|   |                          |
|---|--------------------------|
| Assessed Value  | \$ 1,106,784             |
| Add back: exempt real property  | 515,016                  |
| Total assessed value  | <u>1,621,800</u>         |
| Debt limit (10% of total assessed value)                                | 162,180                  |
| Debt applicable to limit:   |                          |
| General obligation bonds  | 33,245                   |
| Less: Amount set aside for repayment of<br>general obligation debt      | <u>(1,831)</u>           |
| Total net debt applicable to limit                                      | <u>31,414</u>            |
| Legal debt margin   | <u><u>\$ 130,766</u></u> |
| <br>  |                          |
| Total net debt applicable to the limit as a<br>percentage of debt limit | 19.37%                   |

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The City did not have any general obligation debt outstanding prior to fiscal year 2007.

**CITY OF DECATUR, GEORGIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN YEARS**

| <b>Fiscal Year</b> | <b>Population (1)</b> | <b>Personal Income (in thousands)</b> | <b>Per Capita Personal Income (1)</b> | <b>Median Age (1)</b> | <b>Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (3)</b> | <b>School Enrollment (2)</b> | <b>Unemployment Rate (4)</b> |
|--------------------|-----------------------|---------------------------------------|---------------------------------------|-----------------------|---|------------------------------|------------------------------|
| 1998               | 17,336                | \$ 278,676                            | \$ 16,075                             | N/A                   | 60%   | 2,742                        | 5.8%                         |
| 1999               | 17,336                | 278,676                               | 16,075                                | N/A                   | 60%   | 2,682                        | 5.8%                         |
| 2000               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,593                        | 4.1%                         |
| 2001               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,521                        | 4.1%                         |
| 2002               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,568                        | 4.1%                         |
| 2003               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,499                        | 4.1%                         |
| 2004               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,487                        | 4.1%                         |
| 2005               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,514                        | 4.1%                         |
| 2006               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,535                        | 4.1%                         |
| 2007               | 18,147                | 532,850                               | 29,363                                | 36                    | 75%   | 2,484                        | 4.1%                         |

- (1) Source: U.S. Census (available every tenth year)
- (2) Source: Provided by City of Decatur School Board
- (3) Source: U.S. Census and Department of Community Affairs
- (4) Source: U.S. Census and Department of Labor

**CITY OF DECATUR, GEORGIA**

**PRINCIPAL EMPLOYERS  
CURRENT AND ONE YEAR AGO**

| <u>Employer</u>                         | <u>2007</u>      |             |  | <u>2006</u>      |             |  |
|---|------------------|-------------|--|------------------|-------------|--|
|   | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total City<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total City<br/>Employment</u> |
| Dekalb County Government                | \$ 1,082         | 1           | N/A %  | \$ 1,100         | 1           | N/A %  |
| The City Schools of Decatur (education) | 460              | 2           | N/A  | 481              | 2           | N/A  |
| Agnes Scott College (education)         | 396              | 3           | N/A  | 400              | 3           | N/A  |
| Emory University (satellite offices)    | 370              | 4           | N/A  | 239              | 4           | N/A  |
| City of Decatur                         | 206              | 5           | N/A  | 206              | 5           | N/A  |
| Decatur Hospital                        | 175              | 6           | N/A  | 178              | 6           | N/A  |
| Allied Systems                          | 175              | 7           | N/A  | 175              | 7           | N/A  |
| Columbia Theological Sem                | 111              | 8           | N/A  | 116              | 8           | N/A  |
| McCurdy & Calendar                      | 94               | 9           | N/A  | 74               | 9           | N/A  |
| Third Millennium                        | 50               | 10          | N/A  | 50               | 10          | N/A  |
|   | <u>\$ 3,119</u>  |             | <u>N/A %</u>                                       | <u>\$ 3,019</u>  |             | <u>N/A %</u>                                       |

Source: Various City departments

Note: Information for principal employers prior to 2006 is currently not available.

N/A - Information not available

# CITY OF DECATUR, GEORGIA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

| Function                  | <u>2007</u>       | <u>2006</u>       | <u>2005</u>       | <u>2004</u>       | <u>2003</u>       |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General government        | 29                | 28                | 25                | 25                | 21                |
| Public safety             |                   |                   |                   |                   |                   |
| Police                    |                   |                   |                   |                   |                   |
| Officers                  | 34 (2)            | 53                | 50                | 51                | 52                |
| Civilians                 | 15 (2)            | 27                | 29                | 28                | 27                |
| Fire                      |                   |                   |                   |                   |                   |
| Firefighters and officers | 39                | 39                | 40                | 40                | 39                |
| Highways and streets      |                   |                   |                   |                   |                   |
| Engineering               | 13 (2)            | 20                | 20                | 19                | 19                |
| Maintenance               | 27 (2)            | 39                | 34                | 36                | 36                |
| Sanitation                | 17                | 17                | 17                | 15                | 15                |
| Culture and recreation    | 16                | 18                | 17                | 18                | 14                |
| <b>Total</b>              | <b><u>190</u></b> | <b><u>241</u></b> | <b><u>232</u></b> | <b><u>232</u></b> | <b><u>223</u></b> |

Source: City of Decatur department records

Notes: (1) In 2002, engineering personnel were moved to maintenance.

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

| 2002       | 2001       | 2000       | 1999       | 1998       |
|------------|------------|------------|------------|------------|
| 22         | 22         | 23         | 23         | 21         |
| 53         | 54         | 52         | 49         | 53         |
| 29         | 28         | 28         | 27         | 27         |
| 39         | 39         | 39         | 41         | 39         |
| 20 (1)     | 45         | 47         | 47         | 35         |
| 34 (1)     | 6          | 6          | 6          | 5          |
| 16         | 16         | 16         | 17         | 17         |
| 17         | 21         | 13         | 23         | 20         |
| <u>230</u> | <u>231</u> | <u>224</u> | <u>233</u> | <u>217</u> |

# CITY OF DECATUR, GEORGIA

## OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

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| Function                         | <u>2007</u>  | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|----------------------------------|--------------|-------------|-------------|-------------|-------------|
| <b>Police</b>                    |              |             |             |             |             |
| Physical arrests                 | <b>1,308</b> | 1,874       | 1,655       | 1,758       | 1,869       |
| Parking violations               | <b>4,230</b> | 5,699       | 4,126       | N/A         | N/A         |
| Traffic violations               | <b>8,454</b> | 8,011       | 8,195       | 9,129       | 6,991       |
| <b>Fire</b>                      |              |             |             |             |             |
| Number of calls answered         | <b>2,552</b> | 2,430       | 2,353       | 2,200       | 2,551       |
| Inspections                      | <b>884</b>   | 370         | 427         | 278         | 213         |
| <b>Highways and streets</b>      |              |             |             |             |             |
| Street resurfacing (miles)       | -            | -           | 0.65        | 0.75        | 1.65        |
| Potholes repaired                | <b>40</b>    | 48          | 24          | 31          | 34          |
| <b>Sanitation</b>                |              |             |             |             |             |
| Refuse collected (tons/day)      | <b>42.28</b> | 46.43       | 46.91       | 49.93       | 51.64       |
| Recyclables collected (tons/day) | <b>10.58</b> | 11.92       | 10.40       | 10.98       | 10.89       |
| <b>Culture and recreation</b>    |              |             |             |             |             |
| Athletic field permits issued    | <b>542</b>   | 608         | 642         | 513 *       | N/A         |
| Community center admissions      | <b>5,081</b> | 6,135       | 6,268       | 4,143 *     | N/A         |

Source: City of Decatur Departments

N/A - Information not available

Note: Fluctuations experienced in traffic violations from year to year result from the number of officers on the streets during these periods.

Note: Increases in recyclables collected due to recycling program starting in 1999.

Note: Decreases in refuse collected due to State of Georgia mandates and recycling.

\* City of Decatur recreation program Trac Program started in March 2004.



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| 2002  | 2001  | 2000  | 1999  | 1998  |
|-------|-------|-------|-------|-------|
| 1,455 | 1,969 | 2,583 | 1,507 | N/A   |
| N/A   | N/A   | N/A   | N/A   | N/A   |
| 4,154 | 5,673 | 7,632 | 4,526 | N/A   |
| 2,216 | 2,077 | 2,226 | 2,303 | N/A   |
| N/A   | N/A   | N/A   | N/A   | N/A   |
| 1.65  | 0.08  | 1.43  | 0.67  | -     |
| 30    | 15    | 26    | 20    | 22    |
| 52.48 | 56.58 | 53.00 | 50.00 | 53.86 |
| 8.95  | 9.35  | 8.39  | 5.87  | 5.44  |
| N/A   | N/A   | N/A   | N/A   | N/A   |
| N/A   | N/A   | N/A   | N/A   | N/A   |

# CITY OF DECATUR, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

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| <b>Function</b>        | <b>2007</b> | <b>2006</b> | <b>2005</b> | <b>2004</b> | <b>2003</b> |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Public safety          |             |             |             |             |             |
| Police                 |             |             |             |             |             |
| Stations               | 1           | 1           | 1           | 1           | 1           |
| Patrol units           | 35          | 35          | 40          | 42          | 40          |
| Fire stations          | 2           | 2           | 2           | 2           | 2           |
| Sanitation             |             |             |             |             |             |
| Collection trucks      | 8           | 7           | 7           | 7           | 7           |
| Highways and streets   |             |             |             |             |             |
| Streets (miles)        | 62          | 62          | 62          | 62          | 62          |
| Culture and recreation |             |             |             |             |             |
| Parks acreage          | 56.5        | 56.5        | 56.5        | 56.5        | 56.5        |
| Parks                  | 13          | 13          | 13          | 13          | 13          |
| Swimming pools         | 3           | 3           | 3           | 3           | 3           |
| Tennis courts          | 11          | 11          | 11          | 11          | 11          |
| Community centers      | 2           | 2           | 2           | 2           | 2           |

Source: Various City departments

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

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| <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|-------------|-------------|-------------|-------------|-------------|
| 1           | 1           | 1           | 1           | 1           |
| 36          | 42          | 40          | 43          | 36          |
| 2           | 2           | 2           | 2           | 2           |
| 7           | 7           | 7           | 7           | 7           |
| 62          | 62          | 62          | 62          | 62          |
| 56.5        | 56.5        | 56.5        | 56.5        | 56.5        |
| 13          | 13          | 13          | 13          | 13          |
| 3           | 3           | 3           | 3           | 3           |
| 11          | 11          | 11          | 11          | 11          |
| 2           | 2           | 2           | 2           | 2           |