

CITY OF DOUGLASVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011



CITY OF DOUGLASVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**Prepared By:
Karin E. Callan, C.P.A.
Director of Finance**

**CITY OF DOUGLASVILLE, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i –v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
List of Principal Officials.....	viii
<u>FINANCIAL SECTION</u>	
Auditor's Opinion.....	1, 2
Management's Discussion and Analysis	3 - 14
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Balance Sheet - Proprietary Fund.....	20
Statement of Revenues, Expenses, and Changes in Fund Equity - Proprietary Fund.....	21
Statement of Cash Flows - Proprietary Fund	22
Statement of Fiduciary Net Assets	23
Notes to Financial Statements.....	24 - 43

**CITY OF DOUGLASVILLE, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress	44
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	45 - 48
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Confiscated Assets.....	49
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Nonmajor Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	50, 51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	52, 53
Special Revenue Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Multiple Grant	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Hotel/Motel Tax.....	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Youth Against Violence	56
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Rental Car Tax	57
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Convention and Conference Center Authority	58
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Purpose Corporation.....	59

**CITY OF DOUGLASVILLE, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS (Continued)

	<u>Pages</u>
Statement of Changes in Assets and Liabilities- Agency Fund	60
 <u>STATISTICAL SECTION</u>	
Net assets by Component- Last Eight Fiscal Years	61
Changes in Net Assets Last Eight Fiscal Years	62, 63
Fund Balances of Governmental Funds Last Ten Fiscal Years	64
Changes in Fund Balances of Governmental Funds Last Ten Years.....	65
Tax Revenue by Source, Governmental Funds Last Ten Fiscal Years	66
Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years	67
Direct and Overlapping Property Tax Rates Last Ten Fiscal Years	68
Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years	69
Sales and Use Tax Revenues by Category Last Ten Fiscal Years	70
Principal Property Taxpayers Current Year and Prior Year	71
Property Tax Levies and Collections Last Ten Fiscal Years	72
Ratios of Outstanding Debt by Type Last Ten Fiscal Years	73
Direct and Overlapping Governmental Activities Debt	74

**CITY OF DOUGLASVILLE, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS (Continued)

	<u>Pages</u>
Legal Debt Margin Information Last Ten Fiscal Years	75
Demographic and Economic Statistics Last Ten Fiscal Years	76
Principal Employers Current Year and Prior Year	77
Full-time-Equivalent City Government Employees by Function/Program Last Ten Fiscal Years	78
Operating Indicators by Function Last Ten Fiscal Years	79
Capital Asset Statistics by Function Last Ten Fiscal Years	80
 <u>COMPLIANCE SECTION</u>	
Independent Auditor’s Report on Car Rental Tax.....	81
Car Rental Tax Schedule of Revenue Received and Expenditures Incurred	82
Independent Auditor’s Report on Hotel/Motel Tax	83
Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred	84
Independent Auditor’s Report on Special Purpose Local Option Sales Tax.....	85
Special Purpose Local Option Sales Tax Schedule of Projects Constructed with Special Tax Proceeds	86

INTRODUCTORY SECTION

City of Douglasville

MICKEY THOMPSON
Mayor

Council Members:

LaSHUN B. DANLEY – Ward 3, Post 1

SAMUEL DAVIS – Ward 3, Post 2

DENNIS McLAIN – Ward 2

TERRY MILLER – Ward 5, Post 2

ROY E. MIMS – Ward 5, Post 1

JOHN R. SCHILDROTH – Ward 4

LARRY G. YOCKEY – Ward 1



WILLIAM D. OSBORNE
City Manager

JOEL DODSON
City Attorney

JOYCE STONE
City Clerk

December 23, 2011

To Honorable Mayor, members of the Governing Council and
the Citizens of Douglasville, Georgia:

The Comprehensive Annual Financial Report of the City of Douglasville, Georgia (the City), for the fiscal year ended June 30, 2011, is hereby submitted as mandated by both local and state government. These ordinances and statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City of Douglasville, Georgia's financial affairs are included.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The financial reporting entity for the City of Douglasville includes all funds of the primary government, the City of Douglasville. The City provides a full range of services including police, the construction and maintenance of streets and infrastructure, recreational activities and cultural events, and sanitation.

Component units are legally separate entities for which the primary government is financially accountable. The City considers all potential component units for inclusion in these financial statements because of significant operational or financial relationships as required by generally accepted accounting principles. For year ended June 30, 2011, the City has three component units: the Douglasville Convention and Conference Center Authority, the Douglasville Public Purpose Corporation and the Downtown Development Authority. The Douglasville Convention and Conference Center Authority and the Douglasville Public Purpose Corporation are presented as blended component units and are presented as special revenue funds. The Douglasville Development Authority is a discretely presented component unit. For additional information, see "NOTE 1.A" of the Notes to the Financial Statements.



Located on O'Neal Plaza in Historic Downtown Douglasville
6695 Church Street • P.O. Box 219 • Douglasville, Georgia 30133-0219
770-920-3000 • Fax 770-920-0499
www.ci.douglasville.ga.us

A Georgia Classic



Main Street City

Profile of the Government

The City of Douglasville was created in 1937 and operates under an elected Mayor/Council form of government. The City is strategically located west of I-285 perimeter on I-20. Douglasville is the largest city in Douglas County, one of the fastest growing counties in the State of Georgia. The City's major operations include public safety, culture-recreation, highways and streets, sanitation, planning and zoning and general administrative services.

The City has entered into an agreement with Douglas County to provide fire protection, E-911 services, animal control services, and the billing and collection of ad valorem taxes. The City also contracts with the county to provide housing/jailing of prisoners.

The City handles residential and commercial garbage pickup. The City contracts with the Water and Sewer Authority to provide residential billing and collections.

Local Economy

Based on the 2010 Census, the city of Douglasville has a population of 30,961. Douglas County has a population of 108,000.

Douglasville is prime for future economic development, given its strategic location. I-20 Interstate runs through Douglas County with 5 interchanges. It is 20 miles from Hartsfield Jackson International Airport and it is 20 miles from downtown Atlanta. The infrastructure improvements completed over the past several years only emphasize the additional economic possibilities for Douglasville.

In September 2008, the City reactivated the Douglasville Development Authority in an effort to provide the services of business recruitment, business retention and expansion, Target Industry Development, National and International marketing, building and Site Selection among others. This Government is pro-business and with a skilled workforce and great location, Douglasville is an excellent choice for companies seeking to grow their operations and increase productivity and to reduce operating expenses. The City's commercial properties comprise over 50% of the total tax digest by property value, ensuring a strong economic environment for the government.

In November 1999, Arbor Place Mall opened on Douglas Boulevard near Interstate 20 at Chapel Hill Road. Since that time numerous banks, restaurants, and major retail stores have opened on Douglas Boulevard and in the same area.

Long Term Financial Planning:

Unassigned fund balance in the General Fund falls within the guidelines set by the Council. The policy is to maintain a \$2.5 million fund balance.

As in the previous year, fiscal year 2010-2011 has been marked by numerous improvements in service delivery and infrastructure, which will enhance the quality of life for the City's residents. In March

2002, the residents of Douglas County voted for a Special Purpose Local Option Sales Tax. This tax is collected to fund streets, recreation, and fire facilities in Douglas County and the City of Douglasville. This tax will provide funds for renovation of existing park facilities, a new recreation center and purchase of land for future development as well as improving intersections, resurfacing streets, and improving the traffic flow throughout the city. The completion of the \$2.3 million Livable Centers Initiative program has given the streets of Douglasville a facelift with new sidewalks and greenery. This was funded through a combination of state funds and SPLOST funds.

The 2002 SPLOST projects are almost complete with 100% of the transportation dollars expended. Hunter Park Community Center is the last project within the Parks and Recreation component of SPLOST and will be complete by June 2012. The 2007 SPLOST which passed did not include any funds for the City of Douglasville. The County received funding for a new \$87 million dollar jail.

In November of 2011, the center began negotiations with Douglas County for the percentage distribution of Local Option Sales Tax. This is done every 10 years. Currently the distribution of the 1% sales tax is split between the City and the County at a rate of 20% and 80 % respectively. In the past, the split has largely been based on population. New court rulings have changed the way this is determined. The City is hopeful of receiving a larger portion of the Local Option Sales Tax.

The Hotel Motel tax went from 7% to 8% which the City will use to pay debt service on a new Convention and Conference Center. The City issued GO bonds in 2009 to construct a \$23 million dollar public safety and Municipal Court Building. This building has a community meeting room as well as a state of the art firing range. The City has kept a precinct in the downtown area.

Major Initiatives

The City in conjunction with the Boys and Girls Club of Atlanta are building a new facility. The City received a CDBG grant for \$ 500,000 with matching dollars received by the Boys and Girls Club.

The Federal Highway Administration has approved the Highway 92 overpass project and Georgia Department of transportation has assumed responsibility for implementation. This is an extremely important north-south artery through Douglasville. Phase 1 is construction of a railroad grade separation, with the relocated six-lane Georgia Highway 92 to cross under U. S. Highway 78 (Bankhead Highway) and East Strickland Street. Phase 2 will expand the road's capacity along a relocated route between Fairburn Road to U. S. 78, and Phase 3 will do the same between U. S. 78 and Dallas Highway.

The City is currently building a \$13.5 million dollar conference Center and Parking Deck. This will be the first multi-story parking deck in the City. The City will keep the current conference center open during and after the construction of the new facility.

FINANCIAL INFORMATION

Accounting System Internal Controls. The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the

preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

As a recipient of federal, state, and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to federal assistance programs. This internal control structure is subject to periodic evaluation by management of the City.

Budgeting Controls. In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Enterprise Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Project funds. The level of budgetary control, being the level at which expenditures cannot legally exceed the appropriated amount, is established by department within an individual fund.

The financial policies of the City did not have a significant impact on the current financial statements.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

Independent Audits. State statutes require an annual audit by independent certified public accountants. The firm of Moore and Cubbedge LLP was selected by the City to perform audit services. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

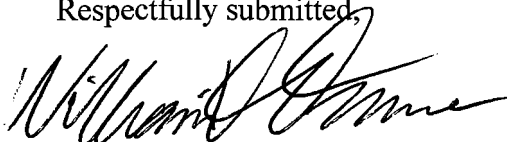
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Douglasville for its Comprehensive Annual Financial Report for year ended June 30, 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently

organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

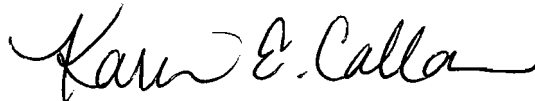
A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements. This report satisfies both generally accepted accounting principles and applicable legal requirements, and we are submitting it to GFOA.

Acknowledgements. The preparation of the comprehensive annual financial report, on a timely basis, could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to each member of the department who assisted and contributed to the preparation of this report. Due credit also should be given to the Mayor and the governing council for their interest and support in planning and conducting the operations of the City of Douglasville in a responsible and progressive manner. Everyone has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



William D. Osborne
City Manager



Karin E. Callan, C.P.A.
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Douglasville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



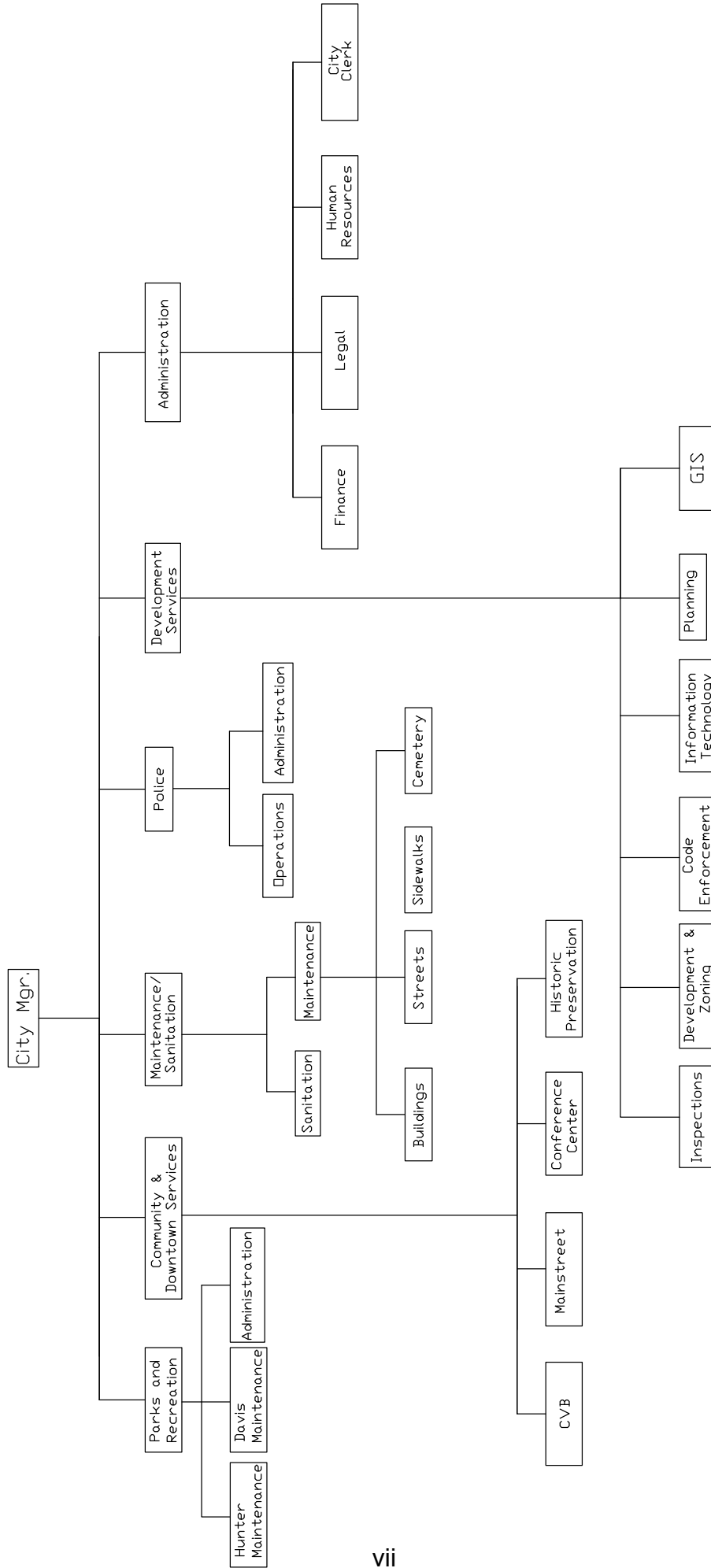
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

CITY OF DOUGLASVILLE, GEORGIA ORGANIZATIONAL CHART



City of Douglasville, Georgia
LISTING OF PRINCIPAL OFFICIALS

June 30, 2011

Mayor:	Mickey Thompson
City Manager:	William D. Osborne
	Council Members
Ward 1	Larry G. Yockey
Ward 2	Dennis McClain
Ward 3, Post 1	LaShun B. Danley
Ward 3, Post 2	Samuel Davis
Ward 4	John R. Schildroth
Ward 5, Post 1	Roy E. Mims
Ward 5, Post 2	Terry Miller

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Mickey Thompson, Mayor
Members of the City Council
City of Douglasville
Douglasville, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Douglasville, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglasville, Georgia, as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, 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 23, 2011 on our consideration of the City of Douglasville, 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 3-14, the schedule of funding progress on page 44 and the budgetary comparison information for the General Fund, Multiple Grant Fund, and Confiscated Assets Fund on pages 45-48, are not required parts 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 Douglasville, Georgia's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, and compliance section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section 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. The combining and individual fund statements and schedules and the compliance section 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.

A handwritten signature in blue ink that reads "Moore & Cubbedge, LLP". The signature is written in a cursive, flowing style.

Moore & Cubbedge, LLP
Marietta, Georgia

December 23, 2011

Management's Discussion and Analysis

As management of the City of Douglasville, Georgia, we offer readers of the City of Douglasville's financial statements this narrative overview and analysis of the financial activities of the City of Douglasville for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

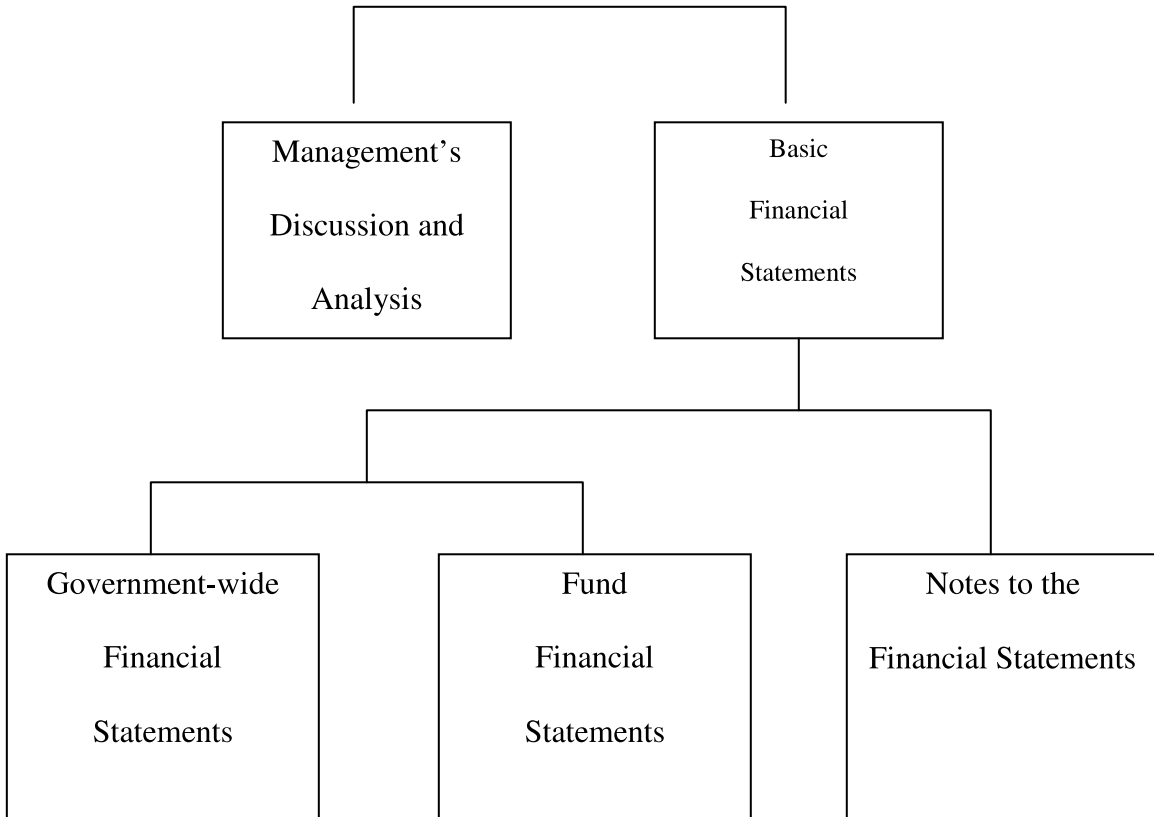
- The assets of the City of Douglasville exceeded its liabilities at the close of the fiscal year by \$78,332,284 (*net assets*).
- The government's total net assets increased by \$5,113,975 as a result of fiscal year 2011 operations.
- As of the close of the current fiscal year, the City of Douglasville's governmental funds reported combined ending fund balances of \$11,708,935, a decrease of \$12,083,428 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,799,775 or 47 percent of total general fund expenditures for the fiscal year.
- The City of Douglasville's Government wide debt (bonds and capital leases) decreased by \$1,348,319. The decrease is due to the principal payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Douglasville's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Douglasville.

Required Components of Annual Financial Report

Figure 1



Summary → Detail

Basic Financial Statements

The first two statements (pages 15 and 16) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 17-23) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the agency fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Assets and the Statement of Activities are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property and Sales taxes, state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the sanitation services offered by the City.

The government-wide financial statements are on pages 15 and 16 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 of Douglasville, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Douglasville can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give

the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Douglasville maintains the following individual governmental funds. The Major Funds which are presented separately are: General Fund, Confiscated Assets Fund, Police Station Fund, and the Special Purpose Local Option Sales Tax Fund. The funds that are presented as combined in the Other Governmental Funds column are: Hotel/Motel Tax Fund, Youth Against Violence Fund, Convention and Conference Center Authority, Conference Center Fund, Fire Station Fund, Public Purpose Corporation Fund, Bright Star Connector Fund, Multiple Grant Fund, GEMA Fund and Rental Car Tax Fund. Separate information about the Other Governmental funds can be found in the combining statements in the report on pages 50-53.

The City of Douglasville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Proprietary funds are activities that a City operates similar to a business in that it attempts to recover costs through charges to the user. The City of Douglasville has only one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Douglasville uses enterprise funds to account for its sanitation operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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 are on pages 24-43 of this report.

Government-Wide Financial Analysis

The City of Douglasville's Net Assets Figure 2

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The total assets of the City of Douglasville exceeded total liabilities by \$78,332,284 as of June 30, 2011. The City's net assets increased by \$5,113,975 for the fiscal year ended June 30, 2011. This was primarily due to the increase in capital assets.

	Governmental		Business-Type		Total	Total
	Activities	Activities	Activities	Activities		
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 17,352,997	\$ 31,995,815	\$ 3,421,547	\$ 3,637,620	\$ 20,774,544	\$ 35,633,435
Capital assets	99,448,408	81,495,009	799,371	636,678	100,247,779	82,131,687
Total assets	116,801,405	113,490,824	4,220,918	4,274,298	121,022,323	117,765,122
Long-term liabilities outstanding	37,451,305	37,612,346	4,201	4,550	37,455,506	37,616,896
Other liabilities	4,806,491	6,523,007	428,042	406,910	5,234,533	6,929,917
Total liabilities	42,257,796	44,135,353	432,243	411,460	42,690,039	44,546,813
Net assets:						
Invested in capital assets, net of related debt	65,423,890	60,337,266	799,371	636,678	66,223,261	60,973,944
Restricted	4,516,907	4,213,000	-	-	4,516,907	4,213,000
Unrestricted	4,602,812	4,805,205	2,989,304	3,226,160	7,592,116	8,031,365
Total net assets	\$ 74,453,609	\$ 69,355,471	\$ 3,788,675	\$ 3,862,838	\$ 78,332,284	\$ 73,218,309

The largest portion of net assets is the City's investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); less any related debt still outstanding that was issued to acquire those items. The City of Douglasville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Douglasville's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

There was an increase of \$303,907 in restricted net assets in connection with the City of Douglasville's Governmental Activities. This increase is due to the increases in Public safety confiscated asset funds from additional seizures throughout the year. The Confiscated asset fund dollars are restricted to public safety items. The remaining \$4,602,812 may be used to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the City of Douglasville is able to report positive balances in all three categories of net assets, both for the government as a whole as well

as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$74,163 in connection with the City's business type activities. This decrease resulted from decreases in charges for services. Due to the inactivity of the construction industry, there is less building and less roll off debris which has resulted in a decrease in revenues.

Governmental activities. Governmental activities increased the City's net assets by \$5,188,138 thereby accounting for 100% of the total increase in the net assets of the City of Douglasville. Key elements of this change are as follows:

- SPLOST revenues increased. These revenues are as a result of reimbursed expenditures. The renovation of Hunter Park and Community Center was a SPLOST project which resulted in the increase in revenue.
- Other additions to assets were the purchase of vehicles. The City purchased a transport bus, an armored vehicle and 13 vehicles. The armored vehicle and two police vehicles were purchased through drug funds.

City of Douglasville Changes in Net Assets Figure 3

	Governmental		Business-type		Total	Total
	Activities	Activities	Activities			
	2011	2010	2011	2010		
Revenues:						
Program revenues:						
Charges for services	\$ 5,158,433	\$ 5,070,117	\$ 3,658,354	\$ 3,760,796	\$ 8,816,787	\$ 8,830,913
Operating grants and contribution	1,503,681	1,506,986			1,503,681	1,506,986
Capital grants and contributions	398,650	2,827,459			398,650	2,827,459
General revenues:						
Property taxes	5,563,615	6,421,627			5,563,615	6,421,627
Sales Taxes	10,244,877	5,768,997			10,244,877	5,768,997
Other Taxes and Miscellaneous	5,721,070	5,726,915			5,721,070	5,726,915
Unrestricted Investment Earning	131,666	59,994	1,925	221	133,591	60,215
Gain on Sale of Capital Assets					-	-
Total revenues	<u>28,721,992</u>	<u>27,382,095</u>	<u>3,660,279</u>	<u>3,761,017</u>	<u>32,382,271</u>	<u>31,143,112</u>
Expenses:						
General government	5,202,563	4,503,356	-	-	5,202,563	4,503,356
Judicial	658,943	630,881	-	-	658,943	630,881
Public safety	10,202,244	10,583,333	-	-	10,202,244	10,583,333
Health and Welfare	144,708	144,708	-	-	144,708	144,708
Public Works	2,101,565	4,116,124	-	-	2,101,565	4,116,124
Housing and Development	1,277,614	1,147,220			1,277,614	1,147,220
Culture and Recreation	2,130,160	1,132,943	-	-	2,130,160	1,132,943
Interest on long-term debt	1,861,057	789,110	-	-	1,861,057	789,110
Sanitation Services		-	3,689,442	3,412,766	3,689,442	3,412,766
Total expenses	<u>23,578,854</u>	<u>23,047,675</u>	<u>3,689,442</u>	<u>3,412,766</u>	<u>27,268,296</u>	<u>26,460,441</u>
Increase(decrease)in net assets						
before transfers	5,143,138	4,334,420	(29,163)	348,251	5,113,975	4,682,671
Transfers	45,000	45,000	(45,000)	(45,000)	-	-
Change in net assets	<u>5,188,138</u>	<u>4,379,420</u>	<u>(74,163)</u>	<u>303,251</u>	<u>5,113,975</u>	<u>4,682,671</u>
Net assets, July 1	<u>69,335,471</u>	<u>64,976,051</u>	<u>3,862,838</u>	<u>3,559,587</u>	<u>73,218,309</u>	<u>68,535,638</u>
Net assets, June 30	<u>\$74,543,609</u>	<u>\$69,355,471</u>	<u>\$ 3,788,675</u>	<u>\$ 3,862,838</u>	<u>\$78,332,284</u>	<u>\$73,218,309</u>

The most significant expenses are for Public Safety for \$10,202,244 representing 43% of the total governmental expenses. The next most significant program expense is General Government expense of \$5,202,563 representing 22% of total governmental expenses.

Business-type activities: Business-type activities decreased the City of Douglasville's net assets by \$74,163 accounting for 0 % increase in the government's total net assets. The most significant business-type activity of the City is the Sanitation Services provided

to the citizens of the City of Douglasville. The majority of its revenue was derived from user fees.

Governmental Funds. The focus of the City of Douglasville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Douglasville's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Douglasville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,799,775 compared to last year at \$9,524,890 an increase of \$725,115. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. In 2011, unreserved fund balance represents 47% of total General Fund expenditures. The primary reasons for the increase in fund balance for the General Fund were due to:

- \$89,376 of Actual revenues over expenses
- \$513,962 Restatement due to reclassification of the West Pines fund as a result of implementing GASB 54

At the end of the current fiscal year, restricted fund balance of the Confiscated Assets Fund was \$4,103,209 compared to last year at \$3,625,715 an increase of \$477,494. This was due to additional seizures throughout the year.

At the end of the current fiscal year, unassigned fund deficit of the SPLOST Fund was \$1,267,786 compared to last year's negative fund balance of \$1,698,190. When SPLOST was approved by the voters in 2002, the intergovernmental agreement that was set up between the City and the County dictated that Douglas County would collect revenues and the City would submit reimbursement requests. The reimbursements were not received timely from Douglas County. Revenue is reported when it is considered available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The revenue was finally reimbursed in later months for June requests and this was recorded as deferred revenue. In addition, the projects have had revisions which were approved by the City Council and transfers will be made from General Fund to bring the deficit up to zero.

At June 30, 2011, the governmental funds of City of Douglasville reported a combined fund balance of \$11,708,935. Last year the combined fund balance was \$23,792,363 which represents a 51 % decrease over last year. The Police Station and Municipal Court Building account for the majority of the total decrease. This is due to the crossover of Fiscal years or a timing difference: the issuance of bonds to construct the building (fund balance positive) and expending the bond proceeds. The project was only partially complete at the close of FY 2010. This fiscal year the funds have been expended therefore the prior year fund balance is depleted according to plan and budget.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

During the fiscal year actual expenditures exceeded the actual revenues by \$802,802. The city approved use of fund balance to finish out capital projects such as intersection improvements, the Bright Star road connector project and SPLOST projects. Taxes were amended throughout the year. Investment earnings came in lower than expected due to the declining interest rates. Licenses and Permits revenue exceeded projected amounts primarily due to business licenses. A conservative budget was used due to the economy. We have more uncollected fines than we had in the prior year. Public Safety had expenses less than budgeted due to turnover. It is the City's practice not to include projected turnover in the budget as a conservative measure. Culture and recreation had actual expenses lower than budgeted expense due to the projected timing of the opening of the newly renovated Community Center at Hunter Park. The opening was delayed due to the construction therefore hiring of additional personnel was delayed. Other budgetary variances were due to projects or capital purchases that did not come to fruition.

Proprietary Funds. The City of Douglasville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Sanitation Fund at the end of the fiscal year amounted to \$2,989,304. The total decrease in net assets from the prior fiscal year was \$74,163. This was due to decrease in charges for services due to the construction industry and less need for roll – off services.

Capital Asset and Debt Administration

Capital assets. The City of Douglasville's investment in capital assets for its governmental and business-type activities as of June 30, 2011 totals \$100,247,779 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, park facilities, vehicles and infrastructure.

Major capital asset transactions during the year include the following additions: Completion of a Public Safety and Municipal Court Building that includes a state of the art firing range and a community meeting room. Thirteen vehicles were purchased for the police department, digital upgrade on siren system, weather siren upgrade, intersection improvements and upgrades to the information technology infrastructure. A GEMA grant provided the City of Douglasville the funds necessary to upgrade our Motorola 800 MHz analog system to a Motorola 800 MHz digital Project 25 Astro system to provide seamless communication between the City of Douglasville and Cobb County. The grant also upgraded the Douglas County 911 City dispatch consoles and upgraded our outdoor emergency warning system to digital. The majority of the purchases were added to capital

assets in the prior year; however, the last phase of this project incurred in fiscal year 2011.

City of Douglasville's Capital Assets
Figure 4

	Governmental Activities	Business-Type Activities	Total
	2011	2011	2011
Land	\$ 28,911,272	\$ -	\$ 28,911,272
Construction in progress	5,583,709	-	5,583,709
Buildings	36,698,520	-	36,698,520
Other improvements	4,778,366	-	4,778,366
Infrastructure	18,556,829	-	18,556,829
Equipment	4,919,712	799,371	5,719,083
Total	\$ 99,448,408	\$ 799,371	\$ 100,247,779

Additional information on the City's capital assets can be found in Note 6, page 33 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2011, the City of Douglasville had had bonded debt outstanding of \$31,536,431. The City had capital leases in the amount of \$1,959,621 all of which is collateralized by the financed asset and debt backed by the full faith and credit of the City.

Figure 5

City of Douglasville's Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital leases	\$ 1,959,621	\$ 2,135,476	\$ -	\$ -	\$ 1,959,621	\$ 2,135,476
Comp. Absences	758,625	732,394	38,193	41,360	796,818	773,754
Premium	528,477	557,702			528,477	557,702
Interest Rate Swap	492,028	589,424			492,028	589,424
Net OPEB Obligation	4,248,803	2,889,007			4,248,803	2,889,007
Bonds Payable	31,536,431	32,708,895	-	-	31,536,431	32,708,895
Total	\$ 39,523,985	\$ 39,612,898	\$ 38,193	\$ 41,360	\$ 39,562,178	\$ 39,654,258

The City of Douglasville's debt decreased \$1,348,319 during the past fiscal year. This was due to the principal and interest payments on the Capital Leases and Bonds Payable.

Georgia general statutes limit the amount of general obligation debt that a unit of government can issue to 10% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Douglasville is \$99,089,301. The City does not have a formal policy for credit risk beyond the types of investments authorized by state statute.

Additional information regarding the City of Douglasville's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- The unemployment rate for the City of Douglasville is 5.4%, compared to 9.8% in Georgia
- In 2009, the Douglasville Development Authority was reactivated in an effort generate economic growth and prosperity throughout our community.
- Opening of new businesses has proceeded at a positive rate for several years, which have created new service area jobs.

- In March 2002, the residents of Douglas County approved a Special Local Option Sales Tax. This tax is to fund streets, recreation and fire facilities in Douglas County and Douglasville. The City will renovate existing park facilities, build a new recreation center and purchase land for future recreation use.
- The city of Douglasville elected not to increase the millage rate when property value reassessments declined for the second consecutive year.
- The City of Douglasville will be entering into Local Option Sales Tax Negotiations and hope to receive a higher share of the sales tax. Currently the sales tax is split between the County and the City at a ratio of 20% city and 80% county. Each 1% of sales tax represents on average revenue of \$240,000.
- The Conference Center Authority has entered into an agreement with the City of Douglasville and has issued bonds to build a \$13.5-\$14 million dollar Conference Center in downtown Douglasville.
- The Conference Center Authority, through enabling legislation, is able to collect 8% hotel motel tax. This is an increase of 1% from the prior enabling legislation. The additional 1% will be used to fund the Downtown Conference Center.
- The City of Douglasville as of July 2012 has taken over operations of the West Pines Golf Course. The City is expected to operate more efficiently than the prior management company. Specifically, the city will not pay itself management fees.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: The FY 11 budget is 2.5% lower than the prior year. Property values are expected to decline therefore revenues are budgeted to decline. Property tax revenue has increased over the past three years due to the addition millage from the GO bond issue which funded the Public Safety and Municipal Court Building. Property values have declined over the past three years and the Mayor and Council have not increased property taxes. The sales tax budget was projected to decrease by 1%; Budgeted expenditures in the General Fund are expected to increase slightly due to the operational costs of the New Police Administration Building and increased health care expenses. The Mayor and Council do not intend to use fund balance to balance the budget. Sales tax and property tax represent 21% and 28% of the budget respectively.

Business – type Activities: The Sanitation rates in the City have increased, in conjunction with a new plan which provided different levels of service. In addition, the City has taken over recycling services which were outsourced in prior years. New crews have been added and new trucks have been purchased to handle recycling.

Requests for Information:

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Douglasville, P.O. Box 219, Douglasville, GA 30133.

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash	\$ 6,524,133	\$ 1,650,489	\$ 8,174,622	\$ 21,185
Receivables, net:				
Trade	-	260,599	260,599	-
Taxes	296,723	-	296,723	-
Other	1,604,985	-	1,604,985	-
Internal balances	(1,247,640)	1,247,640	-	-
Due from other governments	1,813,477	-	1,813,477	-
Inventories	27,276	202,376	229,652	-
Prepaid items	322,276	60,443	382,719	-
Investments	6,793,751	-	6,793,751	-
Capital assets, non depreciated	34,494,981	-	34,494,981	-
Capital assets, depreciated, net	64,953,427	799,371	65,752,798	-
Other assets, net	1,218,016	-	1,218,016	-
Total assets	116,801,405	4,220,918	121,022,323	21,185
Liabilities:				
Accounts payable and other current liabilities	2,698,572	394,050	3,092,622	2,901
Unearned revenue	35,239	-	35,239	-
Noncurrent liabilities:				
Due within one year	2,072,680	33,992	2,106,672	-
Due in more than one year	37,451,305	4,201	37,455,506	-
Total liabilities	42,257,796	432,243	42,690,039	2,901
Net Assets:				
Invested in capital assets, net of related debt	65,423,890	799,371	66,223,261	-
Restricted for:				
Culture and recreation	359,208	-	359,208	-
Debt service	54,490	-	54,490	-
Public safety	4,103,209	-	4,103,209	-
Unrestricted	4,602,812	2,989,304	7,592,116	18,284
Total net assets	\$ 74,543,609	\$ 3,788,675	\$ 78,332,284	\$ 18,284

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Change in Net Assets			Component Unit
	Expenses	Operating		Governmental Activities	Business-type Activities	Total	
		Charges for Services	Grants and Contributions				
Primary Government							
Governmental activities:							
General government	\$ 5,202,563	\$ 2,188,238	\$ 3,000	\$ (3,011,325)	-	\$ (3,011,325)	
Judicial	658,943	1,816,603	-	1,157,660	-	1,157,660	
Public safety	10,202,244	363,673	1,189,983	(8,274,588)	-	(8,274,588)	
Health and welfare	144,708	-	-	(144,708)	-	(144,708)	
Public works	2,101,565	-	224,068	(1,852,847)	-	(1,852,847)	
Housing and development	1,277,614	509,097	86,630	(681,887)	-	(681,887)	
Culture and recreation	2,130,160	280,822	-	(1,849,338)	-	(1,849,338)	
Interest & fiscal charges on long-term debt	1,861,057	-	-	(1,861,057)	-	(1,861,057)	
Total governmental activities	23,578,854	5,158,433	1,503,681	(16,518,090)	-	(16,518,090)	
Business-type activities:							
Sanitation	3,689,442	3,658,354	-	-	(31,088)	(31,088)	
Total business-type activities	3,689,442	3,658,354	-	-	(31,088)	(31,088)	
Total Primary Government	\$ 27,268,296	\$ 8,816,787	\$ 1,503,681	\$ (16,518,090)	\$ (31,088)	\$ (16,549,178)	
Component Unit	\$ 158,817	\$ -	\$ 132,000	\$ -	-	\$ (26,817)	
General revenues:							
Property taxes				5,563,615	-	5,563,615	
Sales and use taxes				10,244,877	-	10,244,877	
Hotel, motel tax				1,273,564	-	1,273,564	
Franchise taxes				2,029,849	-	2,029,849	
Insurance premium tax				1,080,135	-	1,080,135	
Alcohol taxes				1,337,522	-	1,337,522	
Unrestricted investment earnings				131,666	1,925	133,591	
Transfers				45,000	(45,000)	-	
Total general revenues and transfers				21,706,228	(43,075)	21,663,153	
Change in net assets				5,188,138	(74,163)	5,113,975	(26,817)
Net assets - beginning				69,355,471	3,862,838	73,218,309	45,101
Net assets - ending				\$ 74,543,609	\$ 3,788,675	\$ 78,332,284	\$ 18,284

CITY OF DOUGLASVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Confiscated Assets	SPLOST	Police Station	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 3,858,504	\$ 2,318,138	\$ -	\$ 57,631	\$ 289,860	\$ 6,524,133
Receivables, net:						
Taxes	296,723	-	-	-	-	296,723
Other	1,087,287	10,788	-	-	506,910	1,604,985
Due from other funds	-	-	-	-	100,659	100,659
Due from other governments	430,764	-	1,382,713	-	-	1,813,477
Inventories	27,276	-	-	-	-	27,276
Investments	5,017,831	1,775,920	-	-	-	6,793,751
Prepaid items	322,034	-	-	-	242	322,276
Total assets and other debits	\$ 11,040,419	\$ 4,104,846	\$ 1,382,713	\$ 57,631	\$ 897,671	\$ 17,483,280
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 577,935	\$ 1,637	\$ 585,491	\$ 200,000	\$ 114,607	\$ 1,479,670
Accrued liabilities	351,446	-	-	-	21,986	373,432
Retainage payable	-	-	436,409	32,682	-	469,091
Deferred revenue	740,142	-	1,040,836	-	322,875	2,103,853
Due to other funds	-	-	587,763	-	760,536	1,348,299
Total liabilities	1,669,523	1,637	2,650,499	232,682	1,220,004	5,774,345
Fund balances:						
Nonspendable	349,310	-	-	-	242	349,552
Restricted	-	4,103,209	-	-	413,456	4,516,665
Committed	221,811	-	-	-	-	221,811
Unassigned	8,799,775	-	(1,267,786)	(175,051)	(736,031)	6,620,907
Total fund balances	9,370,896	4,103,209	(1,267,786)	(175,051)	(322,333)	11,708,935
Total liabilities and fund balances	\$ 11,040,419	\$ 4,104,846	\$ 1,382,713	\$ 57,631	\$ 897,671	

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.	99,448,408
Revenue earned but unavailable is not reported in the funds.	2,068,614
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: Unamortized bond costs	725,988
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Net OPEB obligation Unmatured bonds payable Unamortized premium Capital leases payable Accrued interest expense Accrued compensated absences	(4,248,803) (31,536,431) (528,477) (1,959,621) (376,379) (758,625)
Net assets of governmental activities	\$ 74,543,609

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Confiscated Assets	SPLOST	Police Station	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 13,925,505	\$ -	\$ -	\$ -	\$ 1,273,564	\$ 15,199,069
Charges for services	637,121	-	-	-	142,304	779,425
Licenses and permits	2,110,938	-	-	-	-	2,110,938
Fines and forfeitures	1,918,657	897,965	-	-	-	2,816,622
Intergovernmental	5,150	-	6,185,905	-	1,065,100	7,256,155
Investment earnings	75,765	50,363	-	4,453	1,051	131,632
Miscellaneous revenue	145,528	3,488	-	-	598,060	747,076
Total revenues	18,818,664	951,816	6,185,905	4,453	3,080,079	29,040,917
Expenditures:						
Current:						
General government	3,606,184	-	-	-	9,733	3,615,917
Judicial	597,735	-	-	-	-	597,735
Public safety	8,410,537	531,359	-	-	649,290	9,591,186
Public works	2,132,130	-	-	-	-	2,132,130
Culture and recreation	1,005,522	-	-	-	611,967	1,617,489
Housing and development	1,011,743	-	-	-	154,107	1,165,850
Capital Projects	-	-	6,434,425	12,691,084	565,204	19,690,713
Debt Service						
Principal, interest, and fees	1,965,437	-	-	-	840,245	2,805,682
Total expenditures	18,729,288	531,359	6,434,425	12,691,084	2,830,546	41,216,702
Excess (deficiency) of revenues over expenditures	89,376	420,457	(248,520)	(12,686,631)	249,533	(12,175,785)
Other financing sources (uses):						
Transfers in	566,160	41,402	678,924	463,445	1,003,449	2,753,380
Sale of capital assets	31,722	15,635	-	-	-	47,357
Transfers out	(1,490,060)	-	-	-	(1,218,320)	(2,708,380)
Total other financing sources (uses)	(892,178)	57,037	678,924	463,445	(214,871)	92,357
Net change in fund balance	(802,802)	477,494	430,404	(12,223,186)	34,662	(12,083,428)
Fund balance at beginning of year, as restated	10,173,698	3,625,715	(1,698,190)	12,048,135	(356,995)	23,792,363
Fund balance at end of year	\$ 9,370,896	\$ 4,103,209	\$ (1,267,786)	\$ (175,051)	\$ (322,333)	\$ 11,708,935

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, 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, 2011**

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

Net change in fund balances - total governmental funds		\$ (12,083,428)
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.		
Depreciation expense	(2,735,435)	
Capital outlays	<u>21,577,836</u>	18,842,401
The net effect of miscellaneous transactions involving capital assets (sales) is to decrease net assets		(810,474)
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(318,959)
OPEB contributions in deficiency of annual actuarial costs are not recorded as expenses in the governmental funds		(1,359,796)
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.		1,348,319
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 the governmental funds:		
Accrued interest expense	(376,379)	
Accrued compensated absences	(26,231)	
Amortization of bond costs and deferred charges	<u>(27,315)</u>	<u>(429,925)</u>
Change in net assets of governmental activities		<u>\$ 5,188,138</u>

CITY OF DOUGLASVILLE, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
JUNE 30, 2011

		<u>Sanitation Enterprise Fund</u>
<u>ASSETS</u>		
Current assets:		
Cash		\$ 1,650,489
Receivables, net		260,599
Due from other funds		1,247,640
Inventory		202,376
Prepaid expenses		60,443
Total current assets		<u>3,421,547</u>
Noncurrent assets		
Property, plant and equipment, net		<u>799,371</u>
Total assets		<u>\$ 4,220,918</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts payable		\$ 353,614
Accrued liabilities		40,436
Compensated absences		33,992
Total current liabilities		<u>428,042</u>
Long-term liabilities (net of current portion):		
Compensated absences		<u>4,201</u>
Total liabilities		<u>432,243</u>
Fund equity:		
Invested in capital assets		799,371
Unrestricted		<u>2,989,304</u>
Total fund equity		<u>3,788,675</u>
Total liabilities and fund equity		<u>\$ 4,220,918</u>

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Sanitation Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 3,658,354
Total operating revenues	<u>3,658,354</u>
Operating expenses:	
Personal services and employee benefits	1,066,892
Contracted services	1,764,542
Other operating expenses	641,295
Depreciation	<u>122,196</u>
Total operating expenses	<u>3,594,925</u>
Operating income	<u>63,429</u>
Nonoperating revenues (expenses):	
Interest income	1,925
Gain(loss) on disposal of assets	<u>(94,517)</u>
Total nonoperating revenues (expenses)	<u>(92,592)</u>
Income (loss) before transfers	<u>(29,163)</u>
Transfers out	<u>(45,000)</u>
Change in fund equity	(74,163)
Total fund equity, beginning	<u>3,862,838</u>
Total fund equity, ending	<u><u>\$ 3,788,675</u></u>

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Sanitation Enterprise Fund
Cash flows from (to) operating activities:	
Cash received from customers	\$ 3,834,468
Cash payments to suppliers for goods and services	(1,012,469)
Cash payments for employee services and fringe benefits	<u>(1,055,150)</u>
Net cash from (to) operating activities	<u>1,766,849</u>
Cash flows from (to) noncapital financing activities:	
Transfers out	<u>(45,000)</u>
Net cash from (to) noncapital financing activities	<u>(45,000)</u>
Cash flows from (to) capital and related financing activities:	
Acquisition of capital assets	(450,406)
Cash payments received on disposal of assets	71,000
Net cash from (to) capital and related financing activities	<u>(379,406)</u>
Cash flows from (to) investing activities:	
Interest earned on assets	<u>1,925</u>
Net cash from (to) investing activities	<u>1,925</u>
Net increase (decrease) in cash	1,344,368
Cash at beginning of year	<u>306,121</u>
Cash at end of year	<u><u>\$ 1,650,489</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 63,429
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	122,196
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	176,114
(Increase) decrease in due from other funds	1,628,439
(Increase) decrease in inventory	(202,376)
(Increase) decrease in prepaid expenses	(41,736)
Increase (decrease) in accounts payable	9,041
Increase (decrease) in accrued liabilities	14,909
Increase (decrease) in compensated absences	<u>(3,167)</u>
Net cash from operating activities	<u><u>\$ 1,766,849</u></u>

See accompanying notes to financial statements.

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2011

	<u>Beneficiary Fund</u>
Assets:	
Current assets:	
Cash	<u>\$ 29,598</u>
Total assets	<u><u>\$ 29,598</u></u>
Liabilities	
Due to other governments and individuals	<u>\$ 29,598</u>
Total liabilities	<u><u>\$ 29,598</u></u>

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The accounting methods and procedures adopted by the City of Douglasville, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City was created in 1937 and operates under an elected Mayor/Council form of government. The City's major operations included public safety, culture-recreation, water and sewer services, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

The financial statements of the reporting entity include those of the City of Douglasville (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14. "The Financial Reporting Entity", the financial statements of the component units have been included as either a blended component unit or a discretely presented component unit. The fiscal year end of the component units is June 30. The component units do not issue separate Component Unit Financial Statements. A brief description of the component units is as follows:

Blended Component Units: The Douglasville Convention and Conference Center Authority was organized to issue bonds to develop and promote commerce, industry and general welfare with the City. The City appoints the Authority's board members and has contractually obligated itself to use its taxing power to guarantee repayment of principal and interest on certain revenue bonds issued by the Authority; therefore, the Authority is fiscally dependent and is purely a financing authority of the City. The Authority is presented as a special revenue fund.

The Douglasville Public Purpose Corporation was organized to issue bonds to develop and promote commerce, industry, and general welfare within the City. The Corporation's board members are substantially the same as the City's council members and have contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Corporation; therefore, the Corporation is fiscally dependent and is purely a financing authority of the City. The Corporation is presented as a special revenue fund.

Discretely Presented Component Units: The City of Douglasville Development Authority was created by the City as a separate legal entity by an act of the state legislature to promote and expand industry, welfare and trade for the public good and welfare of the City and make long-range plans for such development and expansion. The governing board of the Authority is appointed by the City Council for fixed terms. The Authority is fiscally dependent upon the City because the City Council has the sole authority to levy taxes for the Authority.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City's net assets are reported in three parts -invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

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 properly included among 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 and enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

Property taxes, sales taxes, franchise taxes, licenses, 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 government.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Confiscated Assets Fund – The Confiscated Assets Fund accounts for money received from cash confiscations or sales of confiscated assets.

SPLOST Fund - The City's SPLOST Fund is used to account for financial resources to be used for SPLOST projects.

Police Station Fund - The Police Station fund accounts for the construction of a police station funded by bond proceeds.

The government reports the following major proprietary fund:

The Sanitation Fund accounts for the operations of providing sanitation to the residents of the City.

Additionally, the government reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's special revenue funds account for financial resources related to the operations of the Douglasville Downtown Conference Center, the Public Purpose Corporation's building, hotel/motel taxes, grants, and rental car excise taxes.

Capital Project Funds – Capital Project Funds are used to account for financial resources that are restricted for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Agency Fund – The Agency fund accounts for the collection and disbursement of monies by the Municipal Court on behalf of other entities.

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 government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the government's sanitation and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues*

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

rather than as program revenues. Likewise, general revenues include all taxes

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

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund and Special Revenue Funds. Project length budgets are adopted for the Capital Project Funds.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the Finance Director.
2. A public hearing on the budget is held.
3. The budget is then legally enacted through a passage of an ordinance.
4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's Manager may make transfers of appropriations within a department without prior approval of the City Council if it is not capital related and is less than \$5,000. Transfers of appropriations between departments require the approval of the Mayor and City Council.

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Cash and Investments

For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted amounts in demand accounts and all highly liquid investments with a maturity of three months or less when purchased.

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. See note (2) for additional information regarding Cash and Investments.

F. Short-Term/Long-Term Interfund Receivables/Payables

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

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

G. Inventories

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories consist of expendable supplies held for consumption, items needed for repairs or improvements, and commercial waste containers not in service as of year end. The consumption method is used to account for inventories.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items.

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 columns in the government-wide financial statements.

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective in the first year of implementing GASB No. 34. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City implemented the retroactive infrastructure provisions for all previous infrastructure assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalized threshold for capital assets is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

Buildings and Improvements	50 years
Vehicles, machinery, furniture and equipment	5-15 years
Infrastructure and improvements	30 years
Other improvements	20-50 years

J. Compensated Absences

Accumulated unpaid vacation pay and comp time amounts are accrued when incurred by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

Accumulated sick pay benefits for City employees have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

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 life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

L. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The implementation of GASB Statement No. 54 is further explained in Note 17 Restatement.

M. Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits of public funds to be collateralized in accordance with State law. As of June 30, 2011, deposits were fully insured and collateralized.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes 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, 2011, none of the government's investments were exposed to custodial credit risk.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The City's investments were comprised of certificates of deposits and money market mutual funds rated AAAM with investment maturities less than one year.

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

The City does not have a formal policy for credit risk beyond the types of investments authorized by state statute.

(3) RECEIVABLES

Receivables at June 30, 2011 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 319,495	\$ -	\$ 2,298,022	\$ (1,233,507)	\$ 1,384,010
Confiscated Assets Fund	-	-	10,788	-	10,788
Nonmajor Governmental Funds	-	-	506,910	-	506,910
Sanitation Fund	-	311,658	-	(51,059)	260,599
Total	\$ 319,495	\$ 311,658	\$ 2,815,720	\$ (1,284,566)	\$ 2,162,307

(4) DUE FROM OTHER GOVERNMENTS

Due From Other Governments at June 30, 2011 consist of the following:

	State of Georgia Department of Revenue	Douglas County	Total
General Fund	\$ 430,764	\$ -	\$ 430,764
SPLOST	-	1,382,713	1,382,713
	<u>\$ 430,764</u>	<u>\$ 1,382,713</u>	<u>\$ 1,813,477</u>

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2011 include Due from (to) and are summarized as follows:

PAYABLE FROM	RECEIVABLE TO		
	Sanitation Fund	Nonmajor Governmental Funds	Total
SPLOST Fund	\$ 587,763	\$ -	\$ 587,763
Nonmajor Governmental Funds	659,877	100,659	760,536
Total	<u>\$ 1,247,640</u>	<u>\$ 100,659</u>	<u>\$ 1,348,299</u>

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Interfund transfers for the current year were as follows:

TRANSFER IN TO	TRANSFER OUT FROM			Total
	General Fund	Nonmajor Governmental Funds	Sanitation Fund	
General Fund	\$ -	\$ 521,160	\$ 45,000	\$ 566,160
Confiscated Assets Fund	41,402	-	-	41,402
SPLOST Fund	678,924			678,924
Police Station Fund	463,445			463,445
Nonmajor Governmental Funds	306,289	697,160	-	1,003,449
Total	<u>\$ 1,490,060</u>	<u>\$ 1,218,320</u>	<u>\$ 45,000</u>	<u>\$ 2,753,380</u>

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisition or in accordance with budgetary authorizations.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,673,265	\$ 238,007	\$ -	\$ 28,911,272
Construction in progress	14,364,070	19,047,666	(27,828,027)	5,583,709
Total capital assets not being depreciated	<u>43,037,335</u>	<u>19,285,673</u>	<u>(27,828,027)</u>	<u>34,494,981</u>
Capital assets, being depreciated:				
Infrastructure	90,128,729	5,031,785	(65,495)	95,095,019
Buildings	16,750,095	24,146,257	(1,018,716)	39,877,636
Other improvements	5,795,131	38,772	-	5,833,903
Machinery, equipment and vehicles	13,891,391	903,376	(670,286)	14,124,481
Total capital assets being depreciated	<u>126,565,346</u>	<u>30,120,190</u>	<u>(1,754,497)</u>	<u>154,931,039</u>
Less accumulated depreciation for:				
Infrastructure	(75,930,297)	(620,297)	12,404	(76,538,190)
Buildings	(2,918,261)	(561,101)	300,246	(3,179,116)
Other improvements	(838,874)	(216,663)	-	(1,055,537)
Machinery, equipment and vehicles	(8,498,768)	(1,337,374)	631,373	(9,204,769)
Total accumulated depreciation	<u>(88,186,200)</u>	<u>(2,735,435)</u>	<u>944,023</u>	<u>(89,977,612)</u>
Total capital assets being depreciated, net	<u>38,379,146</u>	<u>27,384,755</u>	<u>(810,474)</u>	<u>64,953,427</u>
Governmental activities capital assets, net	<u>\$ 81,416,481</u>	<u>\$ 46,670,428</u>	<u>(28,638,501)</u>	<u>\$ 99,448,408</u>
Business-type activities:				
Capital assets, being depreciated:				
Vehicles	\$ 1,164,409	\$ 404,397	\$ (100,388)	\$ 1,468,418
Machinery and equipment	527,768	46,009	(135,000)	438,777
Total capital assets being depreciated	<u>1,692,177</u>	<u>450,406</u>	<u>(235,388)</u>	<u>1,907,195</u>
Less accumulated depreciation for:				
Vehicles	(788,038)	(92,480)	40,155	(840,363)
Machinery and equipment	(267,461)	(29,716)	29,716	(267,461)
Total accumulated depreciation	<u>(1,055,499)</u>	<u>(122,196)</u>	<u>69,871</u>	<u>(1,107,824)</u>
Total capital assets being depreciated, net	<u>636,678</u>	<u>328,210</u>	<u>(165,517)</u>	<u>799,371</u>
Business-type activities capital assets, net	<u>\$ 636,678</u>	<u>\$ 328,210</u>	<u>\$ (165,517)</u>	<u>\$ 799,371</u>

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

Governmental activities:	
General government	\$ 810,286
Public safety	648,612
Public works, including depreciation of general infrastructure	689,073
Health and welfare	144,708
Culture and recreation	442,756
	<u>2,735,435</u>
Total depreciation expense - governmental activities	<u>\$ 2,735,435</u>
Business-type activities:	
Sanitation	<u>\$ 122,196</u>

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(7) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 32,708,895	\$ -	\$ (1,172,464)	\$ 31,536,431	\$ 1,213,855
Premium	557,702	-	(29,225)	528,477	-
Interest rate swap	589,424	80,831	(178,227)	492,028	-
Capital leases	2,135,476	-	(175,855)	1,959,621	183,649
Net OPEB obligation	2,889,007	1,625,343	(265,547)	4,248,803	-
Compensated absences	732,394	712,659	(686,428)	758,625	675,176
Governmental activities long-term liabilities	\$ 39,612,898	\$ 2,418,833	\$ (2,507,746)	\$ 39,523,985	\$ 2,072,680
Business-type activities:					
Compensated absences	\$ 41,360	\$ 60,997	\$ (64,164)	\$ 38,193	\$ 33,992
Business-type activities long-term liabilities	\$ 41,360	\$ 60,997	\$ (64,164)	\$ 38,193	\$ 33,992

For governmental activities, compensated absences and OPEB liabilities are typically liquidated in the general fund.

Governmental Activities:

General Obligation

General Obligation bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2011:

\$7,253,713 Series 2005 Douglasville Public Purpose Corporation Authority bonds, serviced through lease payments from the City, due in annual installments commencing September 2, 2005 of \$19,062 to \$478,306 through April 1, 2026, bond interest at a variable rate (\$5,931,431 outstanding). The bonds were issued to finance the cost of constructing a public service building. When the bonds were issued, the City entered into an interest rate swap transaction with a hedge provider. The fair value balance of the City's derivative instruments outstanding at June 30, 2011, was (\$492,028). The notional amount of the City's derivative instruments was \$5,931,431 as of June 30, 2011. The fair values were estimated using a proprietary pricing model based on past, present, and estimated future market conditions. As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in 2005, the City entered into an interest rate swap in connection with the variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 4.11 percent. The swap counterparty was rated A by Standard & Poor's. The bonds and the related swap agreement mature on April 1, 2026. Under the swap, the City pays the counterparty a fixed payment of 4.11 percent and receives a variable payment based on the one month USA-LIBOR-BBA plus 1.15%. The bond's variable-rate coupons are based on the one month USA-LIBOR-BBA plus 1.15%. At June 30, 2011, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The City is exposed to interest rate risk. As the LIBOR rate decreases, the City's net payment on the swap increases. The City is exposed to basis risk

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

because the variable-rate payments received by the City on the hedging derivative instrument are based on an index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed weekly. The City or the counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability.

\$23,000,000 Series 2009 Douglasville Police Station Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 2010 of \$645,000 to \$1,680,000 through February 1, 2029; interest at 2.0 to 5.0 percent (\$21,535,000 outstanding). The bonds were issued to finance the cost of the acquisition, construction and furnishing of a facility to house public safety and municipal courts operations.

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2011:

\$4,325,000 Series 2005 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing December 1, 2005 of \$60,000 to \$300,000 through December 1, 2035; interest at 5.95 percent (\$4,070,000 outstanding). The bonds were issued to construct a golf course.

The following is a schedule of the future payments on outstanding Governmental Activities bonds as of June 30, 2011:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 1,213,855	\$ 1,344,705	\$ 2,558,560
2013	1,262,031	1,310,535	2,572,566
2014	1,304,461	1,270,545	2,575,006
2015	1,357,841	1,224,581	2,582,422
2016	1,411,440	1,176,691	2,588,131
2017-2021	7,979,608	4,946,629	12,926,237
2022-2026	9,857,195	3,028,102	12,885,297
2027-2031	5,820,000	1,025,525	6,845,525
2032-2036	1,330,000	246,925	1,576,925
Total	<u>\$ 31,536,431</u>	<u>\$ 15,574,238</u>	<u>\$ 47,110,669</u>

Capital Leases

The City leases certain equipment with costs totaling \$4,658,373. The interest rates for the leases are 4.05% - 4.24%. The leases qualify as capital leases.

The following is a schedule of the future payments on outstanding Governmental Activities capital leases as of June 30, 2011:

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Year Ending June 30,	Principal	Interest	Total
2012	\$ 183,649	\$ 82,311	\$ 265,960
2013	191,160	74,800	265,960
2014	199,395	66,565	265,960
2015	207,771	58,189	265,960
2016	216,500	49,460	265,960
2017-2020	961,146	102,692	1,063,838
Total	<u>\$ 1,959,621</u>	<u>\$ 434,017</u>	<u>\$ 2,393,638</u>

(8) PROPERTY TAXES

Douglas County Georgia bills and collects real and personal property taxes for the City. Ad valorem tax on motor vehicles and mobile homes is collected by the Douglas County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in October of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on October 15, 2010. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 60 days after the tax bill mailing. At that later date, generally mid-December, the bill becomes delinquent, subject to lien, and penalties and interest may be assessed by the City. Assessed values are established by the Douglas County Tax Assessor's office and are currently calculated at 40% of the market value.

(9) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City.

All City employees are eligible to participate in the System upon completion of one year of service; elected officials have no waiting period for eligibility. Benefits vest after completing five years of service. Elected officials are immediately vested.

Normal retirement age is 65 with 5 years of credited service. A reduced benefit is payable at age 55 with 10 years of service. An early unreduced benefit is payable after achieving the Rule of 75 (minimum age of 55 plus years of service to equal 75).

The January 1, 2010 valuation is used to determine the recommended contribution for the fiscal year 2011. During the plan year, total pension contributions were \$1,000,794. The City's payroll for employees covered by the System's defined benefit plan was \$7,982,291 as of January 1, 2011. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% a year, (b) projected salary increases of 3.5% a year, (c) additional projected salary increases attributable to seniority or merit, (d) cost of living adjustments of 3.5% a year, and (e) no post retirement benefit increases.

**CITY OF DOUGLASVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The City makes all contributions to the plan. Employees are not required to contribute to the plan. Contributions are determined under the projected unit credit actuarial cost method and the asset valuation method (roll forward prior years actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years).

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Employer contributions represented 12.5% of current year covered payroll and were in accordance with actuarial recommendations. The contribution requirement was \$1,000,794.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)	Annual Amount Contributed
6/30/11	\$ 1,000,794	100%	\$ -	\$ 1,000,794
6/30/10	1,484,502	97%	-	1,442,100
6/30/09	954,780	98%	(42,402)	932,764

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/11	\$ 20,560,317	\$ 19,587,953	\$ (972,364)	105.0%	\$ 7,982,291	-12.2%

The Schedule of Funding Progress presented as required supplemental information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Georgia Municipal Employee Benefit System issues a publicly available financial report. That report may be obtained by writing to:

Georgia Municipal Association
 Risk Management and Employee Benefit Service
 201 Pryor Street, SW
 Atlanta, Georgia 30303

(10) POST EMPLOYMENT HEALTH CARE PLAN

The City implemented GASB 45 prospectively during the year ended June 30, 2009.

Plan Description - The City contributes to the Georgia Municipal Employees Benefit System

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

("System"), an agent multiple-employer public employee post employment health care plan system that acts as a common investment and administrative agent for cities in the state of Georgia. All of the City's employees may become eligible for post employment healthcare benefits if they retire on or after the age of 55 with at least 20 years of service. As of January 1, 2011, there were 43 retirees eligible for the benefits and 203 active participants. The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City. The City has the authority to establish and amend benefit provisions.

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. The plan is financed on a pay-as-you-go basis. During the fiscal year 2011, the City contributed \$265,547 to the plan. The cost of benefits for retirees is paid entirely by the City.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation	Annual Amount Contributed
6/30/11	\$ 1,625,343	16%	\$ 4,248,803	\$ 265,547
6/30/10	1,641,384	15%	2,889,007	244,950
6/30/09	1,700,611	12%	1,492,573	208,038

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/11	\$ -	\$ 13,214,736	\$ 13,214,736	0.0%	\$ 8,247,391	160.2%

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a thirty year period. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 1,696,760
Interest on net OPEB obligation	115,560
Adjustment to annual required contribution	(186,977)
Annual OPEB cost	1,625,343
Contributions made	(265,547)
(Increase) decrease in net OPEB obligation	1,359,796
Net OPEB obligation, beginning of year	2,889,007
Net OPEB obligation, end of year	\$ 4,248,803

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are

**CITY OF DOUGLASVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

compared with past expectations and new estimates are made about the future. The schedule of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a thirty year period. The schedule of funding progress, presented above, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	1/2011
Actuarial cost method	Projected unit credit with benefits attributed From date of hire to date of decrement
Amortization method	Level dollar closed
Remaining amortization period	23 years as of July 1, 2010
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	4.0%
Inflation rate	3.5%
Medical and Drug Costs	9.0% graded to 5.00% over 8 years
Dental Cost trend rate	7.0% graded to 5% over 4 years

The Georgia Municipal Employee Benefit System issues a publicly available financial report. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Service, 201 Pryor Street, SW., Atlanta, Georgia 30303.

(11) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

To select a person to serve as a Member representative.

To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.

To follow all loss reduction and prevention procedures established by GIRMA.

To furnish to GIRMA such budget, operating and underwriting information as may be requested.

To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund whereby the risk is pooled with other entities.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in

**CITY OF DOUGLASVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

(12) JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the ten county Atlanta region is a member of the Atlanta Regional Commission (ARC). Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a RDC. Separate financial statements may be obtained from the Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, Georgia 30303.

(13) COMMITMENTS AND CONTINGENCIES

Litigation: The City is involved in various claims and matters of litigation which, in the opinion of the City Attorney, the potential claims against the City by insurance resulting from such litigation would not materially affect the financial statements of the City.

Grant Contingencies: The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to disallowance of certain expenditures previously reimbursed by those agencies.

(14) DEFICIT FUND BALANCES

SPLOST Fund	\$ (1,267,786)
Police Station Fund	\$ (175,051)
Multiple Grant Fund	\$ (151,434)
Youth Against Violence Fund	\$ (10,696)
GEMA Flood Fund	\$ (200,786)
Conference Center Fund	\$ (270,279)
Bright Star Connector Fund	\$ (102,836)

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Deficits in the SPLOST, Multiple Grant, Youth Against Violence, and GEMA Flood Fund will be funded by future intergovernmental revenues. Deficits in the Police Station, Conference Center Fund and the Bright Start Connector Fund will be funded by transfers from the General Fund.

(15) FUND BALANCE

The composition of the City's fund balances is as follows:

	General Fund	Confiscated Assets Fund	SPLOST Fund	Police Station Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepays	\$ 322,034	\$ -	\$ -	\$ -	\$ 242	\$ 322,276
Inventories	27,276	-	-	-	-	27,276
Restricted for:						
Culture & recreation	221,811	-	-	-	358,966	580,777
Debt service	-	-	-	-	54,490	54,490
Public safety	-	4,103,209	-	-	-	4,103,209
Unassigned	8,799,775	-	(1,267,786)	(175,051)	(736,031)	6,620,907
	<u>\$ 9,370,896</u>	<u>\$ 4,103,209</u>	<u>\$ (1,267,786)</u>	<u>\$ (175,051)</u>	<u>\$ (322,333)</u>	<u>\$ 11,708,935</u>

(16) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had expenditures in excess of appropriations for the fiscal year ended June 30, 2011:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Fund:			
General government:			
Clerk of council:			
Personal services	\$ 67,910	\$ 68,660	\$ (750)
Engineering:			
Personal services	224,546	224,758	(212)
Other operating expenditures	29,848	36,550	(6,702)

(17) RESTATEMENT

GASB Statement 54 "Fund balance Reporting and Governmental Fund Type Definitions" enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City implemented this standard in fiscal year 2011. The City analyzed all funds previously reported as special revenue and capital project funds and determined that the Conference Center and Convention and Visitors Bureau (CVB) should not be classified as separate special revenue funds. The transactions of these two funds are reported within the Hotel/Motel Tax Fund beginning in fiscal year 2011. The City

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

also determined the West Pines Golf Course should not be reported as a Capital Project Fund. The transactions of the West Pines Golf Course Fund are reported within the General Fund beginning in fiscal year 2011. The City also determined the Convention and Conference Center Authority and Public Purpose Corporation funds should be presented as Special Revenue Funds rather than Capital Project funds.

Below is a summary of restated accounts.

	General Fund	Hotel/Motel Tax	Conference Center	CVB	West Pines
Net assets/fund balance:					
As previously reported	\$ 9,659,736	\$ -	\$ 385,330	\$ 119,688	\$ 513,962
Restatement	513,962	505,018	(385,330)	(119,688)	(513,962)
As restated	<u>\$ 10,173,698</u>	<u>\$ 505,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in net assets/fund balance:					
As previously reported	\$ 1,094,775	\$ -	\$ 144,148	\$ (3,108)	\$ (237,171)
Effect of restatement	(237,171)	141,040	(144,148)	3,108	237,171
As restated	<u>\$ 857,604</u>	<u>\$ 141,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(18) SUBSEQUENT EVENT

Subsequent to year end the Douglasville Convention and Conference Center Authority issued \$9,640,000 Revenue Bonds (Conference Center Project) Series 2011 and \$3,770,000 Revenue Bonds (Conference Center Project) Series 2012 for the purpose of paying all or a portion of the costs of designing, acquiring and constructing a community center and parking facilities and property to be leased to the City. The City and the Authority entered into an Intergovernmental Contract whereby the City has agreed to pay the Authority amounts sufficient to pay the debt service on the bonds.

**CITY OF DOUGLASVILLE, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS**

Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/11	\$ 20,560,317	\$ 19,587,953	\$ (972,364)	105.0%	\$ 7,982,291	-12.2%
01/01/10	18,945,505	18,194,052	(751,453)	104.1%	8,083,208	-9.3%
01/01/09	14,609,394	19,481,401	4,872,007	75.0%	7,685,037	63.4%

OPEB Health Care Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/11	\$ -	\$ 13,214,736	\$ 13,214,736	0.0%	\$ 8,247,391	160.2%
01/01/09	-	12,403,797	12,403,797	0.0%	8,340,917	148.7%

**CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 12,749,781	\$ 13,925,505	\$ 13,925,505	\$ -
Charges for services	651,147	634,628	637,121	2,493
Licenses and permits	1,730,008	2,001,866	2,110,938	109,072
Fines and forfeitures	1,897,345	1,904,551	1,918,657	14,106
Intergovernmental revenues	8,000	8,000	5,150	(2,850)
Investment earnings	95,000	100,000	75,765	(24,235)
Miscellaneous revenue	41,277	58,508	145,528	87,020
Total revenues	17,172,558	18,633,058	18,818,664	185,606
Expenditures:				
Current:				
General government				
Mayor and council				
Personal services	198,079	206,398	206,398	-
Other operating expenditures	99,356	91,037	67,328	23,709
	<u>297,435</u>	<u>297,435</u>	<u>273,726</u>	<u>23,709</u>
Clerk of Council				
Personal services	67,910	67,910	68,660	(750)
Other operating expenditures	10,651	10,651	8,184	2,467
	<u>78,561</u>	<u>78,561</u>	<u>76,844</u>	<u>1,717</u>
City Manager				
Personal services	224,465	224,465	209,933	14,532
Other operating expenditures	84,876	91,876	82,737	9,139
	<u>309,341</u>	<u>316,341</u>	<u>292,670</u>	<u>23,671</u>
Financial administration				
Personal services	421,070	421,070	413,044	8,026
Other operating expenditures	153,856	153,856	130,607	23,249
Capital outlay	300	300	-	300
	<u>575,226</u>	<u>575,226</u>	<u>543,651</u>	<u>31,575</u>
Legal				
Personal services	109,852	109,852	104,429	5,423
Other operating expenditures	92,269	92,269	76,509	15,760
	<u>202,121</u>	<u>202,121</u>	<u>180,938</u>	<u>21,183</u>
Information services				
Personal services	163,762	184,127	184,127	-
Other operating expenditures	419,536	316,955	316,955	-
Capital outlay	22,500	165,767	165,767	-
	<u>605,798</u>	<u>666,849</u>	<u>666,849</u>	<u>-</u>
Human resources				
Personal services	137,291	137,291	128,014	9,277
Other operating expenditures	18,040	18,040	12,517	5,523
	<u>155,331</u>	<u>155,331</u>	<u>140,531</u>	<u>14,800</u>

Continued

**CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Building and grounds				
Personal services	48,269	48,269	45,168	3,101
Other operating expenditures	60,799	60,799	57,003	3,796
	<u>109,068</u>	<u>109,068</u>	<u>102,171</u>	<u>6,897</u>
Communications				
Personal services	264,540	265,556	265,556	-
Other operating expenditures	65,295	64,279	33,122	31,157
Capital outlay	16,540	28,699	20,007	8,692
	<u>346,375</u>	<u>358,534</u>	<u>318,685</u>	<u>39,849</u>
Engineering				
Personal services	224,546	224,546	224,758	(212)
Other operating expenditures	29,848	29,848	36,550	(6,702)
	<u>254,394</u>	<u>254,394</u>	<u>261,308</u>	<u>(6,914)</u>
General administration				
Personal services	344,568	359,146	293,928	65,218
Other operating expenditures	998,229	454,883	454,883	-
	<u>1,342,797</u>	<u>814,029</u>	<u>748,811</u>	<u>65,218</u>
Total general government	<u>4,276,447</u>	<u>3,827,889</u>	<u>3,606,184</u>	<u>221,705</u>
Judicial				
Municipal court				
Personal services	358,057	446,035	446,035	-
Other operating expenditures	146,035	155,835	147,481	8,354
Capital outlay	5,500	5,500	4,219	1,281
Total judicial	<u>509,592</u>	<u>607,370</u>	<u>597,735</u>	<u>9,635</u>
Public safety				
Police				
Personal services	7,050,761	7,072,938	6,945,608	127,330
Other operating expenditures	1,460,914	1,632,802	1,460,763	172,039
Capital outlay	178,944	5,955	4,166	1,789
Total public safety	<u>8,690,619</u>	<u>8,711,695</u>	<u>8,410,537</u>	<u>301,158</u>
Public Works				
Street maintenance				
Personal services	827,196	813,196	808,828	4,368
Other operating expenditures	739,014	886,586	817,818	68,768
Capital outlay	-	379,145	379,145	-
	<u>1,566,210</u>	<u>2,078,927</u>	<u>2,005,791</u>	<u>73,136</u>

Continued

**CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Garage				
Personal services	109,844	111,682	111,682	-
Other operating expenditures	42,400	40,562	14,657	25,905
	<u>152,244</u>	<u>152,244</u>	<u>126,339</u>	<u>25,905</u>
Total public works	<u>1,718,454</u>	<u>2,231,171</u>	<u>2,132,130</u>	<u>99,041</u>
Culture and recreation				
Hunter Park				
Personal services	431,408	423,408	336,616	86,792
Other operating expenditures	426,142	442,511	418,032	24,479
Capital outlay	30,164	30,164	3,344	26,820
	<u>887,714</u>	<u>896,083</u>	<u>757,992</u>	<u>138,091</u>
Jessie Davis Park				
Personal services	152,709	160,709	153,162	7,547
Other operating expenditures	69,164	69,164	62,891	6,273
Capital outlay	41,325	41,325	31,477	9,848
	<u>263,198</u>	<u>271,198</u>	<u>247,530</u>	<u>23,668</u>
Total culture and recreation	<u>1,150,912</u>	<u>1,167,281</u>	<u>1,005,522</u>	<u>161,759</u>
Housing and development				
Inspections				
Personal services	281,178	308,556	308,556	-
Other operating expenditures	34,065	34,065	24,614	9,451
	<u>315,243</u>	<u>342,621</u>	<u>333,170</u>	<u>9,451</u>
Planning and zoning				
Personal services	152,803	152,803	149,084	3,719
Other operating expenditures	54,174	54,174	11,610	42,564
	<u>206,977</u>	<u>206,977</u>	<u>160,694</u>	<u>46,283</u>
Code enforcement				
Personal services	184,249	184,249	178,627	5,622
Other operating expenditures	146,157	146,157	141,855	4,302
	<u>330,406</u>	<u>330,406</u>	<u>320,482</u>	<u>9,924</u>
Community development				
Personal services	133,748	135,060	135,060	-
Other operating expenditures	64,648	63,336	47,610	15,726
Capital outlay	50,000	50,000	14,727	35,273
	<u>248,396</u>	<u>248,396</u>	<u>197,397</u>	<u>50,999</u>
Total housing and development	<u>1,101,022</u>	<u>1,128,400</u>	<u>1,011,743</u>	<u>116,657</u>

Continued

**CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Debt Service				
Principal	169,140	995,855	995,855	-
Interest	96,818	969,582	969,582	-
Total debt service	265,958	1,965,437	1,965,437	-
Total expenditures	17,713,004	19,639,243	18,729,288	909,955
Excess (deficiency) of revenues over expenditures	(540,446)	(1,006,185)	89,376	1,095,561
Other financing sources (uses):				
Transfers in	561,080	561,080	566,160	5,080
Sale of capital assets	-	31,722	31,722	-
Transfers out	-	-	(1,490,060)	(1,490,060)
Total other financing sources (uses)	561,080	592,802	(892,178)	(1,484,980)
Net change in fund balance	\$ 20,634	\$ (413,383)	(802,802)	\$ (389,419)
Fund balance at beginning of year, as restated			10,173,698	
Fund balance at end of year			\$ 9,370,896	

**CITY OF DOUGLASVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Fines and forfeitures	\$ 973,584	\$ 973,584	\$ 897,965	\$ (75,619)
Investment earnings	29,000	29,000	50,363	21,363
Miscellaneous revenues		-	3,488	3,488
Total Revenues	1,002,584	1,002,584	951,816	(50,768)
Expenditures:				
Current:				
Public safety	1,069,379	1,069,379	531,359	538,020
Total Expenditures	1,069,379	1,069,379	531,359	538,020
Excess (deficiency) of revenues over expenditures	(66,795)	(66,795)	420,457	487,252
Other financing sources (uses):				
Transfers in	-	-	41,402	41,402
Sale of capital assets		-	15,635	15,635
Total other financing sources (uses)	-	-	57,037	57,037
Net change in fund balance	\$ (66,795)	\$ (66,795)	477,494	\$ 544,289
Fund balance at beginning of year			3,625,715	
Fund balance at end of year			\$ 4,103,209	

**CITY OF DOUGLASVILLE, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011**

	Special Revenue Funds				
	Multiple Grant	Hotel/Motel Tax	Youth Against Violence	Rental Car Tax Fund	Convention and Conference Center Authority
<u>ASSETS</u>					
Cash	\$ -	\$ 200,065	\$ -	\$ 1	\$ -
Receivables, net:					
Other	143,088	64,285	-	11,901	-
Prepaid items	-	242	-	-	-
Due from other funds	-	100,659	-	-	-
Total assets	\$ 143,088	\$ 365,251	\$ -	\$ 11,902	\$ -
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 9,697	\$ 4,207	\$ -	\$ -	\$ -
Accrued liabilities	8,248	13,738	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	276,577	-	10,696	-	-
Total liabilities	294,522	17,945	10,696	-	-
Fund balances:					
Nonspendable	-	242	-	-	-
Restricted	-	347,064	-	11,902	-
Unassigned	(151,434)	-	(10,696)	-	-
Total fund balance (deficit)	(151,434)	347,306	(10,696)	11,902	-
Total liabilities and fund balance	\$ 143,088	\$ 365,251	\$ -	\$ 11,902	\$ -

**CITY OF DOUGLASVILLE, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011**

Public Purpose Corporation	Capital Projects Funds				Total Non-Major Governmental Funds
	GEMA Flood	Conference Center	Fire Station	Bright Star Connector	
\$ 89,794	\$ -	\$ -	\$ -	\$ -	\$ 289,860
-	287,636	-	-	-	506,910
-	-	-	-	-	242
-	-	-	-	-	100,659
<u>\$ 89,794</u>	<u>\$ 287,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,671</u>
\$ 65	\$ 87,765	\$ -	\$ -	\$ 12,873	\$ 114,607
-	-	-	-	-	21,986
35,239	287,636	-	-	-	322,875
-	113,021	270,279	-	89,963	760,536
<u>35,304</u>	<u>488,422</u>	<u>270,279</u>	<u>-</u>	<u>102,836</u>	<u>1,220,004</u>
-	-	-	-	-	242
54,490	-	-	-	-	413,456
-	(200,786)	(270,279)	-	(102,836)	(736,031)
<u>54,490</u>	<u>(200,786)</u>	<u>(270,279)</u>	<u>-</u>	<u>(102,836)</u>	<u>(322,333)</u>
<u>\$ 89,794</u>	<u>\$ 287,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,671</u>

**CITY OF DOUGLASVILLE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds				
	Multiple Grant	Hotel/Motel Tax	Youth Against Violence	Rental Car Tax Fund	Convention and Conference Center Authority
Revenues:					
Taxes	\$ -	\$ 1,144,046	\$ -	\$ 129,518	\$ -
Charges for services	-	142,304	-	-	-
Intergovernmental	751,860	-	-	-	-
Investment earnings	-	990	-	-	-
Miscellaneous revenues	-	29,865	225	-	-
Total revenues	<u>751,860</u>	<u>1,317,205</u>	<u>225</u>	<u>129,518</u>	<u>-</u>
Expenditures:					
Current:					
General government	9,733	-	-	-	-
Public safety	631,569	-	17,648	-	-
Housing and development	154,107	-	-	-	-
Culture and recreation	-	603,757	-	-	-
Debt service	-	-	-	-	314,247
Capital projects	-	-	-	-	-
Total expenditures	<u>795,409</u>	<u>603,757</u>	<u>17,648</u>	<u>-</u>	<u>314,247</u>
Excess (deficiency) of revenues over expenditures	<u>(43,549)</u>	<u>713,448</u>	<u>(17,423)</u>	<u>129,518</u>	<u>(314,247)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	314,247
Transfers out	-	(871,160)	-	(339,202)	-
Total other financing sources (uses)	<u>-</u>	<u>(871,160)</u>	<u>-</u>	<u>(339,202)</u>	<u>314,247</u>
Net change in fund balance	<u>(43,549)</u>	<u>(157,712)</u>	<u>(17,423)</u>	<u>(209,684)</u>	<u>-</u>
Fund balance (deficit) at beginning of year, as restated	<u>(107,885)</u>	<u>505,018</u>	<u>6,727</u>	<u>221,586</u>	<u>-</u>
Fund balance (deficit) at end of year	<u><u>\$ (151,434)</u></u>	<u><u>\$ 347,306</u></u>	<u><u>\$ (10,696)</u></u>	<u><u>\$ 11,902</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Public Purpose Corporation	Capital Projects Funds				Total Non-Major Governmental Funds
	GEMA Flood	Conference Center	Fire Station	Bright Star Connector	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,273,564
-	-	-	-	-	142,304
-	313,240	-	-	-	1,065,100
6	-	-	55	-	1,051
543,320	24,650	-	-	-	598,060
543,326	337,890	-	55	-	3,080,079
-	-	-	-	-	9,733
-	-	-	73	-	649,290
-	-	-	-	-	154,107
8,210	-	-	-	-	611,967
525,998	-	-	-	-	840,245
-	288,260	238,096	-	38,848	565,204
534,208	288,260	238,096	73	38,848	2,830,546
9,118	49,630	(238,096)	(18)	(38,848)	249,533
-	-	689,202	-	-	1,003,449
-	-	-	(7,958)	-	(1,218,320)
-	-	689,202	(7,958)	-	(214,871)
9,118	49,630	451,106	(7,976)	(38,848)	34,662
45,372	(250,416)	(721,385)	7,976	(63,988)	(356,995)
\$ 54,490	\$ (200,786)	\$ (270,279)	\$ -	\$ (102,836)	\$ (322,333)

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
 MULTIPLE GRANT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ 751,860	\$ 751,860	\$ -
Total Revenues	<u>751,860</u>	<u>751,860</u>	<u>-</u>
Expenditures:			
Current:			
General government	9,733	9,733	-
Public safety	1,137,836	631,569	506,267
Housing and development	154,107	154,107	-
Total Expenditures	<u>1,301,676</u>	<u>795,409</u>	<u>506,267</u>
Excess (deficiency) of revenues over expenditures	<u>(549,816)</u>	<u>(43,549)</u>	<u>506,267</u>
Net change in fund balance	<u>\$ (549,816)</u>	<u>(43,549)</u>	<u>\$ 506,267</u>
Fund balance at beginning of year		<u>(107,885)</u>	
Fund balance at end of year		<u>\$ (151,434)</u>	

**CITY OF DOUGLASVILLE, GEORGIA
HOTEL / MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 648,106	\$ 1,144,046	\$ 495,940
Charges for services	110,000	142,304	32,304
Investment earnings	6,200	990	(5,210)
Miscellaneous revenues	72,131	29,865	(42,266)
Total Revenues	<u>836,437</u>	<u>1,317,205</u>	<u>480,768</u>
Expenditures:			
Current:			
Culture and recreation	699,287	603,757	95,530
Total Expenditures	<u>699,287</u>	<u>603,757</u>	<u>95,530</u>
Other financing sources (uses):			
Transfers out	-	(871,160)	(871,160)
Total other financing sources (uses)	<u>-</u>	<u>(871,160)</u>	<u>(871,160)</u>
Net change in fund balance	<u>\$ 137,150</u>	<u>(157,712)</u>	<u>\$ (294,862)</u>
Fund balance at beginning of year		<u>505,018</u>	
Fund balance at end of year		<u>\$ 347,306</u>	

**CITY OF DOUGLASVILLE, GEORGIA
YOUTH AGAINST VIOLENCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous revenues	\$ -	\$ 225	\$ 225
Total Revenues	<u>-</u>	<u>225</u>	<u>225</u>
Expenditures:			
Current:			
Public safety	33,900	17,648	16,252
Total Expenditures	<u>33,900</u>	<u>17,648</u>	<u>16,252</u>
Excess (deficiency) of revenues over expenditures	<u>(33,900)</u>	<u>(17,423)</u>	<u>16,477</u>
Net change in fund balance	<u>\$ (33,900)</u>	<u>(17,423)</u>	<u>\$ 16,477</u>
Fund balance at beginning of year		<u>6,727</u>	
Fund balance at end of year		<u>\$ (10,696)</u>	

**CITY OF DOUGLASVILLE, GEORGIA
 RENTAL CAR SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	<u>\$ 100,000</u>	<u>\$ 129,518</u>	<u>\$ 29,518</u>
Total Revenues	<u>100,000</u>	<u>129,518</u>	<u>29,518</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>129,518</u>	<u>29,518</u>
Other financing sources (uses):			
Transfers out	<u>(339,202)</u>	<u>(339,202)</u>	<u>-</u>
Total other financing sources (uses)	<u>(339,202)</u>	<u>(339,202)</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (239,202)</u></u>	<u>(209,684)</u>	<u><u>\$ 29,518</u></u>
Fund balance at beginning of year		<u>221,586</u>	
Fund balance at end of year		<u><u>\$ 11,902</u></u>	

**CITY OF DOUGLASVILLE, GEORGIA
CONVENTION AND CONFERENCE CENTER AUTHORITY
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Expenditures:			
Debt service	\$ 314,247	\$ 314,247	\$ -
Total Expenditures	<u>314,247</u>	<u>314,247</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(314,247)</u>	<u>(314,247)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	<u>314,247</u>	<u>314,247</u>	<u>-</u>
Total other financing sources (uses)	<u>314,247</u>	<u>314,247</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		<u>\$ -</u>	

**CITY OF DOUGLASVILLE, GEORGIA
PUBLIC PURPOSE CORPORATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues			
Investment earnings	\$ 6	6	\$ -
Miscellaneous revenues	543,320	543,320	-
Total Revenues	<u>543,326</u>	<u>543,326</u>	<u>-</u>
Expenditures:			
Current:			
Culture and recreation	8,210	8,210	-
Debt service	525,998	525,998	-
Total Expenditures	<u>534,208</u>	<u>534,208</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,118</u>	<u>9,118</u>	<u>18,236</u>
Net change in fund balance	<u>\$ 9,118</u>	9,118	<u>\$ -</u>
Fund balance at beginning of year		<u>45,372</u>	
Fund balance at end of year		<u>\$ 54,490</u>	

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
BENEFICIARY FUND				
Assets:				
Cash	\$ 37,450	\$ 417,600	\$ 425,452	\$ 29,598
Liabilities:				
Due to other governments and individuals	\$ 37,450	\$ 417,600	\$ 425,452	\$ 29,598

STATISTICAL SECTION

(Unaudited)

This part of The City of Douglasville'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.

Contents

Financial Trends

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

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

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

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 reports for the relevant year.

City of Douglasville, Georgia
Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities								
Invested in capital assets, net of related debt	\$ 33,043,038	\$ 30,120,795	\$ 34,002,999	\$ 43,749,967	\$ 53,151,651	\$ 55,527,069	\$ 60,337,266	\$ 65,423,890
Restricted	-	321,480	333,076	349,394	362,639	365,659	4,213,000	4,516,907
Unrestricted	1,805,625	9,211,347	9,892,792	12,980,486	10,488,043	9,143,182	4,805,205	4,602,812
Total governmental activities net assets	\$ 34,848,663	\$ 39,653,622	\$ 44,228,867	\$ 57,079,847	\$ 64,002,333	\$ 65,035,910	\$ 69,355,471	\$ 74,543,609
Business-type activities								
Invested in capital assets, net of related debt	\$ 291,754	\$ 353,353	\$ 517,311	\$ 707,981	\$ 741,194	\$ 768,628	\$ 636,678	\$ 799,371
Unrestricted	562,948	927,972	1,494,217	2,056,286	2,519,857	2,835,959	3,226,160	2,989,304
Total business-type activities net assets	\$ 854,702	\$ 1,281,325	\$ 2,011,528	\$ 2,764,267	\$ 3,261,051	\$ 3,604,587	\$ 3,862,838	\$ 3,788,675
Primary government								
Invested in capital assets, net of related debt	\$ 33,334,792	\$ 30,474,148	\$ 34,520,310	\$ 44,457,948	\$ 53,892,845	\$ 56,295,697	\$ 60,973,944	\$ 66,223,261
Restricted	-	321,480	333,076	349,394	362,639	365,659	4,213,000	4,516,907
Unrestricted	2,368,573	10,139,319	11,387,009	15,036,772	13,007,900	11,979,141	8,031,365	7,592,116
Total primary government net assets	\$ 35,703,365	\$ 40,934,947	\$ 46,240,395	\$ 59,844,114	\$ 67,263,384	\$ 68,640,497	\$ 73,218,309	\$ 78,332,284

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004. Restatement to 2009's ending net assets was made to correct Local Option Sales Tax.

City of Douglasville, Georgia
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities:								
General government	\$ 8,372,757	\$ 3,506,276	\$ 3,693,108	\$ 4,125,003	\$ 4,520,811	\$ 4,729,133	\$ 4,503,356	5,202,563
Judicial	-	375,125	268,309	261,879	320,989	400,197	630,881	658,943
Public safety	7,425,906	7,209,476	7,371,184	8,199,075	9,467,312	10,525,769	10,583,333	10,202,244
Public works	1,634,846	1,816,799	1,583,598	2,519,655	2,031,641	2,041,937	4,116,124	2,101,565
Housing and development	-	1,082,001	1,626,733	2,398,897	1,613,271	1,491,222	1,147,220	1,277,614
Health and Welfare	-	-	-	-	-	108,384	144,708	144,708
Culture and recreation	1,673	3,279,811	1,157,181	1,275,954	5,144,631	2,302,582	1,132,943	2,130,160
Interest on long-term debt	116,825	172,643	667,393	689,096	625,884	620,554	789,110	1,861,057
Total governmental activities expenses	<u>17,552,007</u>	<u>17,442,131</u>	<u>16,367,506</u>	<u>19,469,559</u>	<u>23,724,539</u>	<u>22,219,778</u>	<u>23,047,675</u>	<u>23,578,854</u>
Business-type activities:								
Sanitation	2,924,030	2,975,147	2,952,907	3,351,924	3,410,936	3,485,237	3,412,766	3,689,442
Total business-type activities expenses	<u>2,924,030</u>	<u>2,975,147</u>	<u>2,952,907</u>	<u>3,351,924</u>	<u>3,410,936</u>	<u>3,485,237</u>	<u>3,412,766</u>	<u>3,689,442</u>
Total primary government expenses	<u>\$ 20,476,037</u>	<u>\$ 20,417,278</u>	<u>\$ 19,320,413</u>	<u>\$ 22,821,483</u>	<u>\$ 27,135,475</u>	<u>\$ 25,705,015</u>	<u>\$ 26,460,441</u>	<u>\$ 27,268,296</u>
Program Revenues								
Governmental Activities:								
Charges for service:								
General government	\$ 1,154,694	\$ 2,975,276	\$ 3,227,607	\$ 3,987,106	\$ 3,844,037	3,559,677	2,254,399	2,188,238
Housing	-	-	-	-	-	-	234,665	509,097
Judicial	1,284,445	1,137,021	1,178,890	1,192,270	1,475,400	1,650,572	2,040,382	1,816,603
Public safety	-	547,185	778,756	1,914,549	521,733	1,377,450	314,151	363,673
Culture and recreation	-	-	129,580	126,518	150,823	146,294	226,520	280,822
Operating grants and contributions	2,070,187	172,168	90,662	43,747	65,296	18,015	1,506,986	1,503,681
Capital grants and contributions	-	1,308,711	29,456	5,090,781	4,152,586	173,513	2,827,459	398,650
Total governmental activities program revenues	<u>4,509,326</u>	<u>6,140,361</u>	<u>5,434,951</u>	<u>12,354,971</u>	<u>10,209,875</u>	<u>6,925,521</u>	<u>9,404,562</u>	<u>7,060,764</u>
Business-type activities:								
Charges for services:								
Sanitation	3,316,190	3,429,919	3,699,760	4,082,617	3,942,026	3,823,295	3,760,796	3,658,354
Total business-type activities program revenues	<u>3,316,190</u>	<u>3,429,919</u>	<u>3,699,760</u>	<u>4,082,617</u>	<u>3,942,026</u>	<u>3,823,295</u>	<u>3,760,796</u>	<u>3,658,354</u>
Total primary government program revenues	<u>\$ 7,825,516</u>	<u>\$ 9,570,280</u>	<u>\$ 9,134,711</u>	<u>\$ 16,437,588</u>	<u>\$ 14,151,901</u>	<u>\$ 10,748,816</u>	<u>\$ 13,165,358</u>	<u>10,719,118</u>

City of Douglasville, Georgia
Changes in Net Assets
Last Eight Fiscal Years

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue								
Governmental activities	\$ (22,343,974)	\$ (11,302,070)	\$ (10,932,555)	\$ (7,114,588)	\$ (13,514,624)	\$ (15,294,257)	\$ (13,643,113)	\$ (16,518,090)
Business-type activities	1,139,086	454,772	746,853	730,693	531,090	338,058	348,030	(31,088)
Total primary government net expense	<u>\$ (21,204,888)</u>	<u>\$ (10,847,298)</u>	<u>\$ (10,185,702)</u>	<u>\$ (6,383,895)</u>	<u>\$ (12,983,534)</u>	<u>\$ (14,956,199)</u>	<u>\$ (13,295,083)</u>	<u>\$ (16,549,178)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 7,745,604	\$ 3,289,001	\$ 3,566,065	\$ 3,845,787	\$ 4,522,459	\$ 4,752,206	\$ 6,421,627	\$ 5,563,615
Sales taxes	10,618,202	6,218,268	6,168,327	9,728,513	9,441,788	5,544,003	5,768,997	10,244,877
Other taxes and miscellaneous	1,372,588	4,800,167	5,264,655	5,828,816	5,775,782	5,672,736	5,726,915	5,721,070
Unrestricted investment earnings	17,131	64,616	468,956	537,630	445,450	358,889	59,994	131,666
Gain on sale of capital assets	-	(308,145)	4,797	24,822	206,631	-	-	-
Transfers	-	35,000	35,000	-	45,000	-	45,000	45,000
Total governmental activities	<u>\$ 19,753,525</u>	<u>\$ 14,098,907</u>	<u>\$ 15,507,800</u>	<u>\$ 19,965,568</u>	<u>\$ 20,437,110</u>	<u>\$ 16,327,834</u>	<u>\$ 18,022,533</u>	<u>\$ 21,706,228</u>
Business-type activities								
Investment earnings	\$ (2,352)	\$ 6,851	\$ 18,350	\$ 22,046	\$ 10,694	\$ 5,478	\$ 221	\$ 1,925
Transfers	-	(35,000)	(35,000)	-	(45,000)	-	(45,000)	(45,000)
Total business-type activities	<u>(2,352)</u>	<u>(28,149)</u>	<u>(16,650)</u>	<u>22,046</u>	<u>(34,306)</u>	<u>5,478</u>	<u>(44,779)</u>	<u>(43,075)</u>
Total primary government	<u>\$ 19,751,173</u>	<u>\$ 14,070,758</u>	<u>\$ 15,491,150</u>	<u>\$ 19,987,614</u>	<u>\$ 20,402,804</u>	<u>\$ 16,333,312</u>	<u>\$ 17,977,754</u>	<u>\$ 21,663,153</u>
Change in Net Assets								
Governmental activities	\$ 6,710,844	\$ 3,404,104	\$ 4,575,245	\$ 12,850,980	\$ 6,922,486	\$ 1,033,577	\$ 4,379,420	\$ 5,188,138
Business-type activities	394,512	426,623	730,203	752,739	496,784	343,536	303,251	(74,163)
Total primary government	<u>\$ 7,105,356</u>	<u>\$ 3,830,727</u>	<u>\$ 5,305,448</u>	<u>\$ 13,603,719</u>	<u>\$ 7,419,270</u>	<u>\$ 1,377,113</u>	<u>\$ 4,682,671</u>	<u>\$ 5,113,975</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

City of Douglasville, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 1,616,197	\$ -	\$ 425,369	\$ 495,996	\$ 103,672	\$ 848,165	\$ 426,792	\$ 243,496	\$ 134,846	\$ -
Unreserved	1,935,233	1,674,435	43,120	3,071,609	6,683,356	9,130,852	7,423,336	8,617,489	9,524,890	-
Nonspendable	-	-	-	-	-	-	-	-	-	349,310
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	221,811
Unassigned	-	-	-	-	-	-	-	-	-	8,799,775
Total general fund	\$ 3,551,430	\$ 1,674,435	\$ 468,489	\$ 3,567,605	\$ 6,787,028	\$ 9,979,017	\$ 7,850,128	\$ 8,860,985	\$ 9,659,736	\$ 9,370,896

All Other Governmental Funds

Reserved	\$ -	\$ -	\$ 149,318	\$ 1,074,726	\$ 121	\$ 2,164	\$ -	\$ 2,486	\$ 29	\$ -
Unreserved, reported in:										
Special revenue funds	-	767,761	1,094,542	1,396,598	1,724,090	3,168,666	2,340,670	3,589,246	4,000,716	-
Capital projects funds	-	-	-	3,085,512	1,882,725	313,027	226,185	(1,489,651)	10,131,882	-
Nonspendable	-	-	-	-	-	-	-	-	-	242
Restricted	-	-	-	-	-	-	-	-	-	4,516,665
Unassigned	-	-	-	-	-	-	-	-	-	(2,178,868)
Total all other governmental funds	\$ -	\$ 767,761	\$ 1,243,860	\$ 5,556,836	\$ 3,606,936	\$ 3,483,857	\$ 2,566,855	\$ 2,102,081	\$ 14,132,627	\$ 2,338,039

Note: The increase in unreserved Capital Projects in fiscal year 2005 is due to bonds being issued for improving parks and recreation facilities.

Note: The increase in unreserved General Fund in fiscal year 2006 and 2007 is due to conservative budgeting with respect to revenues, a budgetary item to increase fund balance and

Note: Restatement to 2009's ending fund balance was made to correct Local Option Sales Tax.

The City implemented GASB 54 in fiscal year 2011.

City of Douglasville, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 11,507,150	\$ 12,892,314	\$ 19,558,420	\$ 14,285,636	\$ 14,977,323	\$ 19,385,214	\$ 19,619,663	\$ 16,009,963	\$ 15,766,406	\$ 15,199,069
Licenses and permits	971,629	850,218	732,456	2,052,650	2,321,229	2,419,479	2,181,608	1,913,722	1,800,170	2,110,938
Intergovernmental	591,191	356,391	2,075,950	480,879	120,118	1,402,168	485,522	191,528	3,486,238	7,256,155
Fines and forfeitures	1,350,673	1,967,707	1,808,834	1,137,021	1,388,503	1,142,319	1,425,449	1,640,407	2,684,958	2,816,622
Charges for service	178,127	164,443	315,379	1,227,266	646,577	651,004	721,576	759,114	659,782	779,425
Contributions	-	-	-	1,000,000	-	-	-	-	-	-
Interest Income	46,814	26,112	17,131	64,616	468,956	537,630	445,450	358,889	286,276	131,632
Other Revenues	1,393,995	504,137	373,729	242,515	1,169,187	2,957,690	1,613,449	2,410,585	1,112,731	747,076
Total revenues	16,039,579	16,761,322	24,881,899	20,490,583	21,091,893	28,495,504	26,492,717	23,284,208	25,796,561	29,040,917
Expenditures										
General government	3,784,522	3,907,679	4,268,128	3,229,943	3,459,868	3,745,071	3,875,742	\$ 4,173,384	\$ 3,981,957	\$ 3,615,917
Judicial	-	418,269	511,747	374,280	269,336	261,351	319,960	369,494	583,930	597,735
Public safety	7,175,396	7,757,531	7,300,642	6,926,533	7,142,253	7,866,159	8,895,892	9,014,053	11,682,538	9,591,186
Public works	2,536,751	2,053,477	1,832,470	1,205,661	1,409,621	1,295,048	1,515,114	1,567,043	1,811,247	2,132,130
Culture and recreation	935,402	738,830	727,785	1,507,168	1,379,683	2,164,752	4,732,364	1,977,135	1,764,467	1,617,489
Housing and development	651,173	448,647	409,320	1,082,001	1,161,612	1,142,823	1,378,811	1,283,117	989,040	1,165,850
Capital outlay	2,424,574	2,129,719	9,494,874	5,245,872	10,866,209	7,375,488	8,104,995	3,295,180	12,920,739	19,690,713
Debt service	-	-	-	-	-	-	-	-	-	-
Interest	68,967	125,233	127,668	119,418	700,294	894,588	465,002	627,081	985,231	1,457,363
Principal	14,630	852,988	505,189	601,756	590,212	706,136	631,772	482,738	1,210,995	1,348,319
Bond Issuance Cost	-	-	-	379,525	140,750	-	-	-	442,275	-
Total expenditures	17,591,415	18,432,373	25,177,823	20,672,157	27,119,838	25,451,416	29,919,652	22,789,225	36,372,419	41,216,702
Excess of revenues over (under) expenditures	(1,551,836)	(1,671,051)	(295,924)	(181,574)	(6,027,945)	3,044,088	(3,426,935)	494,983	(10,575,858)	(12,175,785)
Other Financing Sources (Uses)										
Transfers in	94,688	1,359,670	806,614	4,237,263	1,714,861	1,923,855	4,168,395	7,266,785	1,765,758	2,753,380
Transfers out	(83,597)	(1,359,670)	(806,614)	(4,202,263)	(1,679,861)	(1,923,855)	(4,123,395)	(7,266,785)	(1,720,758)	(2,708,380)
Insurance Recoveries	-	-	-	-	-	-	-	-	71,688	-
Bonds issued	-	-	-	4,325,000	7,253,713	-	-	-	23,000,000	-
Premium on bonds issued	-	-	-	-	-	-	-	-	584,491	-
Capital leases	1,050,936	554,577	232,524	2,964,000	-	-	-	-	-	-
Sale of capital assets	-	-	-	35,755	8,755	24,822	336,044	6,100	-	47,357
Total other financing sources (uses)	1,062,027	554,577	232,524	7,359,755	7,297,468	24,822	381,044	6,100	23,701,179	92,357
Net change in fund balances	\$ (489,809)	\$ (1,116,474)	\$ (63,400)	\$ 7,178,181	\$ 1,269,523	\$ 3,068,910	\$ (3,045,891)	\$ 501,083	\$ 13,125,321	\$ (12,083,428)
Debt service as a percentage of noncapital expenditures	1%	6%	4%	4%	8%	8%	5%	5%	9%	14%

City of Douglasville, Georgia
Tax Revenue by Source, Governmental Funds
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Excise Tax	Franchise Tax	Premium Tax	Hotel Motel & Car Rental	Other	Total
2002	5,049,190	3,328,567	1,082,503	1,265,437	728,842	1,045,819	13,395	12,513,753
2003	2,869,772	3,387,802	931,939	1,674,989	799,707	734,030	12,615	10,410,854
2004	3,205,315	3,730,010	912,106	1,449,937	861,895	695,921	44,075	10,899,259
2005	3,267,201	4,056,623	941,340	1,441,884	934,059	493,621	13,636	11,148,364
2006	3,544,341	6,168,327	957,140	1,547,376	1,004,925	1,420,772	334,442	14,977,323
2007	3,827,885	5,305,914	954,123	1,748,191	1,051,403	1,420,772	364,980	14,673,268
2008	4,402,093	9,441,788	954,492	1,800,208	1,096,730	1,573,772	350,580	19,619,663
2009	4,752,206	5,544,003	980,503	1,844,589	1,123,002	1,385,477	339,165	15,968,945
2010	6,287,017	5,182,714	883,142	1,914,034	1,112,466	1,273,757	37,034	16,690,164
2011	5,531,632	10,379,214	1,051,872	2,029,849	1,080,135	1,273,564	38,708	21,384,974

Note: SPLOST revenues are included with Sales Tax.

City of Douglasville, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Digest Year	Real Property	Personal Property	Public Utilities Property	Motor Vehicles Mobile Homes	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	213,096,922	327,294,915	35,860,578	33,831,705	(3,324,294)	606,759,826	4.59	1,516,899,565	40.00
2002	240,847,012	377,823,176	31,782,865	38,364,862	(4,391,966)	684,425,949	4.41	1,711,064,873	40.00
2003	315,503,582	446,771,709	30,553,434	41,697,733	(6,963,647)	827,562,811	3.897	2,068,907,028	40.00
2004	722,831,878	112,407,141	25,331,668	40,343,687	(6,283,741)	894,630,633	3.897	2,236,576,583	40.00
2005	804,547,973	125,355,175	21,300,701	39,940,488	(11,405,495)	979,738,842	3.854	2,449,347,105	40.00
2006	870,063,249	123,175,612	21,222,763	40,436,924	(15,239,802)	1,039,722,922	3.854	2,599,307,305	40.00
2007	1,050,196,963	146,729,540	21,046,457	46,944,204	(28,385,502)	1,236,531,662	3.854	3,091,329,155	40.00
2008	1,100,345,728	154,867,223	11,727,391	52,957,564	(29,684,849)	1,290,213,057	3.854	3,225,532,643	40.00
2009	1,068,869,950	153,968,444	12,696,315	58,056,715	(29,613,729)	1,263,977,695	3.854	3,159,944,238	40.00
2010	1,087,146,826	153,996,576	12,039,977	53,073,942	(26,007,021)	1,280,250,300	5.069	3,200,625,750	40.00

Source: Douglas County Tax Digest

Notes: Property in the county is reassessed once every three years. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

City of Douglasville, Georgia
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Digest Year	Direct Rates			Overlapping Rates			Total Direct & Overlapping Rates
	City of Douglasville	Bond City of Douglasville	Total Direct	Douglas County	Douglas County Board of Education	State of Georgia	
2001	4.41		4.41	9.46	20.1	0.25	34.22
2002	3.897		3.897	9.19	19.52	0.25	32.86
2003	3.897		3.897	7.73	19.77	0.25	31.65
2004	3.854		3.854	7.73	19.48	0.25	31.32
2005	3.854		3.854	7.35	18.40	0.25	29.85
2006	3.854		3.854	8.24	19.30	0.25	31.64
2007	3.854		3.854	8.24	19.70	0.25	32.04
2008	3.854		3.854	8.24	20.30	0.25	32.64
2009	3.854	1.266	5.12	7.932	21.35	0.25	34.65
2010	3.854	1.215	5.069	9.9	24.1	0.25	39.32

Source: Douglas County Board of Tax Assessors

Note: Overlapping rates are those of local and county governments that apply to property owners within The City of Douglasville

City of Douglasville, Georgia
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City of Douglasville/ Douglas County</u>	<u>City SPLOST Sales Tax</u>	<u>State of Georgia Sales Tax</u>	<u>Total Direct & Overlapping Rates</u>
2002	2.00	1.00	4.00	7.00
2003	2.00	1.00	4.00	7.00
2004	2.00	1.00	4.00	7.00
2005	2.00	1.00	4.00	7.00
2006	2.00	1.00	4.00	7.00
2007	2.00	1.00	4.00	7.00
2008	2.00	-	4.00	6.00
2009	2.00	-	4.00	6.00
2010	2.00	1.00	4.00	7.00
2011	2.00	1.00	4.00	7.00

Source: City of Douglasville Department of Finance

Note: * The City and County negotiate every 10 years on the split of Sales Tax proceeds, currently the split is 22% (City) and 78% (County).

City of Douglasville, Georgia
Sales and Use Tax Revenues by Category
Last Ten Years
(In Thousands of Dollars)

Category	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Food	\$ 689,228	\$ 695,741	\$ 728,477	\$ 747,671	\$ 735,960	\$ 819,634	\$ 819,441	\$ 845,618	\$ 834,672	\$ 748,485
Apparel	150,043	153,679	157,202	164,444	182,225	198,801	213,481	207,470	420,108	575,702
General Merchandise	644,603	653,915	660,093	683,158	700,580	747,110	774,009	759,189	847,253	775,611
Automotive	726,590	754,206	747,453	781,142	802,723	852,560	896,204	847,972	475,678	348,853
Home	462,252	413,206	390,914	416,875	458,021	526,192	533,673	5,003	367,027	358,412
Lumber	428,043	422,478	419,651	469,784	527,019	591,547	587,397	471,709	83,052	24,751
Service	479,684	435,276	408,805	390,625	389,003	431,632	442,189	484,621	342,631	375,956
Manufacturers	247,772	225,248	203,946	236,040	251,923	293,166	299,505	282,586	456,237	579,431
Utilities	560,184	516,350	540,911	548,445	596,235	664,579	707,998	760,253	340,207	317,311
Misc	445,075	447,258	307,399	491,542	520,524	615,590	634,977	625,189	124,582	40,708
Total	\$ 4,833,474	\$ 4,717,357	\$ 4,564,851	\$ 4,929,726	\$ 5,164,213	\$ 5,740,811	\$ 5,908,874	\$ 5,289,610	\$ 4,291,446	\$ 4,145,222

Total County/ City Sales Tax Rate**	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
-------------------------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Note: * The City and County negotiate every 10 years on the split of Sales Tax proceeds, currently the split is 22% (City) and 78% (County).

Source: Georgia Department of Revenue

**** Information above specific to the State of Georgia and not to Douglas County or Douglasville.**
***** State of Georgia 2008 Statistical Report**

City of Douglasville, Georgia
Principal Property Taxpayers
Current Year and Prior Year

Taxpayer	2011			2008 *		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Staples contract and Commercial	\$ 13,363,265	1	1.22%	\$ 9,752,926	8	0.75%
Arbor Place II, LLC	11,161,960	2	1.02%	13,589,346	1	1.05%
Blue Valley Apartments	9,147,956	3	0.84%			
DDRTC Douglasville Pavilion, LLC	8,800,000	4	0.80%	9,459,535	2	0.73%
Centerpoint Properties Trust	8,280,880	5	0.76%	8,317,171	6	0.64%
WPRE I Rocky Ridge, LLC	8,000,000	6	0.73%	8,800,000	4	0.68%
Carlyle Centennial Lenox LP	7,671,000	7	0.70%	7,905,946	7	0.61%
Mt. Vernon Associates LP	7,324,688	8	0.67%	7,440,000	10	0.58%
SCI Brodick Hill Fund LLC ETAL	7,199,992	9	0.66%	8,669,883	5	0.67%
Carlyle Centennial Sweetwater Creek LP	6,968,680	10	0.64%	7,905,946	9	0.61%
Douglasville Development				9,036,849	3	0.70%
Total	<u>\$ 87,918,421</u>		<u>8.04%</u>	<u>\$ 81,124,676</u>		<u>6.27%</u>

Source: Douglas County Tax Asssors
Total City Tax Digest

City of Douglasville, Georgia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	3,014,896	2,754,769	91.37%	56,248	2,811,017	93.24%
2003	3,225,914	2,834,189	87.86%	84,785	2,918,974	90.49%
2004	3,299,427	2,993,398	90.72%	45,290	3,038,688	92.10%
2005	3,447,903	3,215,977	93.27%	28,268	3,244,245	94.09%
2006	3,775,914	3,537,107	93.68%	52,987	3,590,094	95.08%
2007	4,007,092	3,774,897	94.21%	52,370	3,827,267	95.51%
2008	4,765,593	4,402,093	92.37%	148,781	4,550,874	95.49%
2009	4,971,710	4,793,224	96.41%	99,837	4,893,061	98.42%
2010	6,471,566	6,107,062	94.37%	153,861	6,260,924	96.75%
2011	5,638,882	5,336,879	94.64%		5,336,879	94.64%

Sources: City of Douglasville Finance Department

City of Douglasville, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ²	Per Capita ²
	Note Payable	Capital Leases	Revenue Bonds	GO Bonds			
2002	1,200,000	954,722	-	-	2,154,722	-	95
2003	2,234,665	871,612	-	-	3,106,277	-	133
2004	2,007,543	852,372	-	-	2,859,915	-	117
2005 ¹	519,563	3,445,630	4,325,000	-	8,290,193	-	352
2006	267,025	3,016,939	4,325,000	7,234,651	14,843,615	0.000099%	589
2007	-	2,622,422	4,325,000	6,994,939	13,942,361	0.000064%	468
2008	-	2,466,649	4,265,000	6,745,710	13,477,359	0.000064%	427
2009	-	2,304,617	4,205,000	6,485,004	12,994,621	0.000067%	432
2010	-	2,135,476	4,140,000	28,568,895	34,844,371	0.000154%	1,159
2011	-	1,959,621	4,070,000	27,466,431	33,496,052	0.000139%	1,082

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ No principal payments made until 2008

² See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Douglasville, Georgia
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Obligation Debt			
Lease/Purchase	\$ 1,959,621	100.00%	\$ 1,959,621
Bonds	\$ 31,536,431	100.00%	31,536,431
	<u>\$ 33,496,052</u>		<u>\$ 33,496,052</u>
Overlapping General Obligation Debt			
Douglas County	\$ 99,845,000	30.208%	\$ 30,161,076
Douglas County School District FY 10	215,230,000	30.208%	65,016,460
	<u>\$ 315,075,000</u>		<u>\$ 95,177,537</u>
 Total Direct and Overlapping Debt	 <u>\$ 348,571,052</u>		 <u>\$ 128,673,589</u>

The percentage of overlapping debt applicable is estimated using taxable assessed property values.

City of Douglasville, Georgia Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 60,675,982	\$ 68,442,594	\$ 82,760,931	\$ 84,665,822	\$ 90,091,337	\$ 103,972,292	\$ 126,491,716	\$ 131,969,791	\$ 129,359,142	\$ 130,625,732
Total net debt applicable to limit	-	-	-	-	11,559,651	11,319,939	11,010,710	10,690,004	32,708,895	31,536,431
Legal debt margin	\$ 60,675,982	\$ 68,442,594	\$ 82,760,931	\$ 84,665,822	\$ 78,531,686	\$ 92,652,353	\$ 115,481,006	\$ 121,279,787	\$ 96,650,247	\$ 99,089,301
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	12.83%	10.89%	8.70%	8.10%	25.29%	24.14%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 1,280,250,300
Add back exempt real property	26,007,021
Total assessed value	<u>1,306,257,321</u>
Debt limit (10% of total assessed value)	130,625,732
Debt applicable to limit:	
Revenue bonds	4,070,000
General obligation bonds	27,466,431
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>31,536,431</u>
Legal debt margin	<u>\$ 99,089,301</u>

City of Douglasville, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population¹	Personal Income	Per Capita Personal Income²	Median Age¹	County School Enrollment	Unemployment Rate³
2002	22,609	-	-	-	18,775	5.80%
2003	23,437	-	-	-	19,738	5.70%
2004	24,449	-	-	34	20,896	5.60%
2005	23,562	-	-	-	21,928	5.40%
2006	25,216	594,391,552	23,572	-	23,951	5.20%
2007	29,776	727,904,096	24,446	-	24,162	5.00%
2008	31,163	667,044,015	21,405	33	24,403	4.80%
2009	30,098	644,247,690	21,405	33	24,215	12.60%
2010	31,004	753,118,164	24,291	29.5	24,417	9.40%
2011	30,961	778,638,189	25,149	31.0	24,250	9.80%

Data sources

¹Census GR2 2000 / Douglasville Development Authority

²Douglas County Development Authority

³Douglasville Development Authority

Note: School enrollment provided by The Douglas County Board of Education.

**City of Douglasville, Georgia
Principal Employers
Current Year and Prior Year**

Employer	2011			Employer	2010		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
Wal-Mart Super Center	750	1	3.85%	Wal-Mart Super Center	750	1	3.85%
Kroger	487	2	2.50%	Kroger	487	2	2.50%
American Red Cross	450	3	2.31%	American Red Cross	450	3	2.31%
Benton Georgia	300	4	1.54%	Benton Georgia	244	4	1.25%
Sams Club	180	5	0.92%	Sams Club	180	5	0.92%
Home Depot	155	6	0.80%	Home Depot	151	6	0.78%
ALP Lighting Systems	120	7	0.62%	ALP Lighting Systems	105	7	0.54%
Medline	111	8	0.57%	Nioxin	98	8	0.50%
G & L Marble	96	9	0.49%	Publix	97	9	0.50%
Reflek Manufacturing	75	10	0.39%	Royal Metal	92	10	0.47%
Total	<u>2,724</u>		<u>13.99%</u>	Total	<u>2,562</u>		<u>13.63%</u>

Source: Douglas County Development Authority

**This data is obtained from various sources including but not limited to press releases, private discussion, company disclosures, Department of Labor, and other sources.

City of Douglasville, Georgia
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30,</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government:										
Governing Body	9	9	9	9	9	9	8	8	8	9
Chief Executive (Mgr. Or Admin.)	4	4	4	5	5	4	4	5	5	5
IT / MIS	3	3	3	3	2	4	4	5	5	2
Police Records & Court	10	9	10	9	8	10	10	10	10	12
Financial Administration	9	8	8	7	8	8	8	8	8	8
General Govt. Bldgs. & Plant	11	10	8	8	7	2	2	2	1	1
Human Resources	1	2	1	2	2	2	2	2	2	2
Public Safety:										
Police Administration	10	8	6	6	6	5	5	5	9	10
Police - IT	-	-	-	-	-	-	-	-	-	2
Police Detective	14	14	15	14	12	17	15	15	18	17
Police Special OPS	7	7	8	6	4	8	8	6	7	7
Police Patrol	54	41	41	41	55	53	45	52	46	54
Police Motors	-	10	10	5	4	5	6	6	6	4
Police Training	-	-	-	-	-	-	-	-	-	2
Police SRO	8	9	9	8	5	7	10	6	4	2
Building Inspections	8	8	8	8	8	7	8	3	5	5
Code Enforcement	3	2	3	3	3	4	4	3	3	3
Planning & Zoning	6	3	3	2	2	2	2	1	1	2
Engineering	6	2	2	1	2	2	4	3	3	3
Community Development	-	-	-	-	-	2	3	4	4	4
Tourism	-	-	-	-	-	3	5	3	2	2
Culture/Recreation Administration	6	5	6	3	4	4	6	5	4	4
Conference Center	4	3	3	3	4	3	3	3	2	3
West Pines Golf	-	-	2	1	-	-	-	-	-	-
Parks Areas	7	8	9	9	9	9	8	9	9	8
Highways & Streets Admin.	20	18	16	14	12	17	18	18	18	15
Traffic Engineering										
Sanitary Administration	14	14	16	14	19	22	21	17	17	20
Maintenance & Shop	2	2	2	2	2	2	2	2	2	2
Video Production	-	-	-	-	-	-	-	4	4	4
Development Authority	-	-	-	-	-	-	-	1	1	1
Keep Douglasville Beautiful	-	-	-	-	-	-	-	3	3	4
Total	216	199	202	183	192	211	211	209	207	217

Source: City of Douglasville Finance Dept

City of Douglasville, Georgia
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public Works:										
Street resurfacing (feet)	11,386	33,426	68,595	15,810	59,638	34,266	15,167	12,883	5280	5280
Police protection*:										
Number of citations written	7,870	6,505	6,027	6,060	8,909	10,096	10,322	11,744	14165	10,738
Number of automobile accidents	2,696	2,748	2,863	2,785	1,371	2,739	2,675	2,359	1989	2307
Number of reported crimes	2,243	2,475	2,693	3,121	1,548	3,288	3,050	5,452	3894	4768
**Sanitation:										
Large items pickup	-	-	-	-	-	510	217	56	123	97

Sources: *City of Douglasville Courts and Records
** City Sanitation Department

City of Douglasville, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public works:										
Miles of streets	95	162	162	162	162	164	164	165	165	166
Number of street lights	2,040	2,040	2,040	2,040	2,040	2,040	2,044	2,046	2,046	2,048
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	2
Number of police officers	95	93	93	95	95	95	89	89	82	91
Building permits issued	498	698	443	511	742	503	411	377	179	141
Recreation and culture:										
Number of parks	5	7	7	7	7	8	8	8	8	8
Park acreage	108	288	288	288	288	420	420	420	420	420

Sources: Various city departments.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON CAR RENTAL TAX SCHEDULE OF REVENUE
RECEIVED AND EXPENDITURES INCURRED

City of Douglasville
Douglasville, Georgia

We have audited the accompanying Car Rental Tax Schedule of Revenue Received and Expenditures Incurred for the City of Douglasville, Georgia for the year ended June 30, 2011. This schedule is the responsibility of the City of Douglasville's management. Our responsibility is to express an opinion on the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred 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 Car Rental Tax Schedule of Revenue Received and Expenditures Incurred is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Car Rental Tax Schedule of Revenue Received and Expenditures Incurred was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-13-93 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Douglasville's revenues and expenses.

In our opinion, the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures for each project in the City of Douglasville's resolution or ordinance calling for the tax for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.



Moore & Cubbedge, LLP
Marietta, Georgia

December 23, 2011

**CITY OF DOUGLASVILLE, GEORGIA
CAR RENTAL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 129,518</u>	<u>\$ 339,202</u>	<u>262%</u>

INDEPENDENT AUDITOR'S REPORT ON HOTEL/MOTEL TAX SCHEDULE OF REVENUE
RECEIVED AND EXPENDITURES INCURRED

City of Douglasville
Douglasville, Georgia

We have audited the accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred for the City of Douglasville, Georgia for the year ended June 30, 2011. This schedule is the responsibility of the City of Douglasville's management. Our responsibility is to express an opinion on the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred 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 Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-13-51 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Douglasville's revenues and expenses.

In our opinion, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures for each project in the City of Douglasville's resolution or ordinance calling for the tax for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP
Marietta, Georgia

December 23, 2011

CITY OF DOUGLASVILLE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 1,144,046</u>	<u>\$ 1,144,046</u>	<u>100%</u>

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE LOCAL SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL SALES TAX
PROCEEDS

City of Douglasville
Douglasville, Georgia

We have audited the accompanying Special Purpose Local Sales Tax Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds for the City of Douglasville, Georgia for the year ended June 30, 2011. This schedule is the responsibility of the City of Douglasville's management. Our responsibility is to express an opinion on the 1 Special Purpose Local Sales Tax Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds 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 Special Purpose Local Sales Tax Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Special Purpose Local Sales Tax Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Special Purpose Local Sales Tax Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Special Purpose Local Sales Tax Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Douglasville's revenues and expenses.

In our opinion, the Special Purpose Local Sales Tax Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds referred to above presents fairly, in all material respects, the original estimated cost, the revised estimated cost, and the current and prior year expenditures for each project in the City of Douglasville's resolution or ordinance calling for the tax for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP
Marietta, Georgia

December 23, 2011

Michael R. Crace Jean K. Hawkins Richard H. Lewis Tammy A. Galvis Donald L. McGrath Jr. Retired: C. Frank Moore Edwin W. Cubbedge III

T 770.422.0500 F 770.421.6440 366 Powder Springs Street Marietta, Georgia 30064 www.moore-cubb.com

**CITY OF DOUGLASVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL
PURPOSE LOCAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percent Complete
			Prior Years	Current Year	Total	
2002:						
Public works:						
Stewart Mill/ Douglas BLVD	\$ -	\$ 409,952	\$ 408,983	\$ -	\$ 408,983	100%
Hospital Drive Widening	331,000	3,689,735	3,690,725	-	3,690,725	100%
Sidewalks	83,864	1,209,475	934,797	41,199	975,996	81%
Hwy 92	231,818	1,325,687	1,285,993	19,080	1,305,073	98%
Bright Star Connector	-	2,372,028	2,697,690	314,592	3,012,282	127%
Timber Ridge/ Chapel Hill	-	4,634,654	4,686,371	-	4,686,371	101%
Resurfacing	196,490	2,032,488	2,031,933	-	2,031,933	100%
LCI 03 Streetscape	2,742,000	2,372,028	2,591,162	-	2,591,162	109%
LCI 04 Gateway & sidewalks	-	148,786	176,907	-	176,907	119%
LCI 05	-	146,499	146,499	-	146,499	100%
	<u>3,585,172</u>	<u>18,341,332</u>	<u>18,651,060</u>	<u>374,871</u>	<u>19,025,931</u>	
Culture and recreation:						
West Pines Golf Course	6,427,960	6,405,737	6,357,323	30,000	6,387	0%
Hunter Park	4,788,355	8,056,432	1,886,160	6,029,554	7,915,714	98%
Jessie Davis Park Renovation	1,650,754	1,958,997	1,953,342	-	1,953,342	100%
Fowler Field	-	80,300	80,300	-	80,300	100%
Administrative Fees	-	193,210	193,210	-	193,210	100%
Contingency	-	-	-	-	-	0%
	<u>12,867,069</u>	<u>16,694,676</u>	<u>10,470,335</u>	<u>6,059,554</u>	<u>10,148,953</u>	
Total	<u>\$ 16,452,241</u>	<u>\$ 35,036,008</u>	<u>\$ 29,121,395</u>	<u>\$ 6,434,425</u>	<u>\$ 29,174,884</u>	

Note: Prior years expenditures have been adjusted.