

CITY OF DECATUR, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

Prepared By:
Administrative Services Department

Karen deslslets
City Clerk

CITY OF DECATUR, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

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December 23, 2009

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, 2009.

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 is to provide reasonable assurance that the financial statements of the City of Decatur, Georgia for the fiscal year ended June 30, 2009 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, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The 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 4.3 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 Chief Executive Officer and the Chief Administrative Officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government and the appointment of all employees except that the appointment of department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The current City Manager has served since May, 1993.

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

The 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 30th, 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 20 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 in-fill housing developments and subdivisions of existing lots have decreased significantly during the past eighteen months reflecting overall economic conditions. However, we continue to issue permits for renovations to existing single-family housing units. Sales of existing housing stock has slowed with a corresponding moderation in sale prices. However, unlike some national and metropolitan Atlanta markets, the City's residential property appears to be retaining its value.

The City's overall 2009 real estate property digest increased 4% from 2008 digest values. However, all of the growth for 2009 came from new construction. We are anticipating a relatively flat property digest for 2010 in part due to existing economic conditions but also because the Georgia General Assembly adopted HB 233 which freezes real property values at 2009 levels through 2011.

We do not expect significant residential development in the next 18-24 months. 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. A 28-unit single-family development in the southeastern quadrant of the City has completed site development but has not begun construction.

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 remained constant in 2009.

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. Two major tenants, The Art Institute of Atlanta – Decatur and DeVry University have occupied space in the One West Court Square building. Interest in restaurant and retail activity continues to be constant in the central business district while interest in other commercial activities remains stable.

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.

The Oakhurst Business District is holding its own given the size and scope of the area. While turnover in a few of the restaurant spaces continues, others have established a stable presence and other business enterprises in the area, including the executive offices of Progressive Redevelopment Inc., an affordable housing development company, provide a steady influence. During the past year the City completed construction of Fire Station Number 2, a 4,800s.f. LEED certified building located in the business district. The station is regularly staffed with five employees and provides an institutional presence in Oakhurst. The Oakhurst Business District continues to provide a local commercial center for the surrounding neighborhood.

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

Development of mixed-use projects within the central business district provided a robust vitality since the beginning of the decade. Occupancy of the residential units continues to be strong. Rental of the commercial spaces has been consistent but had slowed over the past six months as the economy has affected retail growth and development. Existing projects have completed all phases of construction and appear to be strong financially. However, new development has slowed significantly consistent with financing and market conditions.

A private developer has assembled several pieces of property at the end of the block bordered by East Trinity Place and East Howard Avenue. A plan to redevelop this property as a mixed-use development that includes 210 units of rental apartments and 25,000 feet of commercial space has been approved. They are currently seeking financing.

It is anticipated that there will be a temporary lull in activity for the next eighteen to twenty-four months as the credit and financial markets rebound.

Institutional Activity

Agnes Scott College, a four-year liberal arts college for women, remains financially healthy with an enrollment of approximately 1,000 students. Columbia Theological Seminary, a Presbyterian graduate institution, remains financially strong. It recently completed a comprehensive campus master plan and has completed construction on a new \$7.1 million dormitory facility. The City Schools of Decatur is in the midst of a \$30 million construction program. Construction of a new gymnasium building and an auditorium/performance center at Decatur High School is complete and both facilities are open. Work has begun on a new gymnasium at Renfroe Middle School.

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. In May, 2009 the City issued \$5,900,000 in general obligation sales tax bonds on behalf of the City Schools of Decatur. At that time, the City's bond ratings were reconfirmed.

The City's portion of the 2007 bond issue proceeds was approximately \$16,653,000. A number of projects have been completed, 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, acquisition and demolition of flood-prone properties located on Westchester Drive, construction of a new pool bathhouse at Glenlake Park, and development of a master plan for Fire Station Number 1 and for the Decatur Recreation Center. Current projects that are underway include construction of improvements at Glenlake Park, installation of Phase II of the sidewalk improvement plan, implementation of the Decatur Cemetery Master Plan and installation of bike lanes and traffic calming activities along West Ponce de Leon Avenue and West Trinity Place, Oakhurst Business District Streetscapes and Phase V of the Downtown Streetscapes Master Plan.

Future projects include a variety of transportation improvements such as intersection improvements and matching funds for transportation facility grants; acquisition of openspace and greenspace; and, reconstruction of the City's public works facility.

The City Schools of Decatur used its portion of the proceeds to construct improvements for Decatur High School.

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.

In 1986 the Decatur Downtown Development Authority and the City of Decatur Parking Authority issued \$4,000,000 each in bonds to build the Decatur Conference Center and the parking deck. Those bonds were consolidated and refinanced in 1993. On November 1, 2008 the last bond payment was made on the refinanced debt.

The hotel/motel tax had been used to pay a portion of the debt service related to construction of the conference center and parking deck and since that debt was satisfied, proceeds of the hotel/motel tax have been used to fund maintenance and improvements to the conference center and parking deck; fund the Decatur Tourism Bureau, a 501 (C)(6) organization whose purpose is to encourage visitors and tourism in the City of Decatur; and, provide resources to the City's General Fund. For accounting purposes the City has determined that the Decatur Tourism Bureau should be treated as a component unit, similar to the City Schools of Decatur and the Decatur Downtown Development Authority.

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 sponsored two electronics recycling events during the past year which resulted in over 74 tons of electronic equipment being recycled and not sent to the landfill.

In 2007 the City's ISO Fire Rating was renewed at the Class 2 level, a rating that is only obtained by 1.5% of all the Fire Departments in the United States. The Police Department received recertification from the Georgia Police Chief Association. The City has implemented a reverse emergency notification system and a severe weather warning system that allows the City to send recorded telephone messages to residents and businesses regarding emergency situations. We have also been awarded a grant from the Federal Emergency Management Agency for the purchase and installation of four siren weather warning devices.

Finance and budgeting staff were awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for every Comprehensive Annual Financial Report since 2005.

In 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 grant period was completed in 2008. For fiscal year 2008-2009 the Division was transferred to its own fund so that program finances could be easily tracked with the goal of sustaining the program over time. The balance of fees collected during the grant period have been transferred to the fund.

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 owns the system and has contracted with a private provider to provide access and system management services. The wireless network covers approximately four square miles including the central business district, Agnes Scott College and residential neighborhoods.

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. Unlike other communities that relied heavily on sales tax revenue and revenue from construction and other permitting activity, Decatur does not have access to sales tax income and construction activity, while important, has been a small fraction of the City's operating funds.

Two factors outside the City's control have the most potential to affect the City's overall financial position in the future. The Georgia General Assembly has enacted legal limitations on the growth of the real estate digest that prevents both residential and commercial real estate values from increasing. The limitation does not apply to a decrease in values. There continue to be indications that the legislature may take further actions which could restrict taxes collected based on real property values. There are also indications that the legislature may look to restrict other revenue sources that local governments use to finance services.

Other impacts on the City's financial statements which are beyond our control have primarily occurred due to pronouncements of the Governmental Accounting Standards Board (GASB). Although GASB has no legal authority to impose financial obligations, they have adopted rules that affect the reporting of financial commitments for governments. One of the most recent pronouncements requires changes in the accounting for other post employment benefits (OPEB). This is an example of an "obligation" that must be accounted for on the financial statements in an attempt to show the true current and future obligations of the government rather than reporting this on a "pay-as-you-go" method.

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 reversed that ruling. The City appealed and the

Georgia Supreme Court reversed the Court of Appeals' decision. A hearing on remaining issues is scheduled to be heard in DeKalb County Superior Court in March, 2010. Should the City's position prevail, there would be a source of revenues for capital improvement projects.

In spite of the current economic, regulatory and legal challenges, the City continues to retain its financial security. The City has taken a conservative approach to budgeting and finance, with an emphasis on estimating expenses on the high-end and estimating revenues on the low-end. This has resulted in controlled expenditures with low to moderate growth. This has also allowed the City to contribute to fund balance over the years. While there will continue to be demands, we currently anticipate being able to manage for the next two fiscal years by using a combination of expenditure controls and fund balance transfers. Recommendations to increase property tax rates would only be considered based on meeting the community's service delivery demands.

ACKNOWLEDGEMENTS

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, 2008

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.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

President

A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2009

CITY COMMISSION

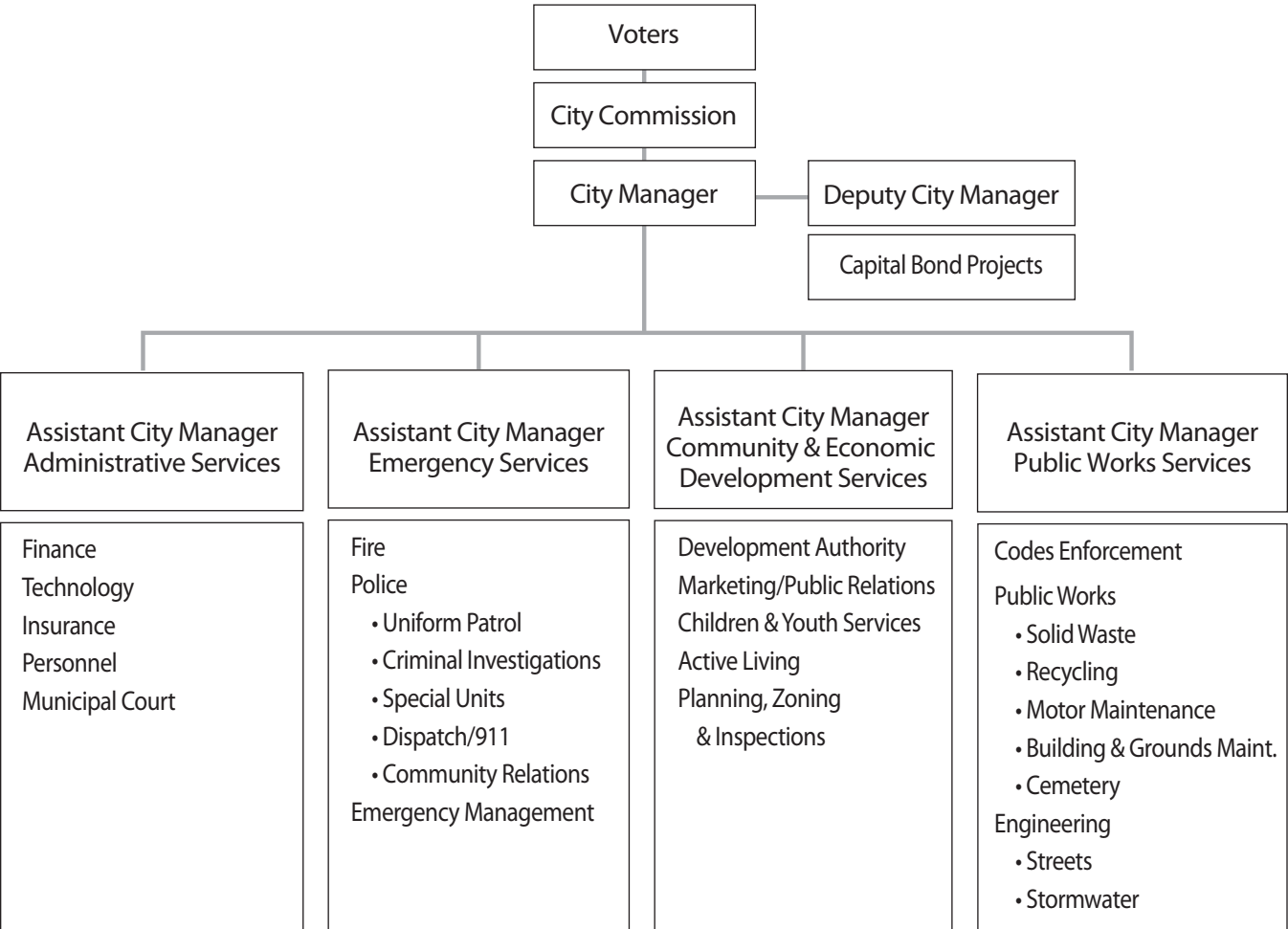
Bill Floyd	Mayor
Jim Baskett	Mayor Pro-Tem
Fred C. Boykin, Jr.	Commissioner
Kecia Cunningham	Commissioner
Mary Alice Kemp	Commissioner

APPOINTED ADMINISTRATIVE OFFICIALS

Peggy Merriss	City Manager
Hugh Saxon	Deputy City Manager
Bryan Downs	City Attorney
Andrea Arnold	Assistant City Manager - Administrative Services
Lyn Menne	Assistant City Manager - Community & Economic Development
Karen desIslets	City Clerk
Jerry Malone	Fire Chief
J. Michael Booker	Police Chief



City Organization



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of the 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, 2009, 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, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, 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 15) and Schedules of Funding Progress (on pages 62 and 63) are not a required part of the basic financial statements, but are 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 11, 2009

CITY OF DECATUR, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Decatur (the "City"), we offer readers of the City of Decatur's financial statements this narrative overview and analysis of the financial activities of the City of Decatur for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, financial statements and footnotes.

Overview of the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) is presented in three distinct sections:

- An Introductory Section which includes the Letter of Transmittal and general information;
- Financial Section which includes the Independent Auditor's Report, Management's Discussion and Analysis, Government-wide and Fund Financial Statements, along with Notes to these statements; and
- Statistical Section

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$64,975,254 (net assets). Of this amount, \$10,564,242 (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. During this fiscal year, approximately \$4,163,600 was spent on capital bond projects including the construction of Fire Station #2, the bathhouse and improvements at Glenlake Park, acquisition of greenspace and design of improvements for Fire Station #1, the Decatur Recreation Center, the Decatur Cemetery and Phase II of the Sidewalk construction program.

The net assets increased by \$12,501,121 primarily due to an increase in capital assets donated by the City of Decatur School System.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,820,687, a decrease of \$4,503,423 in comparison with the prior year. A majority of the decrease is in the Capital Improvements Fund due to expenditures for bond projects. At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,300,109 or 35% of total general fund expenditures. This amount is available for spending at the government's discretion, as it is unreserved fund balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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).

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 and recreation. The business-type activities of the City include the conference center and parking deck, the stormwater utility and solid waste.

The government-wide financial statements include not only the City itself (known as the primary government), but also three discretely presented component units, the Downtown Development Authority, the Decatur Tourism Bureau and the City Schools of Decatur. 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 15 and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 eleven 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 nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-19 of this report.

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

The basic proprietary fund financial statements can be found on pages 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-61 of this report.

Government-wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Decatur, Georgia, assets exceeded liabilities by \$64,975,254 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 Activities		Business-type Activities		Total Primary Activities	
	2008	2009	2008	2009	2008	2009
Assets						
Current assets	\$ 29,815	\$ 26,159	\$ 2,855	\$ 3,219	\$ 32,670	\$ 29,378
Capital assets	57,661	75,643	5,553	5,124	63,214	80,767
Other non-current assets	1,041	951	3	58	1,044	1,009
Total assets	<u>88,517</u>	<u>102,753</u>	<u>8,411</u>	<u>8,401</u>	<u>96,928</u>	<u>111,154</u>
Liabilities						
Long-term liabilities	39,108	40,893	974	383	40,082	41,276
Other liabilities	2,648	3,436	1,722	1,468	4,370	4,904
Total assets	<u>41,756</u>	<u>44,329</u>	<u>2,696</u>	<u>1,851</u>	<u>44,452</u>	<u>46,180</u>
Net assets						
Invested in capital assets, net of related debt	33,445	49,255	4,661	5,027	38,106	54,282
Restricted	1,045	129	-	-	1,045	129
Unrestricted	12,271	9,040	1,054	1,524	13,325	10,564
Total net assets	<u>\$ 46,761</u>	<u>\$ 58,424</u>	<u>\$ 5,715</u>	<u>\$ 6,551</u>	<u>\$ 52,476</u>	<u>\$ 64,975</u>

By far the largest portion of the City's net assets (83%) 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 \$129,000 or unrestricted \$10,564,000. 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 \$96,683 over fiscal year 2008. The current goal is to eliminate the remaining negative net asset balance in the Solid Waste Fund in future years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Assets

At the conclusion of fiscal year 2008-2009 the City's total net assets increased by \$12,501,121. This is primarily due to school system assets which are donated to the City.

The following schedule presents a summary of changes in net assets for the fiscal year ending June 30, 2009 (in thousands).

City of Decatur Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Revenues						
Program revenues:						
Charges for services	\$ 4,030	\$ 3,659	\$ 3,446	\$ 3,373	\$ 7,476	\$ 7,032
Operating grants & contributions	657	356	-	-	657	356
Capital grants & contributions	7,582	16,419	-	-	7,582	16,419
General revenues:						
Property taxes	14,852	14,585	-	-	14,852	14,585
Franchise taxes	1,354	1,364	-	-	1,354	1,364
Sales taxes	662	641	-	-	662	641
Other taxes	1,397	1,399	-	-	1,397	1,399
Investment earnings	1,081	307	-	-	1,081	307
Gain on sale of capital assets	6	12	-	-	6	12
Total revenues	<u>31,621</u>	<u>38,742</u>	<u>3,446</u>	<u>3,373</u>	<u>35,067</u>	<u>42,115</u>
Expenses						
General government	5,406	6,382	-	-	5,406	6,382
Education	1,945	1,314	-	-	1,945	1,314
Public safety	8,331	10,295	-	-	8,331	10,295
Public works	3,508	3,855	-	-	3,508	3,855
Recreation	2,152	3,163	-	-	2,152	3,163
Interest on long-term debt	1,632	1,585	-	-	1,632	1,585
Conference center	-	-	516	363	516	363
Stormwater	-	-	662	641	662	641
Sanitation	-	-	2,085	2,016	2,085	2,016
Total expenses	<u>22,974</u>	<u>26,594</u>	<u>3,263</u>	<u>3,020</u>	<u>26,237</u>	<u>29,614</u>
Income before transfers	8,647	12,148	183	353	8,830	12,501
Transfers	(483)	(483)	483	483	-	-
Special item	-	-	-	-	-	-
Change in net assets	<u>8,164</u>	<u>11,665</u>	<u>666</u>	<u>836</u>	<u>8,830</u>	<u>12,501</u>
Net assets beginning of year	38,595	46,759	5,049	5,715	43,644	52,474
Net assets end of year	<u>\$ 46,759</u>	<u>\$ 58,424</u>	<u>\$ 5,715</u>	<u>\$ 6,551</u>	<u>\$ 52,474</u>	<u>\$ 64,975</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

Governmental charges for services decreased by approximately (\$371,000) or (9.2%) primarily due to the drop in building permit revenue. Operating grants and contributions decreased (\$301,000) or (46%) due the phase out of the 21st Century after school grant program. Capital grants and contributions increased \$8,837,000 or 116% as a result of the contribution of school facilities to the general government by the Decatur school system. Investment earnings decreased (\$774,000) or (72%) as available interest rates have dropped. Other sources or revenue remained consistent with prior years.

Expenses

General Government expenses increased \$976,000 or 18%; Public Safety expenses increased \$1,964,000 or 23.6%; Recreation expenses increased \$1,011,000 or 47%; and Public Works expenses increased \$347,000 or 10%. These increases are primarily due to the implementation of accounting pronouncements related to the recording of the actuarial values of post employment benefits for retirees as well as a 30% increase in group health insurance costs. Education expenses decreased (\$631) or (32%) due to reduction in funding for the 21st Century Learning Centers Grant.

Conference Center expenses decreased (\$153,000) or (30%) because bonds were paid off and the related interest expense decreased. Stormwater and Sanitation expenses decreased slightly.

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 \$22,820,687, a decrease of \$4,503,423 in comparison with the prior year. Approximately forty-one percent of the total amount, \$9,335,135, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$13,485,552) is reserved to indicate that it is not available for new spending because it has already been committed 1) for the tree bank, (\$19,303); 2) to pay debt service, (\$501,268); 3) to account for long-term advances, prepaid expenditures and program expenditures (\$1,546,018); and, 4) to finance capital projects that were approved by the voters in September 2006 (\$11,418,963).

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 fund balance of the general fund was \$6,690,864, while the total fund balance for all governmental funds reached \$22,820,687. 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-five percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2008 and 2009 (in thousands).

	2008	2009	\$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	\$ 14,659	\$ 14,738	79	1
Licenses & permits	758	440	(318)	(42)
Intergovernmental	267	326	59	22
Fines & forfeitures	480	511	31	6
Charges for services	1,431	1,115	(316)	(22)
Interest income	310	86	(224)	(72)
Other revenues	170	57	(113)	(66)
Total revenues	<u>18,075</u>	<u>17,273</u>	<u>(802)</u>	<u>(4)</u>
Expenditures				
General government	5,082	5,368	286	6
Public safety	7,340	7,959	619	8
Public works	2,976	3,080	104	3
Recreation	1,985	1,381	(604)	(30)
Total expenditures	<u>17,383</u>	<u>17,788</u>	<u>405</u>	<u>2</u>
Excess of revenues over expenditures	692	(515)	(1,207)	(174)
Other financing sources (uses)				
Proceeds from sale of capital assets	7	18	11	157
Transfers in	513	645	132	26
Transfers out	(287)	(670)	(383)	133
Total other financing sources (uses)	<u>233</u>	<u>(7)</u>	<u>(240)</u>	<u>(103)</u>
Net change in fund balances	925	(522)	(1,447)	(156)
Fund balances, beginning of year	6,288	7,213	925	15
Fund balances, end of year	<u>\$ 7,213</u>	<u>\$ 6,691</u>	<u>(522)</u>	<u>(7)</u>

General Fund Revenues

Revenue from taxes remained stable in spite of the current slump in housing values. Licenses and permits decreased (\$318,000) or (42%) as permits for new construction declined as the housing and commercial building markets have declined. Intergovernmental revenues increased \$59,000 or 22% due to increases in management fees charged by the City to the Decatur Downtown Development Authority. Charges for services decreased (\$316,000) or (22%) because children and youth services has been moved to a separate fund. Interest income decreased (\$224,000) or (72%) as available interest rates have declined. Other revenues decreased (\$113,000) or (66%) because a United Way grant which was not available in 2009 along with other general declines in other revenue sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Expenditures

General Government, Public Safety and Public Works expenses have increased 6%, 8% and 3% respectively. In light of current economic conditions, the City maintained or reduced expenditures in most categories. However, group health increased by \$468,000 or 30% which is the primary reason for the increases in these categories. Recreation expenses decreased (\$604,000) or (30%) because children and youth service expenditures were moved to a separate fund.

Transfers to other funds increased from \$287,000 to \$670,000. The City transferred \$450,000 of General funds to the Children and Youth Services Fund to start operations in that fund.

Other Fund Activities

Capital Improvement Fund. The Capital Improvement Fund's fund balance decreased by (\$3,530,377) to \$13,011,086. The reduction from the previous year is due to the budgeted expenditures from the general obligation bonds for capital projects. The purpose of the capital improvement fund is to provide for construction of major capital improvements and to purchase capital equipment items for operating departments. Major capital outlay projects in fiscal year 2009 included Glenlake Park improvement and fire station improvements.

Debt Service Fund. The Debt Service Fund's fund balance decreased by (\$423,145) to \$1,217,827 all of which is reserved for prepaid debt service and other future payments of debt service. The fund balance is used to cover cash flow needs for debt service payments for the City's general obligation bonds issued in 2007. The final debt payments for the conference center were made in fiscal 2009.

Emergency Telephone System Fund. 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 2009, the fund balance increased \$73,758 to \$381,349. In April 2008, an E911 wireless fee of \$1.50 was added to voice over Internet protocol (VOIP) connections to be effective in August 2008. The General Fund transferred \$220,000 to this fund to meet operational needs.

Children and Youth Services Fund. This fund was created in 2009 to account for after school programs offered to elementary and middle school age children. Transfers from the General fund and Grant fund of \$450,000 and \$953,630, respectively, were made to begin operations in this fund.

The activities of other non major funds can be found on pages 64 and 65.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Conference and Parking Deck Fund. Revenue from charges for services for the conference center and parking fund were comparable with the prior year. Expenses for sales and services decreased (\$11,337) or (14%) as less major maintenance expenses were necessary in the current year. Depreciation expenses decreased from \$372,433 to \$269,601 as major portions of the equipment and facilities became fully depreciated. Interest expense decreased from \$51,844 to \$13,133 as the final debt service payment was made in fiscal 2009.

Stormwater Utility Fund. Fund balance increased by \$120,243 to \$3,361,228. Revenue from stormwater fees increased \$38,000 or 4% due to better collection efforts. Expenditures decreased (\$20,746) or (3%). The City has initiated some 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 in order to complete projects contained in the stormwater master plan.

Solid Waste Fund. Revenues in this fund decreased (\$83,351) or (3.55%) because of the slowdown in the local economy. Management was also able to decrease operating expenses by (\$72,642) or (3.6%). An additional \$96,683 was added to fund balance, further reducing the fund deficit to (\$145,423). The solid waste fund continued a positive cash position with cash balances at June 30, 2009 of \$878,523. 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.

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 decrease of \$2,069,490 to net assets during fiscal year 2008-2009 due to market forces.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 20. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were in line with final budgeted amounts. The original adopted budget for revenues was \$592,010 or 3.3% greater than the final budget which reflected the economic realities of the current recession as they became more apparent. Actual expenditures were in line with the final budget. The original adopted budget for expenditures was \$322,000 or 1.8% more than the final budget as expenditures were reduced in order to offset the decreases in revenues.

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, 2009, amounts to \$80,768,284 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure (roads, bridges and drainage culverts, etc.) The City's investment in capital assets increased 28% for the current fiscal year primarily from the expenditure of bond proceeds to construct or renovate schools, parks, and public safety facilities. Additional information on the City's capital assets can be found in Note 6 on pages 40-42 of this report. The following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Land	\$ 2,385	\$ 2,759	\$ 280	\$ 280	\$ 2,665	\$ 3,039
Construction in progress	11,007	28,113	28	53	11,035	28,166
Land improvements	283	260	-	-	283	260
Infrastructure	7,922	7,434	1,742	1,661	9,664	9,095
Building & improvements	34,164	35,510	2,885	2,620	37,049	38,130
Machinery & equipment	969	847	-	-	969	847
Vehicles	931	721	-	-	931	721
Furniture, fixtures, & equipment	-	-	618	511	618	511
Total	\$ 57,661	\$ 75,644	\$ 5,553	\$ 5,125	\$ 63,214	\$ 80,769

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$33,476,906 including the bond issuance premium. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The City's total assessed valuation for fiscal 2009 is \$1,663,080,000 with a current debt limitation for the City of \$166,308, 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, 2009 was \$1,178,885.

At June 30, 2009, the City had long-term debt in the amount of \$41,275,854 which was comprised of \$33,476,906 in general obligation bonds payable, \$7,416,279 in capital leases, certificates of participation, claims and judgments, net OPEB obligation and compensated absences in the governmental activities and \$382,669 in capital leases, net OPEB obligation 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 \$2,480,000 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 42-46 of this report.

Pension and Other Post Employment Benefits. The City of Decatur, Georgia sponsors a single-employer defined benefit pension plan for all of its full-time employees. Annually, an independent actuary engaged by the Board of Trustees of the retirement system calculates the amount of the annual contribution that the City 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. 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 contributed 9.22% of covered payroll during fiscal year ending June 30, 2009 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 72 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. For the 2008-2009 fiscal year the City had to account for other post employment benefits in accordance with GASB Standard 45. An independent actuarial analysis determined that the City's net OPEB obligation for these benefits was \$2,345,423. This amount was accounted for as a liability on the City's statement of net assets.

Additional information on the City of Decatur, Georgia's pension arrangements and other post employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors

Since the City is not reliant on sale tax as a primary revenue source, the immediate impact of the current economic recession has been moderate. Also, the City's housing market has avoided the mass foreclosures experienced by many communities and real estate has continued to hold its value. The real property digest grew approximately 4% from 2008 to 2009. The growth in the digest is expected to hold steady with some moderate growth in the upcoming years. Based on our current experience, the City's tax collection rate has not decreased and we have not experienced an increase in delinquent accounts. Other revenue concerns include the uncertain future of franchise taxes, legislative interference in restricting local government revenue sources and local government control of finance and budgeting decisions.

The unemployment rate for DeKalb County is currently 10.6 percent. Unemployment rates are not available for the City of Decatur but due to the diversity of the employment base, it is likely that the City's rate would be slightly lower. The occupancy rate of the government's central business district is approximately 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. Vacancies in two downtown office buildings created by downsizing and the completion of the new permanent campus for CDC have been reduced by the relocation of DeVry Institute and the opening of a Decatur campus for the Art Institute of Atlanta. Residential living units in the central business district continue to add to the economic vitality of the district.

Next Year's Budget

At June 30, 2009, unreserved fund balance in the general fund was approximately \$6,300,000. The City has appropriated (\$702,000) of this amount for spending in the 2010 fiscal year budget. This use of fund balance was recommended to avoid a millage rate increase. Next year's budget does not include funding for salary step increases but does include a one-time one pay period merit based adjustment. Other activities will include an emphasis on conservation of City resources; initiation of the ten-year strategic planning effort; development of environmental initiatives; performance measurement; and, 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, Georgia 30030. This report and other financial reports can be viewed on the City of Decatur's website at www.decalurqa.com within the Administrative Services Department section.

CITY OF DECATUR, GEORGIA

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS	Primary Government			Component Units		
	Governmental	Business-type	Total	Downtown	Decatur	City
	Activities	Activities		Development	Tourism	Schools of
			Authority	Board	Decatur	
Cash and cash equivalents	\$ 22,333,783	\$ 3,420,538	\$ 25,754,321	\$ 503,477	\$ 35,941	\$ 22,643,488
Taxes receivable	870,570	-	870,570	34,189	-	1,470,569
Other receivables	360,815	-	360,815	20,051	-	163,426
Accounts receivable, net of allowances	-	321,978	321,978	-	-	-
Due from primary government	-	-	-	110,450	-	3,857,102
Due from other governments	-	-	-	-	-	2,513,822
Due from component unit	360,923	-	360,923	-	-	-
Internal balances	523,779	(523,779)	-	-	-	-
Inventory	-	-	-	-	-	21,639
Prepaid items	1,164,214	-	1,164,214	9,635	-	-
Restricted investments	518,017	-	518,017	-	-	-
Other current assets	26,500	-	26,500	-	-	-
Deferred charges, unamortized balance	342,522	-	342,522	-	-	-
Capital assets:						
Non-depreciable	30,871,224	333,368	31,204,592	-	-	-
Depreciable, net of accumulated depreciation	44,772,513	4,791,179	49,563,692	-	-	3,857,903
Other non-current assets	608,522	57,991	666,513	-	-	-
Total assets	102,753,382	8,401,275	111,154,657	677,802	35,941	34,527,949
LIABILITIES						
Accounts payable	1,012,651	128,656	1,141,307	20,497	5,633	1,368,557
Accrued liabilities	2,373,189	144	2,373,333	-	-	5,078,922
Unearned revenue	17,446	1,339,036	1,356,482	-	-	9,661,072
Due to primary government	-	-	-	320,870	-	40,053
Due to component unit	32,427	-	32,427	-	-	-
Net OPEB obligation	2,141,357	204,066	2,345,423	-	-	-
Certificates of participation due within one year	105,000	-	105,000	-	-	-
Certificates of participation due in more than one year	3,695,000	-	3,695,000	-	-	-
Claims and judgments payable due within one year	79,814	-	79,814	-	-	-
Compensated absences, current	612,233	44,003	656,236	-	-	70,154
Compensated absences, long-term	252,574	36,633	289,207	-	-	28,363
Capital leases due within one year	166,221	31,511	197,732	-	-	245,039
Capital leases due in more than one year	364,080	66,456	430,536	-	-	3,078,920
Bonds payable due within one year	275,000	-	275,000	-	-	-
Bonds payable due in more than one year	33,201,906	-	33,201,906	-	-	-
Total liabilities	44,328,898	1,850,505	46,179,403	341,367	5,633	19,571,080
NET ASSETS						
Invested in capital assets, net of related debt	49,255,493	5,026,580	54,282,073	-	-	533,944
Restricted for capital projects	-	-	-	-	-	7,443,692
Restricted for grant programs	128,939	-	128,939	-	-	-
Unrestricted	9,040,052	1,524,190	10,564,242	336,435	30,308	6,979,233
Total net assets	\$ 58,424,484	\$ 6,550,770	\$ 64,975,254	\$ 336,435	\$ 30,308	\$ 14,956,869

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, 2009

<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>
Primary government:				
Governmental activities:				
General government	\$ 6,382,117	\$ 838,656	\$ 52,436	\$ 33,365
Education	1,313,755	-	-	16,270,012
Public safety	10,295,348	1,657,148	2,905	-
Public works	3,855,322	88,550	-	98,374
Recreation	3,162,768	1,074,569	300,384	17,500
Interest on long-term debt	1,585,357	-	-	-
Total governmental activities	<u>26,594,667</u>	<u>3,658,923</u>	<u>355,725</u>	<u>16,419,251</u>
Business-type activities:				
Conference center	363,040	84,093	-	-
Stormwater	640,913	1,022,586	-	-
Solid waste	2,016,506	2,266,119	-	-
Total business-type activities	<u>3,020,459</u>	<u>3,372,798</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 29,615,126</u>	<u>\$ 7,031,721</u>	<u>\$ 355,725</u>	<u>\$ 16,419,251</u>
Component units:				
Downtown Development Authority	\$ 643,416	\$ -	\$ -	\$ -
Decatur Tourism Board	24,702	-	-	-
City Schools of Decatur	53,441,235	1,627,380	13,716,062	-
Total component units	<u>\$ 54,109,353</u>	<u>\$ 1,627,380</u>	<u>\$ 13,716,062</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Franchise taxes				
Sales taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Net (Expenses) Revenues and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board	City Schools of Decatur
\$ (5,457,660)	\$ -	\$ (5,457,660)	\$ -	\$ -	\$ -
14,956,257	-	14,956,257	-	-	-
(8,635,295)	-	(8,635,295)	-	-	-
(3,668,398)	-	(3,668,398)	-	-	-
(1,770,315)	-	(1,770,315)	-	-	-
(1,585,357)	-	(1,585,357)	-	-	-
(6,160,768)	-	(6,160,768)	-	-	-
-	(278,947)	(278,947)	-	-	-
-	381,673	381,673	-	-	-
-	249,613	249,613	-	-	-
-	352,339	352,339	-	-	-
(6,160,768)	352,339	(5,808,429)	-	-	-
-	-	-	(643,416)	-	-
-	-	-	-	(24,702)	-
-	-	-	-	-	(38,097,793)
\$ -	\$ -	\$ -	\$ (643,416)	\$ (24,702)	\$ (38,097,793)
\$ 14,585,000	\$ -	\$ 14,585,000	\$ 446,568	\$ -	\$ 24,151,999
1,364,341	-	1,364,341	-	-	-
641,108	-	641,108	-	-	2,534,853
1,399,170	-	1,399,170	-	55,000	-
-	-	-	-	-	17,915
307,389	-	307,389	-	10	138,262
12,542	-	12,542	-	-	-
-	-	-	251,340	-	640,779
(483,640)	483,640	-	-	-	-
17,825,910	483,640	18,309,550	697,908	55,010	27,483,808
11,665,142	835,979	12,501,121	54,492	30,308	(10,613,985)
46,759,342	5,714,791	52,474,133	281,943	-	25,570,854
\$ 58,424,484	\$ 6,550,770	\$ 64,975,254	\$ 336,435	\$ 30,308	\$ 14,956,869

CITY OF DECATUR, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

ASSETS	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 7,791,072	\$ 12,356,349	\$ 2,186,362	\$ 22,333,783
Taxes receivable	638,366	78,750	153,454	870,570
Other receivables	207,209	11,962	141,644	360,815
Due from other funds	306,848	182,565	615,130	1,104,543
Due from component unit	320,870	-	40,053	360,923
Restricted investments	-	518,017	-	518,017
Advances to other funds	-	252,865	-	252,865
Prepaid expenditures	390,755	48,484	724,975	1,164,214
Other current assets	26,500	-	-	26,500
Total assets	\$ 9,681,620	\$ 13,448,992	\$ 3,861,618	\$ 26,992,230
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 993,026	\$ -	\$ 19,625	\$ 1,012,651
Accrued liabilities	1,217,645	374,946	2,283	1,594,874
Deferred revenues:	496,401	62,960	138,601	697,962
Due to other funds	276,257	-	482,425	758,682
Due to component unit	7,427	-	25,000	32,427
Advances from other funds	-	-	74,947	74,947
Total liabilities	2,990,756	437,906	742,881	4,171,543
FUND BALANCES				
Fund balances:				
Reserved for:				
Long-term advances	-	252,865	-	252,865
Prepaid expenditures	390,755	48,484	724,975	1,164,214
Program expenditures	-	11,856	117,083	128,939
Tree preservation	-	-	19,303	19,303
Debt service	-	-	501,268	501,268
Capital projects	-	11,418,963	-	11,418,963
Unreserved, reported in				
General fund	6,300,109	-	-	6,300,109
Special revenue funds	-	-	1,474,595	1,474,595
Capital projects funds	-	1,278,918	281,513	1,560,431
Total fund balances	6,690,864	13,011,086	3,118,737	22,820,687
Total liabilities and fund balances:	\$ 9,681,620	\$ 13,448,992	\$ 3,861,618	
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.				75,643,737
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				680,516
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.				(41,328,978)
Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds.				608,522
Net assets of governmental activities				\$ 58,424,484

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, 2009**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 14,737,972	\$ 1,122,397	\$ 2,052,001	\$ 17,912,370
Licenses and permits	439,945	-	-	439,945
Intergovernmental	326,370	113,247	7,915	447,532
Fines and forfeitures	510,648	-	950	511,598
Charges for services	1,114,800	-	1,197,317	2,312,117
Interest income	86,250	208,069	13,070	307,389
Contributions	6,128	-	290,488	296,616
Other revenues	50,809	35,992	69,278	156,079
Total revenues	<u>17,272,922</u>	<u>1,479,705</u>	<u>3,631,019</u>	<u>22,383,646</u>
Expenditures				
Current:				
General government	5,368,157	269,039	167,089	5,804,285
Education	-	-	9,626	9,626
Public safety	7,959,125	-	707,605	8,666,730
Public works	3,080,526	-	-	3,080,526
Recreation	1,380,644	-	1,446,635	2,827,279
Capital outlay	-	4,181,776	-	4,181,776
Debt service:				
Principal retirements	-	259,390	-	259,390
Interest and fiscal charges	-	150,408	1,441,226	1,591,634
Total expenditures	<u>17,788,452</u>	<u>4,860,613</u>	<u>3,772,181</u>	<u>26,421,246</u>
Excess (deficiency) of revenues over expenditures	<u>(515,530)</u>	<u>(3,380,908)</u>	<u>(141,162)</u>	<u>(4,037,600)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	17,817	-	-	17,817
Transfers in	644,829	-	1,623,630	2,268,459
Transfers out	<u>(670,000)</u>	<u>(149,469)</u>	<u>(1,932,630)</u>	<u>(2,752,099)</u>
Total other financing sources (uses)	<u>(7,354)</u>	<u>(149,469)</u>	<u>(309,000)</u>	<u>(465,823)</u>
Net change in fund balance	<u>(522,884)</u>	<u>(3,530,377)</u>	<u>(450,162)</u>	<u>(4,503,423)</u>
Fund balances, beginning of year	<u>7,213,748</u>	<u>16,541,463</u>	<u>3,568,899</u>	<u>27,324,110</u>
Fund balances, end of year	<u>\$ 6,690,864</u>	<u>\$ 13,011,086</u>	<u>\$ 3,118,737</u>	<u>\$ 22,820,687</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, 2009**

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

Net change in fund balances - total governmental funds	\$ (4,503,423)
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.	1,717,717
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to increase net assets.	16,264,737
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	77,249
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.	255,368
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>(2,146,506)</u>
Change in net assets - governmental activities	<u>\$ 11,665,142</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 FISCAL YEAR ENDED JUNE 30, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 14,706,200	\$ 14,725,100	\$ 14,737,972	\$ 12,872
Licenses and permits	615,500	400,100	439,945	39,845
Fines and forfeitures	660,000	519,500	510,648	(8,852)
Interest	300,000	90,000	86,250	(3,750)
Charges for services	1,159,830	1,110,800	1,114,800	4,000
Intergovernmental	319,650	320,870	326,370	5,500
Contributions	-	-	6,128	6,128
Miscellaneous	61,100	63,900	50,809	(13,091)
Total revenues	17,822,280	17,230,270	17,272,922	42,652
Expenditures				
Current:				
General government:				
Commission	146,920	154,120	130,699	23,421
Manager	921,250	917,670	881,687	35,983
Administrative services	1,564,380	1,556,770	1,541,820	14,950
Attorney	450,000	150,000	80,453	69,547
Community & economic development	1,002,290	1,023,320	1,026,031	(2,711)
Development and inspection	479,940	486,170	492,717	(6,547)
Accounting, collection and records	1,289,650	1,268,520	1,214,750	53,770
Total general government	5,854,430	5,556,570	5,368,157	188,413
Public safety:				
General management	914,880	1,006,210	1,037,153	(30,943)
Fire	3,216,660	3,329,190	3,502,127	(172,937)
Police	3,621,800	3,477,640	3,419,845	57,795
Total public safety	7,753,340	7,813,040	7,959,125	(146,085)
Public works:				
Engineering	786,540	687,820	627,890	59,930
Motor maintenance	527,970	526,690	598,161	(71,471)
Buildings and grounds maintenance	1,480,690	1,497,790	1,478,810	18,980
Cemetery	414,820	397,710	375,665	22,045
Total public works	3,210,020	3,110,010	3,080,526	29,484
Recreation	1,324,370	1,340,010	1,380,644	(40,634)
Total expenditures	18,142,160	17,819,630	17,788,452	31,178
Deficiency of revenues over expenditures	(319,880)	(589,360)	(515,530)	73,830
Other financing sources (uses)				
Proceeds from sale of capital assets	15,000	12,000	17,817	5,817
Transfers out	(890,000)	(670,000)	(670,000)	-
Transfers in	673,900	640,360	644,829	4,469
Total other financing sources (uses)	(201,100)	(17,640)	(7,354)	10,286
Net change in fund balances	(520,980)	(607,000)	(522,884)	84,116
Fund balances, beginning of year	7,213,748	7,213,748	7,213,748	-
Fund balances, end of year	\$ 6,692,768	\$ 6,606,748	\$ 6,690,864	\$ 84,116

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

CITY OF DECATUR, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009**

ASSETS	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
CURRENT ASSETS				
Cash	\$ 526,439	\$ 2,015,576	\$ 878,523	\$ 3,420,538
Accounts receivable	6,000	104,270	211,708	321,978
Total current assets	<u>532,439</u>	<u>2,119,846</u>	<u>1,090,231</u>	<u>3,742,516</u>
NONCURRENT ASSETS				
Construction in progress	-	53,303	-	53,303
Land	194,860	85,205	-	280,065
Infrastructure	-	3,749,424	-	3,749,424
Buildings	8,469,375	-	-	8,469,375
Furniture, fixtures and equipment	184,882	189,807	1,784,370	2,159,059
	8,849,117	4,077,739	1,784,370	14,711,226
Accumulated depreciation	(6,002,181)	(2,237,392)	(1,347,106)	(9,586,679)
Total capital assets	<u>2,846,936</u>	<u>1,840,347</u>	<u>437,264</u>	<u>5,124,547</u>
Other noncurrent assets	-	17,784	40,207	57,991
Total noncurrent assets	<u>2,846,936</u>	<u>1,858,131</u>	<u>477,471</u>	<u>5,182,538</u>
Total assets	<u>3,379,375</u>	<u>3,977,977</u>	<u>1,567,702</u>	<u>8,925,054</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	44,410	5,848	78,398	128,656
Accrued liabilities	-	144	-	144
Compensated absences payable	-	13,699	30,304	44,003
Due to other funds	-	93,073	252,788	345,861
Deferred revenue	-	408,421	930,615	1,339,036
Capital lease, due within one year	-	-	31,511	31,511
Total current liabilities	<u>44,410</u>	<u>521,185</u>	<u>1,323,616</u>	<u>1,889,211</u>
NONCURRENT LIABILITIES				
Capital lease, due in more than one year	-	-	66,456	66,456
Compensated absences - long term	-	-	36,633	36,633
Net OPEB obligation	-	62,579	141,487	204,066
Advances from other funds	-	32,985	144,933	177,918
Total noncurrent liabilities	<u>-</u>	<u>95,564</u>	<u>389,509</u>	<u>485,073</u>
Total liabilities	<u>44,410</u>	<u>616,749</u>	<u>1,713,125</u>	<u>2,374,284</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,846,936	1,840,347	339,297	5,026,580
Unrestricted	488,029	1,520,881	(484,720)	1,524,190
Total net assets	<u>\$ 3,334,965</u>	<u>\$ 3,361,228</u>	<u>\$ (145,423)</u>	<u>\$ 6,550,770</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 FISCAL YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
OPERATING REVENUE				
Storm water fees	\$ -	\$ 1,022,487	\$ -	\$ 1,022,487
Sanitation fees	-	-	2,258,351	2,258,351
Charges for sales and services	84,093	-	-	84,093
Miscellaneous	-	99	7,768	7,867
Total operating revenues	<u>84,093</u>	<u>1,022,586</u>	<u>2,266,119</u>	<u>3,372,798</u>
OPERATING EXPENSES				
Cost of sales and services	80,307	549,858	1,868,032	2,498,197
Depreciation and amortization	269,601	91,055	143,866	504,522
Total operating expenses	<u>349,908</u>	<u>640,913</u>	<u>2,011,898</u>	<u>3,002,719</u>
Operating income (loss)	<u>(265,815)</u>	<u>381,673</u>	<u>254,221</u>	<u>370,079</u>
NON-OPERATING EXPENSES				
Interest expense	(13,132)	-	(4,608)	(17,740)
Total non-operating expenses	<u>(13,132)</u>	<u>-</u>	<u>(4,608)</u>	<u>(17,740)</u>
Income (loss) before transfers	<u>(278,947)</u>	<u>381,673</u>	<u>249,613</u>	<u>352,339</u>
Transfers in	898,000	-	-	898,000
Transfers out	-	(261,430)	(152,930)	(414,360)
	<u>898,000</u>	<u>(261,430)</u>	<u>(152,930)</u>	<u>483,640</u>
Change in net assets	619,053	120,243	96,683	835,979
Total net assets, beginning	<u>2,715,912</u>	<u>3,240,985</u>	<u>(242,106)</u>	<u>5,714,791</u>
Total net assets, ending	<u>\$ 3,334,965</u>	<u>\$ 3,361,228</u>	<u>\$ (145,423)</u>	<u>\$ 6,550,770</u>

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

CITY OF DECATUR, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 84,093	\$ 979,631	\$ 2,268,676	\$ 3,332,400
Payments to suppliers	(69,918)	(588,604)	(2,224,486)	(2,883,008)
Payments to employees	-	(281,295)	(582,783)	(864,078)
Net cash provided by (used in) operating activities	<u>14,175</u>	<u>109,732</u>	<u>(538,593)</u>	<u>(414,686)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	1,248,000	-	-	1,248,000
Transfers out to other funds	-	(261,430)	(152,930)	(414,360)
Repayment of advances from other funds	-	(21,990)	(204,892)	(226,882)
Net cash provided by (used in) non-capital financing activities	<u>1,248,000</u>	<u>(283,420)</u>	<u>(357,822)</u>	<u>606,758</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on capital leases	(765,000)	-	(30,419)	(795,419)
Interest paid	(19,698)	-	(4,608)	(24,306)
Purchases of capital assets	(20,163)	(185,063)	(26,800)	(232,026)
Net cash used in capital and related financing activities	<u>(804,861)</u>	<u>(185,063)</u>	<u>(61,827)</u>	<u>(1,051,751)</u>
Net increase (decrease) in cash	457,314	(358,751)	(958,242)	(859,679)
Cash, beginning of year	69,125	2,374,327	1,836,765	4,280,217
Cash, end of year	<u>\$ 526,439</u>	<u>\$ 2,015,576</u>	<u>\$ 878,523</u>	<u>\$ 3,420,538</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (265,815)	\$ 381,673	\$ 254,221	\$ 370,079
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	269,601	91,055	143,866	504,522
Change in assets and liabilities:				
Decrease (increase) in fees receivable	-	(39,955)	35,168	(4,787)
Decrease in due from other funds	-	-	376,840	376,840
Increase in other noncurrent assets	-	(17,784)	(40,207)	(57,991)
Increase (decrease) in accounts payable	35,612	(3,657)	(23,865)	8,090
Decrease in accrued liabilities	-	(37,257)	(69,782)	(107,039)
Increase in compensated absences payable	-	8,923	36,723	45,646
Increase in Net OPEB obligation	-	62,579	141,487	204,066
Decrease in deferred revenue	-	(3,000)	(32,611)	(35,611)
Decrease in due to other funds	(25,223)	(332,845)	(1,360,433)	(1,718,501)
Net cash provided by (used in) operating activities	<u>\$ 14,175</u>	<u>\$ 109,732</u>	<u>\$ (538,593)</u>	<u>\$ (414,686)</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, 2009

ASSETS	Pension Trust Fund	Agency Funds
Cash	\$ 773,368	\$ 3,998,212
Mutual funds	19,634,252	-
Benefits receivable	182,163	-
Total assets	<u>20,589,783</u>	<u>3,998,212</u>
LIABILITIES		
Due to others	-	63,087
Due to component unit	-	3,935,125
Total liabilities	<u>-</u>	<u>3,998,212</u>
NET ASSETS		
Assets held in trust for pension benefits	<u>\$ 20,589,783</u>	<u>\$ -</u>

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

CITY OF DECATUR, GEORGIA

**STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

ADDITIONS

Contributions	
Plan member contributions	\$ 811,233
Employer contributions	<u>763,973</u>
Total contributions	<u>1,575,206</u>
Investment income	
Net depreciation in fair value of investmets	(2,791,314)
Interest and dividends	<u>498,823</u>
Total investment income	<u>(2,292,491)</u>
Total additions	<u>(717,285)</u>

DEDUCTIONS

Benefit payments	1,130,213
Refunds paid to Plan members and beneficiaries	108,886
Administrative fees	<u>113,106</u>
Total deductions	<u>1,352,205</u>
Net decrease in net assets	(2,069,490)

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

Beginning of year	<u>22,659,273</u>
End of year	<u>\$ 20,589,783</u>

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

CITY OF DECATUR, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

The Decatur Tourism Board (the "DTB") has been included as a discretely presented component unit in the accompanying financial statements. The Board does not have the power to levy taxes or issue bonded debt. Financial information with regard to the DTB can be obtained from the DTB's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Decatur Tourism Board are not prepared.

NOTES TO FINANCIAL STATEMENTS

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. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009, are recorded as prepaid items in both government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS

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

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

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 \$41,328,978 difference are as follows:

Capital leases payable	\$ (530,301)
Certificates of participation	(3,800,000)
Claims and judgements payable	(79,814)
Accrued interest payable	(778,315)
Net OPEB obligation	(2,141,357)
Bonds payable	(33,245,000)
Bond issuance costs	342,522
Unamortized premium	(231,906)
Compensated absences	<u>(864,807)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u>\$ (41,328,978)</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 \$1,717,717 difference are as follows:

Capital outlay	\$ 4,256,916
Depreciation expense	<u>(2,539,199)</u>
 Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 1,717,717</u>

NOTES TO FINANCIAL STATEMENTS

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 \$255,368 difference are as follows:

Amortization of premium and deferred charges	\$ (4,022)
Principal retirement of long-term debt	259,390
	259,390
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 255,368

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 \$2,146,506 difference are as follows:

Compensated absences	\$ 114,674
Claims and judgments	(149,132)
Net arbitrage rebate	(27,464)
Net other post-employment benefits (OPEB) obligation	2,141,357
Net pension asset	77,370
Accrued interest	(10,299)
	(10,299)
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>	\$ 2,146,506

NOTES TO FINANCIAL STATEMENTS

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, 2009:

Economic Development Fund	\$	(4,847)
Hotel/Motel Tax Fund		(1,000)
Debt Service Fund		(3,856)
General Fund departments:		
Community & economic development		(2,711)
Development and inspection		(6,547)
General management		(30,943)
Fire		(172,937)
Motor maintenance		(71,471)
Recreation		(40,634)

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2009, the City had \$19,634,252 invested on behalf of a defined pension fund and \$518,017 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	\$ 518,017
Stock mutual funds	(1)	8,629,071
Taxable bond mutual funds	5.58 average effective duration	11,005,181
Georgia Fund 1	41 days	<u>11,418,963</u>
Total		<u>\$ 31,571,232</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, 2009 was 4.32 years. The City does not have a formal investment policy, outside of the policy for the pension investments, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2009, 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 BBB-.

NOTES TO FINANCIAL STATEMENTS

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, 2009, 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, 2009, the City had a bank balance of \$448,151 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 for the calendar year and are due June 1.

Receivables at June 30, 2009, 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 Improvement</u>	<u>Conference & Parking Deck</u>	<u>Stormwater Utility</u>	<u>Solid Waste</u>	<u>Other Governmental Funds</u>
Receivables:						
Taxes	\$ 654,642	\$ 82,715	\$ -	\$ -	\$ -	\$ 155,215
Accounts	-	-	6,000	154,070	367,557	-
Other	207,209	11,962	-	-	-	141,644
Less allowance for uncollectible	(16,276)	(3,965)	-	(49,800)	(155,849)	(1,761)
Net total receivable	<u>\$ 845,575</u>	<u>\$ 90,712</u>	<u>\$ 6,000</u>	<u>\$ 104,270</u>	<u>\$ 211,708</u>	<u>\$ 295,098</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2009, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,384,951	\$ 373,565	\$ -	\$ 2,758,516
Construction in progress	11,007,511	18,260,568	(1,155,371)	28,112,708
Total	<u>13,392,462</u>	<u>18,634,133</u>	<u>(1,155,371)</u>	<u>30,871,224</u>
Capital assets, being depreciated:				
Land improvements	960,347	25,000	-	985,347
Infrastructure	20,908,186	30,950	-	20,939,136
Buildings and improvements	50,915,180	2,819,710	-	53,734,890
Machinery and equipment	3,670,357	37,810	-	3,708,167
Vehicles	3,862,812	134,696	(221,050)	3,776,458
Total	<u>80,316,882</u>	<u>3,048,166</u>	<u>(221,050)</u>	<u>83,143,998</u>
Less accumulated depreciation for:				
Land improvements	(677,136)	(47,886)	-	(725,022)
Infrastructure	(12,986,126)	(518,821)	-	(13,504,947)
Buildings and improvements	(16,750,986)	(1,474,238)	-	(18,225,224)
Machinery and equipment	(2,701,799)	(159,350)	-	(2,861,149)
Vehicles	(2,932,014)	(338,904)	215,775	(3,055,143)
Total	<u>(36,048,061)</u>	<u>(2,539,199)</u>	<u>215,775</u>	<u>(38,371,485)</u>
Total capital assets, being depreciated, net	<u>44,268,821</u>	<u>508,967</u>	<u>(5,275)</u>	<u>44,772,513</u>
Governmental activities capital assets, net	<u>\$ 57,661,283</u>	<u>\$ 19,143,100</u>	<u>\$ (1,160,646)</u>	<u>\$ 75,643,737</u>

Included in buildings and improvements and construction in progress for governmental activities are school facilities used by the City Schools of Decatur but owned by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 27,998	\$ 25,305	\$ -	\$ 53,303
Land	280,065	-	-	280,065
Total	<u>308,063</u>	<u>25,305</u>	<u>-</u>	<u>333,368</u>
Capital assets, being depreciated:				
Infrastructure	3,749,424	-	-	3,749,424
Buildings	8,469,375	-	-	8,469,375
Furniture, fixtures, and equipment	2,112,096	46,963	-	2,159,059
Total	<u>14,330,895</u>	<u>46,963</u>	<u>-</u>	<u>14,377,858</u>
Less accumulated depreciation for:				
Infrastructure	(2,007,787)	(80,690)	-	(2,088,477)
Buildings	(5,584,115)	(265,153)	-	(5,849,268)
Furniture, fixtures, and equipment	(1,494,137)	(154,797)	-	(1,648,934)
Total	<u>(9,086,039)</u>	<u>(500,640)</u>	<u>-</u>	<u>(9,586,679)</u>
Total capital assets, being depreciated, net	<u>5,244,856</u>	<u>(453,677)</u>	<u>-</u>	<u>4,791,179</u>
Business-type activities capital assets, net	<u>\$ 5,552,919</u>	<u>\$ (428,372)</u>	<u>\$ -</u>	<u>\$ 5,124,547</u>

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

Governmental activities:	
General government	\$ 121,628
Education	367,828
Public safety	615,677
Public works	129,937
Recreation	1,304,129
Total depreciation expense - governmental activities	<u>\$ 2,539,199</u>
Business-type activities:	
Conference and Parking Deck	\$ 265,719
Stormwater	91,055
Sanitation	143,866
Total depreciation expense - business-type activities	<u>\$ 500,640</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

City Schools of Decatur

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Leasehold improvements	\$ 3,615,047	\$ -	\$ -	\$ 3,615,047
Equipment	1,942,684	277,344	-	2,220,028
Total	<u>5,557,731</u>	<u>277,344</u>	<u>-</u>	<u>5,835,075</u>
Less accumulated depreciation for:				
Leasehold improvements	(682,842)	(241,003)	-	(923,845)
Equipment	(770,247)	(283,080)	-	(1,053,327)
Total	<u>(1,453,089)</u>	<u>(524,083)</u>	<u>-</u>	<u>(1,977,172)</u>
Total capital assets, being depreciated, net	<u>4,104,642</u>	<u>(246,739)</u>	<u>-</u>	<u>3,857,903</u>
Governmental activities capital assets, net	<u>\$ 4,104,642</u>	<u>\$ (246,739)</u>	<u>\$ -</u>	<u>\$ 3,857,903</u>

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 33,245,000	\$ -	\$ -	\$ 33,245,000	\$ 275,000
Plus issuance premium	240,339	-	(8,433)	231,906	
Total bonds payable	<u>33,485,339</u>	<u>-</u>	<u>(8,433)</u>	<u>33,476,906</u>	
Capital leases	689,691	-	(159,390)	530,301	166,221
Certificates of participation	3,900,000	-	(100,000)	3,800,000	105,000
Claims and judgments	228,946	11,168	(160,300)	79,814	79,814
Other long-term liability	54,553	-	(54,553)	-	-
Net OPEB obligation	-	2,141,357	-	2,141,357	-
Compensated absences	<u>750,133</u>	<u>645,725</u>	<u>(531,051)</u>	<u>864,807</u>	<u>612,233</u>
Governmental activity Long-term liabilities	<u>\$ 39,108,662</u>	<u>\$ 2,798,250</u>	<u>\$ (1,013,727)</u>	<u>\$ 40,893,185</u>	<u>\$ 1,238,268</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital leases - due to component unit	\$ 765,000	\$ -	\$ (765,000)	\$ -	\$ -
Less deferred amounts	(1,120)	-	1,120	-	-
	<u>763,880</u>	<u>-</u>	<u>(763,880)</u>	<u>-</u>	<u>-</u>
Capital lease	128,386	-	(30,419)	97,967	31,511
Net OPEB obligation	-	204,066	-	204,066	-
Compensated absences	81,812	55,641	(56,817)	80,636	44,003
Business-type activity Long-term liabilities	<u>\$ 974,078</u>	<u>\$ 259,707</u>	<u>\$ (851,116)</u>	<u>\$ 382,669</u>	<u>\$ 75,514</u>

For governmental funds, compensated absences, OPEB obligations, and claims and judgments are liquidated by the General Fund. For business-type activities, compensated absences and OPEB obligations are liquidated by the Stormwater Utility Fund and the Solid Waste Fund.

Capital Leases - Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (including communication equipment), machinery, and improvements used in general governmental activities and business-type 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, 2009, the City had \$1,016,427 and \$162,458 for governmental activities and business-type activities, respectively, of machinery and equipment under capital leases.

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

	Governmental Activities	Business-type Activities
Fiscal Year Ending June 30,		
2010	\$ 189,020	\$ 35,028
2011	148,366	35,028
2012	148,366	35,028
2013	96,650	-
Total minimum lease payments	<u>582,402</u>	<u>105,084</u>
Less amount representing interest	52,101	7,117
Present value of future minimum lease payments	<u>\$ 530,301</u>	<u>\$ 97,967</u>

NOTES TO FINANCIAL STATEMENTS

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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30,			
2010	\$ 105,000	\$ 159,668	\$ 264,668
2011	110,000	155,563	265,563
2012	115,000	151,262	266,262
2013	120,000	146,765	266,765
2014	125,000	142,073	267,073
2015-2019	690,000	634,120	1,324,120
2020-2024	835,000	488,277	1,323,277
2025-2028	1,700,000	210,583	1,910,583
Total	<u>\$ 3,800,000</u>	<u>\$ 2,088,311</u>	<u>\$ 5,888,311</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 Schools of Decatur as well as the issuance costs.

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

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	475,000	1,400,544	1,875,544
2014	520,000	1,381,544	1,901,544
2015-2019	3,315,000	6,558,919	9,873,919
2020-2024	4,790,000	5,784,519	10,574,519
2025-2029	6,730,000	4,621,194	11,351,194
2030-2034	9,275,000	2,771,500	12,046,500
2035-2037	7,070,000	613,063	7,683,063
Total	<u>\$ 33,245,000</u>	<u>\$ 27,422,652</u>	<u>\$ 60,667,652</u>

City Schools of Decatur

Long-term liability activity for the year ended June 30, 2009, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 3,645,136	\$ -	\$ (321,177)	\$ 3,323,959	\$ 245,039
Compensated absences	99,881	70,286	(71,650)	98,517	70,154
Other long term liability, due to primary government	27,089	-	(27,089)	-	-
Governmental activity Long-term liabilities	<u>\$ 3,772,106</u>	<u>\$ 70,286</u>	<u>\$ (419,916)</u>	<u>\$ 3,422,476</u>	<u>\$ 315,193</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, 2009:

Fiscal Year Ending June 30,	\$	
2010	\$	454,697
2011		251,590
2012		251,590
2013		251,590
2014		251,590
2015-2019		1,257,950
2020-2024		1,257,950
2025-2026		293,523
		4,270,480
Less amount representing interest		(946,521)
Net present value of capitalized lease obligation	\$	3,323,959

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2009, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 101,814
General Fund	Solid Waste Fund	121,984
General Fund	Stormwater Utility Fund	83,050
Capital Projects Fund	General Fund	4,265
Capital Projects Fund	Solid Waste Fund	130,804
Capital Projects Fund	Stormwater Utility Fund	10,023
Capital Projects Fund	Nonmajor governmental funds	37,473
Nonmajor governmental funds	General Fund	271,992
Nonmajor governmental funds	Nonmajor governmental funds	343,138
		\$ 1,104,543

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 - General Fund	Component unit - Downtown Development Authority	\$ 320,870
Primary government - Grant Fund	Component unit - City Schools of Decatur	40,053
Component unit - Downtown Development Authority	Primary government - General Fund	7,427
Component unit - Downtown Development Authority	Primary government - Grant Fund	25,000
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	78,023
Component unit - City Schools of Decatur	Primary government - Board of Education Fund (Agency)	3,857,102
		<u>\$ 4,328,475</u>

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	<u>\$ 670,000</u>
General Fund	Solid Waste Fund	\$ 152,930
General Fund	Capital Projects Fund	149,469
General Fund	Nonmajor governmental funds	81,000
General Fund	Stormwater Utility Fund	261,430
		<u>\$ 644,829</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>\$ 953,630</u>
Conference & Parking Deck Fund	Nonmajor governmental funds	<u>\$ 898,000</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	\$ 144,933
Capital Improvement Fund	Stormwater Fund	32,985
Capital Improvement Fund	Nonmajor governmental funds	74,947
		\$ 252,865

The amounts payable from the Solid Waste Fund, Stormwater 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, 2009 the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	73
Terminated vested participants not yet receiving benefits	6
Active participants	198
	277

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

Employee Contributions

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

Public Safety Employee	11% of compensation
General Employee	4% of compensation up to \$2,000 plus 8% of compensation in excess of \$2,000

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

Public Safety Employee	9% 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 \$3,000 per year, upon retirement.

Summary of Significant Accounting Policies

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

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on exchanges are valued at last reported sales price. Investments which represent more than 5% of Plan Net Assets at June 30, 2009, were as follows: State Street Equity Investments Mutual Fund of \$19,634,252. The method for determining the actuarial valuation of assets is the 20% write up method.

NOTES TO FINANCIAL STATEMENTS

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, 2009, 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 4% per year (3% for inflation and 1% for merit).
- The post-retirement benefit limits increase 5% per year.
- Minimum monthly benefit of \$250.

Although the actuarial valuation method is the aggregate actuarial cost method, the following is a schedule of funding progress, using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2009, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2009	24,993,639	31,834,462	6,840,823	78.5%	10,518,679	65.1%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2009.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2009, is as follows:

Annual required contribution	\$ 733,779
Interest on net pension obligation (asset)	(51,442)
Adjustments to annual required contribution	101,015
Annual pension cost	<u>783,352</u>
Contributions made	<u>763,973</u>
Increase in net pension obligation	19,379
Net pension obligation (asset), beginning of year	<u>(685,892)</u>
Net pension obligation (asset), end of year	<u><u>\$ (666,513)</u></u>

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

For the year ended June 30, 2009, the City's contribution was 9.22% of covered payroll.

The funding policy for the Plan is to contribute an amount equal to the recommended contribution as determined by the Plan's actuary. The recommended contribution was determined as part of the July 1, 2008 actuarial valuation. The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
June 30, 2009	\$ 783,352	98%	\$ (666,513)
June 30, 2008	779,541	96%	(685,892)
June 30, 2007	822,448	95%	(716,159)

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Employer Contribution</u>	<u>Percentage of ARC Contributed</u>
June 30, 2009	\$ 733,779	\$ 763,973	104%
June 30, 2008	729,462	749,274	103%
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%

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (Continued)

City Schools of Decatur

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

Covered employees are required by state law to contribute 5% of their annual covered salary to the plan and the District is required to contribute 9.28% of current covered payroll. Covered employees' contributions for the years ended June 30, 2009, 2008, and 2007, were \$1,013,913, \$938,709, and \$920,730, respectively. The District's contributions to TRS for the years ended June 30, 2009, 2008, and 2007, were \$1,866,733, \$1,710,630, and \$1,702,336, 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

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, 2009, 2008, and 2007 totaled \$2,116, \$1,850, and \$2,076, 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 years ended June 30, 2009, 2008, and 2007 for District employees were \$10,668, \$2,408, and \$2,068, 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 59 employees covered under PSERS for the year ended June 30, 2009.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

Primary Government

Plan Description

The City of Decatur Other Post-Retirement Benefits Plan (the "OPEB Plan") is a single-employer defined benefit post-retirement health care, dental and vision plan, or other post employment benefit (OPEB) plan. The City has not elected to advance fund the plan, but rather maintains the plan on a "pay as you go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits

Eligible retirees and former employees are offered the same health, prescription drug, vision and dental coverage as active employees. The City pays 100% of the premiums for eligible employees.

Eligibility

Eligible participants for Other Post-Employment Benefits include:

1. The City requires all employees to enroll in the OPEB plan.
2. Surviving spouses/beneficiaries enrolled in the Plan prior.
3. Certain disabled former employees.

Plan Membership

As of July 1, 2008, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	72
Fully eligible actives	23
Active participants	166
	261

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.

The annual required contribution for the current year was determined as part of the July 1, 2008, actuarial valuation. The actuarial assumptions included:

Cost Method	Individual Entry Age Normal Actuarial
Actuarial Asset Valuation Method	Not applicable
Assumed Rate of Return on Investments	3.5% (Includes inflation of 3.0%)
Healthcare Cost Trend Rate	7.0% (Includes inflation of 3.0%)
Ultimate Healthcare Cost Trend Rate	5.0%
Year of Ultimate Trend Rate	2029
Amortization Method	2.5% Payroll Growth (open)
Remaining Amortization Period	30 years

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

City Contributions (Continued)

The following is a schedule of funding progress using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2008, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2008	-	47,747,107	47,747,107	0.0%	10,518,679	453.9%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2008.

Annual Pension Cost

The City's actuarially determined contribution, OPEB cost and increase in net OPEB obligation for the year ended June 30, 2009, is as follows:

Annual required contribution	\$ 3,372,964
Interest on net pension obligation	-
Adjustments to annual required contribution	-
Annual pension cost	<u>3,372,964</u>
Contributions made	<u>1,027,541</u>
Increase in net pension obligation	2,345,423
Net pension obligation, beginning of year	-
Net pension obligation, end of year	<u><u>\$ 2,345,423</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost

For the year ended June 30, 2009, the City's contribution was 9.77% of covered payroll.

The recommended contribution was determined as part of the July 1, 2008 actuarial valuation. The chart below shows the annual pension cost for the current year, along with the percentage actually contributed by the City.

Schedule of Employer Costs and Contributions

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 3,372,964	\$ 1,027,541	30%	\$ 2,345,423

City Schools of Decatur

Georgia Retiree Health Benefit Fund

Plan Description: The School District contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

Funding Policy. The contribution requirements of the plan members and participating employers are established and may be amended by the Board of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On Average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

City Schools of Decatur (Continued)

Georgia Retiree Health Benefit Fund (Continued)

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2009, were as follows:

Teachers	15.503% of State-Based Salaries
Non-Certified Employees	\$162.72 per month

The City Schools of Decatur's contribution to the health insurance plans for the fiscal year ended June 30, 2009, was \$793,540, which equaled the required contribution.

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Decatur's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Commission. At June 30, 2009, there were 70 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Commission has approved discretionary employer contributions for six employees. Total employer and employee contributions for the year ended June 30, 2009, was \$53,987 and \$136,295, respectively.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2009, the City's Solid Waste Fund had deficit net assets of \$145,423. The fund deficit in the Solid Waste Fund will be reduced through increased user charges, reduced collection fees and General Fund appropriations, as needed.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by DeKalb County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 14. RELATED ORGANIZATIONS

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

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; 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 \$2,200/\$4,400, individual/family, 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 per year. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RISK MANAGEMENT (Continued)

The following describes the activity for the past two fiscal years.

<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>
2009	\$ 118,863	\$ 1,686,609	\$ 1,760,472	\$ 45,000
2008	\$ 89,008	\$ 2,048,088	\$ 2,018,233	\$ 118,863

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>
2009	\$ 75,503	\$ 10,978	\$ 70,365	\$ 16,116
2008	\$ 32,041	\$ 132,344	\$ 88,882	\$ 75,503

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)

Contractual Commitments:

For the fiscal year ended June 30, 2009, contractual commitments on uncompleted contracts were \$1,695,389.

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 three students of the District. At present, the District is required to pay approximately \$898,628 over the next four 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,	
2010	\$ 298,373
2011	265,623
2012	221,568
2013	113,064
Total future payments	<u>\$ 898,628</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 17. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 7%. Revenues were \$342,170 for the year ended June 30, 2009. Of this amount 100% 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.

NOTE 18. SUBSEQUENT EVENTS

In July 2009, the City of Decatur, Georgia, issued Revenue Bonds, Series 2009 in the amount of \$5.9 million on behalf of the City of Decatur Board of Education for capital projects. The bonds will be paid back by the City of Decatur Board of Education with special purpose local option sales tax (SPLOST) revenues.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION RETIREMENT PLAN SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2009	24,993,639	31,834,462	6,840,823	78.5%	10,518,679	65.1%
6/30/2008	23,974,434	28,554,857	4,580,423	84.0%	9,424,366	48.6%
6/30/2007	22,454,254	26,137,175	3,682,921	85.9%	8,305,214	44.3%
6/30/2006	20,626,000	24,449,540	3,823,540	84.4%	7,909,378	48.3%
6/30/2005	19,124,046	23,110,843	3,986,797	82.7%	7,499,611	53.2%
6/30/2004	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

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

CITY OF DECATUR, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYEMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2008	-	47,747,107	47,747,107	0.0%	10,518,679	453.9%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

CITY OF DECATUR, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

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.

Children and Youth Services Fund – To account for charges for the City's after school program and the expenditures incurred in operating the program.

Grant Fund – To account for grants received and the expenditures related to the grants.

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, 2009

ASSETS	Special Revenue Funds			
	Emergency Telephone System Fund	Confiscated Drug Fund	Children and Youth Services Fund	Grant Fund
Cash and cash equivalents	\$ 543,454	\$ 36,763	\$ 230,127	\$ 417,037
Taxes receivable	-	-	-	-
Other receivables	60,574	-	77,117	-
Due from other funds	-	-	614,880	-
Due from component unit	-	-	-	40,053
Prepays	-	-	8,416	-
Total assets	\$ 604,028	\$ 36,763	\$ 930,540	\$ 457,090
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 8,445	\$ -	\$ 11,180	\$ -
Accrued payables	-	-	2,283	-
Due to other funds	139,287	-	-	343,138
Due to component unit	-	-	-	25,000
Deferred revenue	-	-	26,594	-
Advances from other funds	74,947	-	-	-
Total liabilities	222,679	-	40,057	368,138
FUND BALANCES				
Reserved for:				
Program expenditures	-	-	28,131	88,952
Tree preservation	-	-	-	-
Prepays	-	-	8,416	-
Debt service	-	-	-	-
Unreserved	381,349	36,763	853,936	-
	<u>381,349</u>	<u>36,763</u>	<u>890,483</u>	<u>88,952</u>
Total liabilities and fund balances	\$ 604,028	\$ 36,763	\$ 930,540	\$ 457,090

Economic Development Fund	Greenspace Fund	Hotel/Motel Tax Fund	Debt Service Fund	Capital Projects Fund Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
\$ 129,702	\$ 18,234	\$ 54,018	\$ 477,114	\$ 279,913	\$ 2,186,362
-	-	27,146	126,308	-	153,454
-	-	-	2,353	1,600	141,644
-	250	-	-	-	615,130
-	-	-	-	-	40,053
-	-	-	716,559	-	724,975
<u>\$ 129,702</u>	<u>\$ 18,484</u>	<u>\$ 81,164</u>	<u>\$ 1,322,334</u>	<u>\$ 281,513</u>	<u>\$ 3,861,618</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,625
-	-	-	-	-	2,283
-	-	-	-	-	482,425
-	-	-	-	-	25,000
-	7,500	-	104,507	-	138,601
-	-	-	-	-	74,947
-	7,500	-	104,507	-	742,881
-	-	-	-	-	117,083
19,303	-	-	-	-	19,303
-	-	-	716,559	-	724,975
-	-	-	501,268	-	501,268
<u>110,399</u>	<u>10,984</u>	<u>81,164</u>	<u>-</u>	<u>281,513</u>	<u>1,756,108</u>
<u>129,702</u>	<u>10,984</u>	<u>81,164</u>	<u>1,217,827</u>	<u>281,513</u>	<u>3,118,737</u>
<u>\$ 129,702</u>	<u>\$ 18,484</u>	<u>\$ 81,164</u>	<u>\$ 1,322,334</u>	<u>\$ 281,513</u>	<u>\$ 3,861,618</u>

CITY OF DECATUR, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds			
	Emergency Telephone System Fund	Confiscated Drug Fund	Children & Youth Services Fund	Grant Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	554,638	-	642,679	-
Intergovernmental	-	-	-	7,915
Fines and forfeitures	-	950	-	-
Interest	-	99	321	-
Miscellaneous	-	5,015	-	-
Contributions	-	-	290,488	-
Total revenues	554,638	6,064	933,488	7,915
EXPENDITURES				
Current				
General government	-	-	-	-
Education	-	-	-	9,626
Public safety	700,880	6,725	-	-
Recreation	-	-	1,446,635	-
Debt service:				
Interest expenditures	-	-	-	-
Total expenditures	700,880	6,725	1,446,635	9,626
Excess (deficiency) of revenues over (under) expenditures	(146,242)	(661)	(513,147)	(1,711)
Other financing sources (uses)				
Transfers in	220,000	-	1,403,630	-
Transfers out	-	-	-	(953,630)
Total other financing sources (uses)	220,000	-	1,403,630	(953,630)
Net change in fund balances	73,758	(661)	890,483	(955,341)
FUND BALANCES, beginning of year	307,591	37,424	-	1,044,293
FUND BALANCES, end of year	\$ 381,349	\$ 36,763	\$ 890,483	\$ 88,952

Economic Development Fund	Greenspace Fund	Hotel/Motel Tax Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
				Cemetery Capital Improvement Fund	
\$ -	\$ -	\$ 342,170	\$ 1,709,831	\$ -	\$ 2,052,001
-	-	-	-	-	1,197,317
-	-	-	-	-	7,915
-	-	-	-	-	950
-	-	-	12,650	-	13,070
13,067	2,775	-	-	48,421	69,278
-	-	-	-	-	290,488
<u>13,067</u>	<u>2,775</u>	<u>342,170</u>	<u>1,722,481</u>	<u>48,421</u>	<u>3,631,019</u>
67,847	21,942	65,000	4,400	7,900	167,089
-	-	-	-	-	9,626
-	-	-	-	-	707,605
-	-	-	-	-	1,446,635
-	-	-	1,441,226	-	1,441,226
<u>67,847</u>	<u>21,942</u>	<u>65,000</u>	<u>1,445,626</u>	<u>7,900</u>	<u>3,772,181</u>
<u>(54,780)</u>	<u>(19,167)</u>	<u>277,170</u>	<u>276,855</u>	<u>40,521</u>	<u>(141,162)</u>
-	-	-	-	-	1,623,630
-	-	(279,000)	(700,000)	-	(1,932,630)
-	-	(279,000)	(700,000)	-	(309,000)
<u>(54,780)</u>	<u>(19,167)</u>	<u>(1,830)</u>	<u>(423,145)</u>	<u>40,521</u>	<u>(450,162)</u>
<u>184,482</u>	<u>30,151</u>	<u>82,994</u>	<u>1,640,972</u>	<u>240,992</u>	<u>3,568,899</u>
<u>\$ 129,702</u>	<u>\$ 10,984</u>	<u>\$ 81,164</u>	<u>\$ 1,217,827</u>	<u>\$ 281,513</u>	<u>\$ 3,118,737</u>

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, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 570,000	\$ 550,000	\$ 554,638	\$ 4,638
EXPENDITURES				
Public safety	858,140	792,845	700,880	91,965
Debt service				
Principal	37,500	37,500	-	37,500
Total expenditures	895,640	830,345	700,880	129,465
Deficiency of revenues over expenditures	(325,640)	(280,345)	(146,242)	134,103
OTHER FINANCING SOURCES				
Transfers in	270,000	220,000	220,000	-
Net change in fund balances	(55,640)	(60,345)	73,758	134,103
FUND BALANCES, beginning of year	307,591	307,591	307,591	-
FUND BALANCES, end of year	<u>\$ 251,951</u>	<u>\$ 247,246</u>	<u>\$ 381,349</u>	<u>\$ 134,103</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, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ -	\$ 950	\$ 950	\$ -
Interest	140	100	99	(1)
Miscellaneous	-	-	5,015	5,015
	<hr/>			
Total revenue	140	1,050	6,064	5,014
<hr/>				
EXPENDITURES				
Public safety	2,000	6,800	6,725	75
	<hr/>			
Total expenditures	2,000	6,800	6,725	75
	<hr/>			
Deficiency of revenues over expenditures	(1,860)	(5,750)	(661)	5,089
<hr/>				
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	5,020	-	(5,020)
	<hr/>			
Net change in fund balances	(1,860)	(730)	(661)	69
	<hr/>			
FUND BALANCES, beginning of year	37,424	37,424	37,424	-
	<hr/>			
FUND BALANCES, end of year	<u>\$ 35,564</u>	<u>\$ 36,694</u>	<u>\$ 36,763</u>	<u>\$ 69</u>

**CITY OF DECATUR, GEORGIA
CHILDREN AND YOUTH SERVICES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 596,355	\$ 558,000	\$ 642,679	\$ 84,679
Intergovernmental	-	56,550	-	(56,550)
Interest	-	-	321	321
Contributions	269,500	324,000	290,488	(33,512)
	<u>865,855</u>	<u>938,550</u>	<u>933,488</u>	<u>(5,062)</u>
EXPENDITURES				
Recreation	1,614,420	1,510,910	1,446,635	64,275
	<u>1,614,420</u>	<u>1,510,910</u>	<u>1,446,635</u>	<u>64,275</u>
Deficiency of revenues over expenditures	(748,565)	(572,360)	(513,147)	59,213
OTHER FINANCING SOURCES				
Transfer in	450,000	450,000	1,403,630	953,630
	<u>(298,565)</u>	<u>(122,360)</u>	<u>890,483</u>	<u>1,012,843</u>
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ (298,565)</u>	<u>\$ (122,360)</u>	<u>\$ 890,483</u>	<u>\$ 1,012,843</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, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 7,910	\$ 7,910	\$ 7,915	\$ 5
EXPENDITURES				
Education	9,790	9,790	9,626	164
Deficiency of revenues over expenditures	(1,880)	(1,880)	(1,711)	169
OTHER FINANCING USES				
Transfer out	(1,042,410)	(1,042,410)	(953,630)	88,780
Net change in fund balances	(1,044,290)	(1,044,290)	(955,341)	88,949
FUND BALANCES, beginning of year	1,044,293	1,044,293	1,044,293	-
FUND BALANCES, end of year	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 88,952</u>	<u>\$ 88,949</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, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 16,000	\$ 13,000	\$ 13,067	\$ 67
EXPENDITURES				
General government	70,000	63,000	67,847	(4,847)
Net change in fund balances	(54,000)	(50,000)	(54,780)	(4,780)
FUND BALANCES, beginning of year	<u>184,482</u>	<u>184,482</u>	<u>184,482</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 130,482</u>	<u>\$ 134,482</u>	<u>\$ 129,702</u>	<u>\$ (4,780)</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, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ 2,350	\$ 2,775	\$ 425
EXPENDITURES				
General government	20,000	52,000	21,942	30,058
Deficiency of revenues over expenditures	(20,000)	(49,650)	(19,167)	30,483
OTHER FINANCING SOURCES				
Transfers in	20,000	20,000	-	(20,000)
Net change in fund balances	-	(29,650)	(19,167)	10,483
FUND BALANCES, beginning of year	<u>30,151</u>	<u>30,151</u>	<u>30,151</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 30,151</u>	<u>\$ 501</u>	<u>\$ 10,984</u>	<u>\$ 10,483</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, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 380,000	\$ 342,000	\$ 342,170	\$ 170
EXPENDITURES				
General government	55,100	64,000	65,000	(1,000)
Total expenditures	55,100	64,000	65,000	(1,000)
Excess of revenues over expenditures	324,900	278,000	277,170	(830)
OTHER FINANCING USES				
Transfers out	(324,000)	(279,000)	(279,000)	-
Net change in fund balances	900	(1,000)	(1,830)	(830)
FUND BALANCES, beginning of year	82,994	82,994	82,994	-
FUND BALANCES, end of year	<u>\$ 83,894</u>	<u>\$ 81,994</u>	<u>\$ 81,164</u>	<u>\$ (830)</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, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ -	\$ 1,687,000	\$ 1,709,831	\$ 22,831
Interest	20,000	13,500	12,650	(850)
Total revenues	20,000	1,700,500	1,722,481	21,981
EXPENDITURES				
General government	-	-	4,400	(4,400)
Debt service:				
Interest	1,441,770	1,441,770	1,441,226	544
Total expenditures	1,441,770	1,441,770	1,445,626	(3,856)
Excess (deficiency) of revenues over (under) expenditures	(1,421,770)	258,730	276,855	18,125
OTHER FINANCING USES				
Transfers out	(700,000)	(700,000)	(700,000)	-
Net change in fund balances	(2,121,770)	(441,270)	(423,145)	18,125
FUND BALANCES, beginning of year	1,640,972	1,640,972	1,640,972	-
FUND BALANCES, end of year	\$ (480,798)	\$ 1,199,702	\$ 1,217,827	\$ 18,125

**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, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 153,000	\$ 47,500	\$ 48,421	\$ 921
Total revenues	153,000	47,500	48,421	921
EXPENDITURES				
General government	25,000	25,000	7,900	17,100
Total expenditures	25,000	25,000	7,900	17,100
Net change in fund balances	128,000	22,500	40,521	18,021
FUND BALANCES, beginning of year	240,992	240,992	240,992	-
FUND BALANCES, end of year	<u>\$ 368,992</u>	<u>\$ 263,492</u>	<u>\$ 281,513</u>	<u>\$ 18,021</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, 2009**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,083,300	\$ 1,083,300	\$ 1,122,397	\$ 39,097
Intergovernmental	238,300	238,300	113,247	(125,053)
Interest	240,000	240,000	208,069	(31,931)
Miscellaneous	35,990	35,990	35,992	2
Total revenues	1,597,590	1,597,590	1,479,705	(117,885)
EXPENDITURES				
General government	267,270	267,270	269,039	(1,769)
Capital outlay	4,951,500	4,951,500	4,181,776	769,724
Debt service:				
Principal retirements	467,880	467,880	259,390	208,490
Interest and fiscal charges	197,280	197,280	150,408	46,872
Total expenditures	5,883,930	5,883,930	4,860,613	1,023,317
Deficiency of revenues over expenditures	(4,286,340)	(4,286,340)	(3,380,908)	905,432
OTHER FINANCING USES				
Transfers out	(145,000)	(145,000)	(149,469)	(4,469)
Net change in fund balances	(4,431,340)	(4,431,340)	(3,530,377)	900,963
FUND BALANCES, beginning of year	16,541,463	16,541,463	16,541,463	-
FUND BALANCES, end of year	\$ 12,110,123	\$ 12,110,123	\$ 13,011,086	\$ 900,963

CITY OF DECATUR, GEORGIA

FIDUCIARY FUNDS

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

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

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

CITY OF DECATUR, GEORGIA

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009**

ASSETS	<u>Municipal Court Fund</u>	<u>Board of Education Fund</u>	<u>Downtown Development Authority Fund</u>	<u>Totals</u>
Cash	\$ 63,087	\$ 3,857,102	\$ 78,023	\$ 3,998,212
LIABILITIES				
Due to others	\$ 63,087	\$ -	\$ -	\$ 63,087
Due to component unit	<u>-</u>	<u>3,857,102</u>	<u>78,023</u>	<u>3,935,125</u>
 Total liabilities	 <u>\$ 63,087</u>	 <u>\$ 3,857,102</u>	 <u>\$ 78,023</u>	 <u>\$ 3,998,212</u>

CITY OF DECATUR, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
<u>MUNICIPAL COURT</u>				
Assets - cash	\$ 48,650	\$ 789,720	\$ 775,283	\$ 63,087
Liabilities:				
Due to others	\$ 48,650	\$ 789,720	\$ 775,283	\$ 63,087
<u>BOARD OF EDUCATION</u>				
Assets - cash	\$ 8,694,259	\$ 23,771,024	\$ 28,608,181	\$ 3,857,102
Liabilities - due to component unit	\$ 8,694,259	\$ 23,771,024	\$ 28,608,181	\$ 3,857,102
<u>DOWNTOWN DEVELOPMENT AUTHORITY</u>				
Assets - cash	\$ 167,667	\$ 444,685	\$ 534,329	\$ 78,023
Liabilities - due to component unit	\$ 167,667	\$ 444,685	\$ 534,329	\$ 78,023
<u>TOTAL AGENCY FUNDS</u>				
Assets - cash	\$ 8,910,576	\$ 25,005,429	\$ 29,917,793	\$ 3,998,212
Liabilities:				
Due to others	\$ 48,650	\$ 789,720	\$ 775,283	\$ 63,087
Due to component unit	8,861,926	24,215,709	29,142,510	3,935,125
Total liabilities	\$ 8,910,576	\$ 25,005,429	\$ 29,917,793	\$ 3,998,212

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY JUNE 30, 2009

ASSETS	
Cash	\$ 503,477
Taxes receivable	34,189
Other receivables	20,051
Due from primary government	110,450
Prepays	<u>9,635</u>
Total assets	<u>\$ 677,802</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 20,497
Due to primary government	320,870
Deferred revenue	<u>24,798</u>
Total liabilities	<u>366,165</u>
 FUND BALANCE	
Reserved for prepaids	9,635
Unreserved	<u>302,002</u>
Total fund balance	<u>311,637</u>
Total liabilities and fund balance	<u>\$ 677,802</u>

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009

REVENUES	
Taxes	\$ 445,363
Miscellaneous	<u>251,340</u>
Total revenues	<u>696,703</u>
EXPENDITURES	
Downtown development	<u>643,416</u>
Total expenditures	<u>643,416</u>
Net change in fund balance	<u>53,287</u>
FUND BALANCE, beginning of year	<u>258,350</u>
FUND BALANCE, end of year	<u><u>\$ 311,637</u></u>

CITY OF DECATUR, GEORGIA

BALANCE SHEET COMPONENT UNIT - DECATUR TOURISM BOARD JUNE 30, 2009

ASSETS	
Cash	<u>\$ 35,941</u>
Total assets	<u><u>\$ 35,941</u></u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	<u>\$ 5,633</u>
FUND BALANCE	
Unreserved	<u>30,308</u>
Total liabilities and fund balance	<u><u>\$ 35,941</u></u>

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPONENT UNIT - DECATUR TOURISM BOARD FOR THE FISCAL YEAR ENDED JUNE 30, 2009

REVENUES	
Taxes	\$ 55,000
Interest	10
	<hr/>
Total revenues	55,010
	<hr/>
EXPENDITURES	
Tourism	24,702
	<hr/>
Total expenditures	24,702
	<hr/>
Net change in fund balance	30,308
	<hr/>
FUND BALANCE, beginning of year	-
	<hr/>
FUND BALANCE, end of year	\$ 30,308
	<hr/> <hr/>

STATISTICAL SECTION

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

	<u>Page</u>
Financial Trends	82
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	88
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.	
Debt Capacity	93
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	96
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	97
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. 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 SEVEN YEARS

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 49,255	\$ 33,445	\$ 28,897 (1)	\$ 46,046
Restricted	129	1,044	823	595
Unrestricted	<u>9,040</u>	<u>12,270</u>	<u>8,875</u>	<u>7,517</u>
Total governmental activities net assets	<u>\$ 58,424</u>	<u>\$ 46,759</u>	<u>\$ 38,595</u>	<u>\$ 54,158</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 5,027	\$ 4,661	\$ 4,154	\$ 3,387
Unrestricted	<u>1,524</u>	<u>1,054</u>	<u>895</u>	<u>929</u>
Total business-type activities net assets	<u>\$ 6,551</u>	<u>\$ 5,715</u>	<u>\$ 5,049</u>	<u>\$ 4,316</u>
Primary government				
Invested in capital assets, net of related debt	\$ 54,282	\$ 38,106	\$ 33,051	\$ 49,433
Restricted	129	1,044	823	595
Unrestricted	<u>10,564</u>	<u>13,324</u>	<u>9,770</u>	<u>8,446</u>
Total primary government net assets	<u>\$ 64,975</u>	<u>\$ 52,474</u>	<u>\$ 43,644</u>	<u>\$ 58,474</u>

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.

2005	2004	2003
\$ 42,667	\$ 42,074	\$ 43,864
-	-	-
8,822	10,051	9,997
<u>\$ 51,489</u>	<u>\$ 52,125</u>	<u>\$ 53,861</u>
\$ 3,021	\$ 2,658	\$ 2,444
618	585	656
<u>\$ 3,639</u>	<u>\$ 3,243</u>	<u>\$ 3,100</u>
\$ 45,688	\$ 44,732	\$ 46,308
-	-	-
9,440	10,636	10,653
<u>\$ 55,128</u>	<u>\$ 55,368</u>	<u>\$ 56,961</u>

CITY OF DECATUR, GEORGIA

**CHANGES IN NET ASSETS
LAST SEVEN YEARS**

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses							
Governmental activities:							
General government	\$ 6,382	\$ 5,406 (6)	\$ 8,589	\$ 8,729 (1)	\$ 5,233	\$ 4,118	\$ 4,030
Education	1,314	1,945	2,007	1,845	1,926	1,914	1,499
Public safety	10,295 (9)	8,331	8,043	8,414	7,659	7,133	6,340
Public works	3,855	3,508	3,310	3,544	3,380	3,163	2,758
Recreation	3,163	2,152	1,865	1,873	1,605	1,818	1,649
Community & economic development	-	-	-	-	-	-	318
Interest on long-term debt	1,586	1,632 (7)	804	106	99	24	35
Total governmental activities expenses	<u>26,595</u>	<u>22,974</u>	<u>24,618</u>	<u>24,511</u>	<u>19,902</u>	<u>18,170</u>	<u>16,629</u>
Business-type activities:							
Conference center	363 (10)	516	516	561	595	611	671
Stormwater	641	662	552	793	1,588	670	648
Solid waste	2,017	2,085	2,076	1,945	1,796	1,830	1,857
Total business-type activities expenses	<u>3,021</u>	<u>3,263</u>	<u>3,144</u>	<u>3,299</u>	<u>3,979</u>	<u>3,111</u>	<u>3,176</u>
Total primary government expenses	<u>\$ 29,616</u>	<u>\$ 26,237</u>	<u>\$ 27,762</u>	<u>\$ 27,810</u>	<u>\$ 23,881</u>	<u>\$ 21,281</u>	<u>\$ 19,805</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 839	\$ 1,229	\$ 905	\$ 773	\$ 433	\$ 588	\$ 414
Education	-	249	230 (2)	-	-	-	-
Public safety	1,657	1,672	1,500	1,214	1,241	1,257	1,246
Public works	89	103	88	379	84	117	149
Recreation	1,075	776	639	618	524	677	712
Community & economic development	-	-	-	261	197	214	-
Operating grants and contributions	356	657	790	997	1,065	479	435
Capital grants and contributions	16,419 (11)	7,582 (8)	3,362	8,153 (1)	1,786	1,949	7,493
Total governmental activities program revenues	<u>20,435</u>	<u>12,268</u>	<u>7,514</u>	<u>12,395</u>	<u>5,330</u>	<u>5,281</u>	<u>10,449</u>
Business-type activities:							
Charges for services:							
Solid waste	84	84	79	76	106	66	74
Stormwater	1,023	984	1,000	973	889	780	924
Conference center	2,266	2,377	2,342	2,332	2,154	2,043	2,039
Capital grants and contributions	-	-	-	-	-	-	47
Total business-type activities program revenues	<u>3,373</u>	<u>3,445</u>	<u>3,421</u>	<u>3,381</u>	<u>3,149</u>	<u>2,889</u>	<u>3,084</u>
Total primary government program revenues	<u>\$ 23,808</u>	<u>\$ 15,713</u>	<u>\$ 10,935</u>	<u>\$ 15,776</u>	<u>\$ 8,479</u>	<u>\$ 8,170</u>	<u>\$ 13,533</u>

(Continued)

CITY OF DECATUR, GEORGIA

**CHANGES IN NET ASSETS
LAST SEVEN YEARS**

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (expense)/revenue							
Governmental activities	\$ (6,160)	\$ (10,706)	\$ (17,104)	\$ (12,116)	\$ (14,572)	\$ (12,889)	\$ (6,180)
Business-type activities	352	182	277	82	(830)	(222)	(92)
Total primary government net expense	<u>\$ (5,808)</u>	<u>\$ (10,524)</u>	<u>\$ (16,827)</u>	<u>\$ (12,034)</u>	<u>\$ (15,402)</u>	<u>\$ (13,111)</u>	<u>\$ (6,272)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 14,585	\$ 14,852	\$ 14,456 (3)	\$ 11,847	\$ 11,287	\$ 9,848	\$ 10,322
Franchise taxes	1,364	1,354	1,227	1,254	1,067	1,034	1,047
Sales taxes	641	662	608	579	250	261	219
Other taxes	1,399	1,397	1,495	1,363	1,252	1,220	1,125
Unrestricted investment earnings	307	1,081	710 (4)	312	188	40	35
Gain on sale of capital assets	13	7	1	24	8	16	11
Transfers	(484)	(483)	(456)	(595)	(116)	(110)	(50)
Special item	-	-	(16,500) (5)	-	-	-	-
Total governmental activities	<u>17,825</u>	<u>18,870</u>	<u>1,541</u>	<u>14,784</u>	<u>13,936</u>	<u>12,309</u>	<u>12,709</u>
Business-type activities:							
Other taxes	-	-	-	-	275	254	259
Gain on sale of capital assets	-	-	-	-	835	-	-
Transfers	484	483	456	595	116	110	50
Total business-type activities	<u>484</u>	<u>483</u>	<u>456</u>	<u>595</u>	<u>1,226</u>	<u>364</u>	<u>309</u>
Total primary government	<u>\$ 18,309</u>	<u>\$ 19,353</u>	<u>\$ 1,997</u>	<u>\$ 15,379</u>	<u>\$ 15,162</u>	<u>\$ 12,673</u>	<u>\$ 13,018</u>
Change in Net Assets							
Governmental activities	\$ 11,665	\$ 8,164	\$ (15,563)	\$ 2,668	\$ (636)	\$ (580)	\$ 6,529
Business-type activities	836	665	733	677	396	142	217
Total primary government	<u>\$ 12,501</u>	<u>\$ 8,829</u>	<u>\$ (14,830)</u>	<u>\$ 3,345</u>	<u>\$ (240)</u>	<u>\$ (438)</u>	<u>\$ 6,746</u>

- 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.
- (6) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.
- (7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.
- (8) City Schools of Decatur contributed nearly \$6 million of construction on City owned assets. The contributions vary year to year primarily due to the projects being undertaken by the City's school system.
- (9) 2009 was the first year which the City recorded the Other Post-Employment Benefits liability, and a majority of the costs are allocated to the public safety function.
- (10) A large portion of the Conference Center assets were fully depreciated in FY 2008 and the debt was paid in full during FY 2009, thus incurring less in interest expense.
- (11) In 2009 the City Schools of Decatur used the 2007 bond proceeds to begin large construction projects on City owned assets, which are reported as contributions from the School System.

CITY OF DECATUR, GEORGIA

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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
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
2008	14,852	1,354	662	992	405	18,265
2009	14,585	1,364	641	1,016	383	17,989

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)

	2009	2008	2007	2006
General fund				
Reserved	\$ 391	\$ 11	\$ 64	\$ 10
Unreserved	<u>6,300</u>	<u>7,203</u>	<u>6,224</u>	<u>5,524</u>
Total general fund	<u><u>\$ 6,691</u></u>	<u><u>\$ 7,214</u></u>	<u><u>\$ 6,288</u></u>	<u><u>\$ 5,534</u></u>
All other governmental funds				
Reserved	\$ 13,095	\$ 17,131	\$ 19,952 (1)	\$ 1,193
Unreserved, reported in:				
Special revenue funds	1,475	623	482	347
Capital projects funds	<u>1,560</u>	<u>2,356</u>	<u>542</u>	<u>1,578</u>
Total all other governmental funds	<u><u>\$ 16,130</u></u>	<u><u>\$ 20,110</u></u>	<u><u>\$ 20,976</u></u>	<u><u>\$ 3,118</u></u>

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.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>5,689</u>	<u>6,144</u>	<u>6,476</u>	<u>4,923</u>	<u>3,379</u>	<u>3,789</u>
<u>\$ 5,689</u>	<u>\$ 6,144</u>	<u>\$ 6,476</u>	<u>\$ 4,923</u>	<u>\$ 3,379</u>	<u>\$ 3,789</u>
\$ 1,425	\$ 922	\$ 539	\$ 725	\$ 685	\$ 462
(1)	-	-	-	-	-
<u>1,314</u>	<u>545</u>	<u>450</u>	<u>327</u>	<u>333</u>	<u>204</u>
<u>\$ 2,738</u>	<u>\$ 1,467</u>	<u>\$ 989</u>	<u>\$ 1,052</u>	<u>\$ 1,018</u>	<u>\$ 666</u>

CITY OF DECATUR, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS

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

	2009	2008	2007	2006
Revenues				
Taxes	\$ 17,912	\$ 17,789	\$ 17,796	(2) \$ 15,133
Licenses and permits	440 (8)	758	603	721
Intergovernmental	448 (9)	2,323	3,179	3,693 (1)
Fines and forfeitures	512	485	575	653
Charges for services	2,312	2,264	1,867	1,542
Interest income	307	1,081	710	312
Other revenues	452	391	287	1,155
Total revenues	22,383	25,091	25,017	23,209
Expenditures				
General government	5,804	5,327 (5)	8,353	8,518 (1)
Education	10 (10)	561	751	693
Public safety	8,667	8,074	7,793	7,736
Public works	3,080	2,976	2,663	2,839
Recreation	2,827	2,035	1,752	1,656
General services	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	4,182	4,023 (6)	1,373	3,597
Debt service				
Principal retirements	259	323	316	262
Interest and fiscal charges	1,592	1,472 (7)	543	108
Total expenditures	26,421	24,791	23,544	25,409
Excess of revenues over (under) expenditures	(4,038)	300	1,473	(2,200)
Other financing sources (uses)				
Proceeds from capital leases	-	235	596 (3)	186
Issuance of long-term debt	-	-	33,245 (3)	2,810
Premium on bond issuance	-	-	253	-
Proceeds from sale of capital assets	18	7	1	24
Transfers in	2,268	830	722	1,338
Transfers out	(2,752)	(1,314)	(1,178)	(1,933)
Total other financing sources (uses)	(466)	(242)	33,639	2,425
Special item	-	-	(16,500) (4)	-
Net change in fund balances	\$ (4,504)	\$ 58	\$ 18,613	\$ 225
Debt service as a percentage of noncapital expenditures	8.35%	8.64%	3.87%	1.70%

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

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

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

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

	2005	2004	2003	2002	2001	2000
\$	13,845	\$ 12,477	\$ 12,281	\$ 11,474	\$ 9,465	\$ 8,998
	354	517	398	410	471	984
	1,701	1,105	1,855	1,966	1,127	1,289
	523	530	821	736	845	863
	1,321	1,473	1,404	1,260	1,686	2,393
	188	40	35	66	225	226
	190	554	350	293	339	479
	<u>18,122</u>	<u>16,696</u>	<u>17,144</u>	<u>16,205</u>	<u>14,158</u>	<u>15,232</u>
	4,733	4,085	3,175	1,903	1,858	1,922
	777	458	545	445	-	487
	7,585	6,948	6,545	5,636	5,723	5,512
	2,821	2,592	2,290	1,874	1,761	3,458
	1,525	1,777	1,683	1,705	1,610	1,417
	-	-	-	307	656	634
	-	-	883	760	903	766
	692	401	385	2,260	802	833
	189	309	415	404	360	259
	101	25	36	31	25	24
	<u>18,423</u>	<u>16,595</u>	<u>15,957</u>	<u>15,325</u>	<u>13,698</u>	<u>15,312</u>
	(301)	101	1,187	880	460	(80)
	210	123	167	750	517	470
	-	-	-	-	-	-
	-	-	-	-	-	-
	8	32	11	1	12	4
	1,018	1,012	535	499	480	325
	<u>(1,135)</u>	<u>(1,122)</u>	<u>(903)</u>	<u>(552)</u>	<u>(970)</u>	<u>(500)</u>
	<u>101</u>	<u>45</u>	<u>(190)</u>	<u>698</u>	<u>39</u>	<u>299</u>
	-	-	-	-	-	-
\$	<u>(200)</u>	<u>146</u>	<u>997</u>	<u>1,578</u>	<u>499</u>	<u>219</u>
	1.64%	2.06%	2.90%	3.33%	2.99%	1.95%

(5) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.

(6) The increase is due to the City expending more of the 2007 bond proceeds for capital improvements.

(7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.

(8) In 2009 the downturn in the economy caused the sales of building license and permits to decrease.

(9) In 2008 the City completed large projects which were funded with Department of Education and FEMA grants. These grants were not available in 2009.

(10) The DOE no longer offered funding to the City, due to federal budget cuts.

CITY OF DECATUR, GEORGIA

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

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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
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
2008	14,376	1,354	662	992	405	17,789
2009	14,508	1,364	641	1,016	383	17,912

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)

Fiscal Year	Real Property		Personal Property	Public Utility
	Residential	Commercial		
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
2008	964,371	601,018	18,438	17,462
2009	996,450	637,632	19,903	16,474

Source: DeKalb County, Georgia Board of Tax Assessors

Source: City of Decatur Revenue Division

Less:					
Tax Exempt	Total Taxable	Total Direct	Estimated Actual	Assessed Value	as a Percentage
Real Property	Assessed Value	Tax Rate	Taxable Value	of Actual Value	
\$ 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%	
442,559	1,158,730	1.266	2,317,460	50.00%	
414,068	1,256,391	1.266	2,512,782	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		
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
2008	1.122	0.144	1.266	39.30	1.990	0.038	0.25	42.594
2009	1.122	0.144	1.266	39.30	1.990	0.040	0.25	44.112

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	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Bell South Communications	\$ 11,578	1	0.92 %	\$ 15,294	1	2.32 %
Decatur Towncenter Association	9,854	2	0.78	7,086	3	1.07
06 QCC 0110 LLC	6,676	3	0.53	-	-	-
Lexington Decatur, LLC	6,640	4	0.53	-	-	-
Decatur Plaza, LLC	6,456	5	0.51	-	-	-
DCP Decatur Investors, LLC	6,437	6	0.51	-	-	-
CGCK	6,225	7	0.50	-	-	-
Fairview Partnership	5,275	8	0.42	-	-	-
Ashton Park Trace, LLC	4,530	9	0.36	-	-	-
Hearthstone Group	4,302	10	0.34	-	-	-
First Union Bank	-	-	-	7,584	2	1.15
Ackerman Decatur LP	-	-	-	5,421	4	0.82
Prime Bank	-	-	-	5,012	5	0.76
Leper CQ Corporate Income Fund LP	-	-	-	4,885	6	0.74
Basic Decatur Hotel, LLC	-	-	-	4,128	7	0.63
Avery Properties	-	-	-	3,640	8	0.55
Georgia Power	-	-	-	3,402	9	0.52
Park Trace Properties, LTD	-	-	-	3,369	10	0.51
	<u>\$ 67,973</u>		<u>5.41 %</u>	<u>\$ 59,821</u>		<u>9.06 %</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
1999	\$ 16,715 (2)	\$ 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%
2007	31,135	11,274	36.2%	19,358	30,632	98.38%
2008	33,106	14,364	43.4%	18,082	32,446	98.01%

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			
2000	\$ -	\$ 1,320	\$ 662	\$ 600	\$ 5,564	\$ 7,750	2.78%	\$ 447
2001	-	1,320	837	525	5,068	7,605	1.43%	419
2002	-	1,320	1,002	445	4,838	6,910	1.30%	381
2003	-	1,320	754	365	4,471	5,330	1.00%	294
2004	-	1,320	324	270	3,416	4,646	0.87%	256
2005	-	1,320	345	170	2,811	6,625	1.24%	365
2006	-	4,090	308	62	2,165	39,406	7.40%	2,171
2007	33,245 (2)	3,995	682	-	1,484	38,727	7.27%	2,134
2008	33,245	3,900	690	-	892	37,673	7.07%	2,076
2009	33,245	3,800	530	-	98	37,673	7.07%	2,076

(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, 2009

(amounts expressed in thousands)

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Decatur (1)	Amount Applicable to City of Decatur
Overlapping General Obligation Debt:			
DeKalb County	\$ 372,641	4.479%	\$ 16,691
Fulton Dekalb Hospital Authority	222,671	4.479%	9,973
Total overlapping debt	595,312		26,664
 City direct debt	 33,245	 100.000%	 33,245
Total direct and overlapping debt	\$ 628,557		\$ 59,908

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 LAST THREE FISCAL YEARS (amounts expressed in thousands)

	Fiscal Year		
	2007	2008	2009
Debt limit	\$ 162,180	\$ 160,129	\$ 167,046
Total net debt applicable to limit	31,414	31,604	32,027
Legal debt margin	\$ 130,766	\$ 128,525	\$ 135,019
Assessed Value			\$ 1,256,391
Add back: exempt real property			414,068
Total assessed value			1,670,459
Debt limit (10% of total assessed value)			167,046
Debt applicable to limit:			
General obligation bonds			33,245
Less: Amount set aside for repayment of general obligation debt			(1,218)
Total net debt applicable to limit			32,027
Legal debt margin			\$ 135,019
Total net debt applicable to the limit as a percentage of debt limit			19.17%

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

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

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

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater than 12 Years of Formal Schooling (3)	School Enrollment (2)	Unemployment Rate (4)
2000	17,336	\$ 278,676	\$ 16,075	N/A	60%	2,682	5.8%
2001	18,147	532,850	29,363	36	75%	2,593	4.1%
2002	18,147	532,850	29,363	36	75%	2,521	4.1%
2003	18,147	532,850	29,363	36	75%	2,568	4.1%
2004	18,147	532,850	29,363	36	75%	2,499	4.1%
2005	18,147	532,850	29,363	36	75%	2,487	4.1%
2006	18,147	532,850	29,363	36	75%	2,514	4.1%
2007	18,147	532,850	29,363	36	75%	2,535	4.1%
2008	18,147	532,850	29,363	36	75%	2,484	4.1%
2009	18,147	532,850	29,363	36	75%	2,715	10.6% (5)

- (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 THREE YEARS AGO**

Employer	2009			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dekalb County Government	1,732	1	N/A %	1,100	1	N/A %
The City Schools of Decatur (education)	477	2	N/A	481	2	N/A
Agnes Scott College (education)	395	3	N/A	400	3	N/A
Emory University (satellite offices)	365	4	N/A	239	4	N/A
City of Decatur	210	5	N/A	206	5	N/A
Decatur Hospital	175	6	N/A	178	6	N/A
McCurdy & Calendar	214	7	N/A	74	9	N/A
Columbia Theological Sem	107	8	N/A	116	8	N/A
Third Millennium	50	9	N/A	50	10	N/A
Decatur First Bank	27	10	N/A	-	-	-
Allied Systems	-	-	N/A	175	7	N/A
	<u>3,752</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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government	24	28	29	28	25
Public safety					
Police					
Officers	41	33	34 (2)	53	50
Civilians	16	18	15 (2)	27	29
Fire					
Firefighters and officers	38	39	39	39	40
Highways and streets					
Engineering	14	13	13 (2)	20	20
Maintenance	24	28	27 (2)	39	34
Sanitation	19	13	17	17	17
Culture and recreation	18	19	16	18	17
Total	<u>194</u>	<u>191</u>	<u>190</u>	<u>241</u>	<u>232</u>

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.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
25	21	22	22	23
51	52	53	54	52
28	27	29	28	28
40	39	39	39	39
19	19	20 (1)	45	47
36	36	34 (1)	6	6
15	15	16	16	16
18	14	17	21	13
<u>232</u>	<u>223</u>	<u>230</u>	<u>231</u>	<u>224</u>

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2009	2008	2007	2006	2005
Police					
Physical arrests	1,054	1,179	1,308	1,874	1,655
Parking violations	9,554	11,411	4,230	5,699	4,126
Traffic violations	6,820	5,563	8,454	8,011	8,195
Fire					
Number of calls answered	2,975	2,927	2,552	2,430	2,353
Inspections	1,023	971	884	370	427
Highways and streets					
Street resurfacing (miles)	0.71	-	-	-	0.65
Potholes repaired	38	35	40	48	24
Sanitation					
Refuse collected (tons/day)	28.00	36.70	42.28	46.43	46.91
Recyclables collected (tons/day)	18.25	13.67	10.58	11.92	10.40
Culture and recreation					
Athletic field permits issued	169 **	209	542	608	642
Community center admissions	13,008	14,409	5,081	6,135	6,268

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.

Note: Parking violations increased due to the City hiring four additional PAL employees in the 2008 fiscal year, as well as the implementation of new electronic ticketing equipment.

Note: Community center admissions increased due to increased number of classes/programs being offered and increased citizen participation

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

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

2004	2003	2002	2001	2000
1,758	1,869	1,455	1,969	2,583
N/A	N/A	N/A	N/A	N/A
9,129	6,991	4,154	5,673	7,632
2,200	2,551	2,216	2,077	2,226
278	213	N/A	N/A	N/A
0.75	1.65	1.65	0.08	1.43
31	34	30	15	26
49.93	51.64	52.48	56.58	53.00
10.98	10.89	8.95	9.35	8.39
513 *	N/A	N/A	N/A	N/A
4,143 *	N/A	N/A	N/A	N/A

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	2009	2008	2007	2006	2005
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	37	37	35	35	40
Fire stations	2	1 A	2	2	2
Sanitation					
Collection trucks	9	9	8	7	7
Highways and streets					
Streets (miles)	62	62	62	62	62
Culture and recreation					
Parks acreage	66.7	64.7	56.5	56.5	56.5
Parks	14	13	13	13	13
Swimming pools	3	3	3	3	3
Tennis courts	9	9	11	11	11
Community centers	3	3	2	2	2

Source: Various City departments

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

A: Fire Station #2 is under construction during 2008

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
1	1	1	1	1
42	40	36	42	40
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