

CITY OF DOUGLASVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



CITY OF DOUGLASVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**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, 2013**

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INTRODUCTORY SECTION



Harvey Persons
Mayor

William D. Osborne
City Manager

Joyce Stone
City Clerk

City Council
Mark E. Adams
LaShun B. Danley
Samuel Davis
Douglas H. Lequire
Michael J. Miller
Carl D. Pope
Larry G. Yockey

February 28, 2014

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, 2013, 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 is accurate in all material respects and is 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, 2013, the City has three component units: the Douglasville Convention and Conference Center Authority, the Douglasville Public Purpose Corporation and the Douglasville 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.

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 projection from the Douglasville Development Authority, the city of Douglasville has a population of 34,839. 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, increase productivity and reduce operating expenses. The City's commercial properties comprise 50.4% 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; however, there is a recommendation by the City Council not to go below \$ 4.5 million which is three months of operating expenses.

As in the previous year, fiscal year 2012-2013 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 was completed in 2013. The 2007 SPLOST which passed did not include any funds for the City of Douglasville and only included the tier one project which was the County Jail. The Jail is projected to cost \$87 million dollars.

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 Police Department hosts different agencies at the Center for training. The City has kept a precinct in the downtown area. This debt is paid through a bond millage.

During the end of Fiscal year 2012 and the early part of 2013 the City and the County governments negotiated and agreed on Local Option Sales tax for the next decade. The City's share increased. The percentage the City will receive in January of 2013 went from 20% to 23.5%. Currently, every 1% is equivalent to \$240,000. This is based on current projections and will increase or decrease as County-wide sales taxes increase or decrease. The City's percentage will increase over the next ten years. It was negotiated on a sliding scale to allow time for the County Government to adjust their budget accordingly. The percentages of LOST that the City will receive over the next decade are as follows:

2014	24.75%
2015	25.50%
2016	26.29%
2017	27.43%
2018	28.57%
2019	28.57%
2020	28.57%
2021	28.57%
2022	28.57%

The City constructed a new Convention and Conference Center with a three story parking deck. The facility is 38,000 square feet which includes the largest ballroom on the west side of metro Atlanta and which has various other meeting and event rooms that feature state of the art equipment.

City Officials asked for Legislation to be passed to allow the City to collect another 1% of Hotel Motel Tax. It was passed by the Local Legislator's and the Hotel Motel tax went from 7% to 8% which the City will use to pay debt service for the Center. The City also receives rental car tax revenue. This tax revenue will also go to pay a portion of the debt service allocated to the parking deck. The parking deck is enjoyed by all downtown establishments.

The City took over West Pines Golf Course in August of 2012. West Pines Golf Course is now

operated by the City Government. It was previously operated by a management company who were paid a monthly management fee. The Management Company did not have the resources to make the improvements to keep the Golf Course maintained properly. The Golf Course is now grouped with the Parks and Recreation Department. The staff that was working for the Management Company continues to work for the City. The transition from an operations standpoint was seamless. The City appropriated necessary funds to make the needed improvements.

The Golf Course was renovated and funded by both SPLOST funds and a taxable bond issue. SPLOST funds purchased the land and bond revenue funded the renovation. Now that the City is operating the Golf Course, the bonds were refunded and reissued at a non-taxable rate which will save the City over \$1,200,000 over the life of the bonds.

The City is looking at the OPEB (Other Post Employment Benefit) liability closely. During FY 13 the city decided to leave the Georgia Municipal Association and request proposals for Health-care costs. The City evaluated the plans closely and went with Kaiser Permanente. This saved the City over \$500,000 based on the renewal rates presented to the City by GMA. This health-care plan is for retirees as well and will also lower the OPEB liability. The Human Resource Director has made the recommendation to the Finance Committee Chair in FY 13 to look closely at ending the Health Insurance coverage after the retiree is eligible for Medicare. When the City realizes a larger share of the Local Option Sales tax, then funding the OPEB liability will be first priority. In the interim, the GASB 45 evaluations and keeping costs at a minimum are the City's top priority.

Major Initiatives:

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. It has been announced by Congressman David Scott, The Georgia Department of Transportation and the Atlanta Regional Commission that construction of the HWY 92 project would begin in 2014. The City of Douglasville has spent over 3 million over the past decade on preliminary engineering and environmental assessments. During the past two years, 43 million has been spent on right of way acquisition; utility costs total some \$ 65.5 million. All costs of this project will be more than \$111 million.

The City received a \$1,000,000 grant with a matching portion of \$250,000 from GDOT for banners, lighting and sidewalks along the streets of Douglasville and will be complete with this project by the end of 2014.

The City of Douglasville entered into an agreement with GDOT to provide HERO units to patrol I-20 to aid motorists with stalled vehicles and other types of problems including wrecks where deaths or serious injury occur.

A grant was received for a new Welcome Center in Downtown Douglasville for \$500,000 which is

currently in the design phase. The project would provide electrical connections and improved lighting on the Plaza to enhance the overall experience of events that bring crucial revenue to the City.

The City of Douglasville Development Authority has initiated several economic development projects which will result in a projected \$210 million and 900 new jobs for the City. This includes McMaster-Carr, Gordon Foods, Bio Life and a new addition to Med-line. In addition, the Douglasville City Council changed the zoning ordinance to better able facilitate growth of the motion picture industry. The City of Douglasville Development authority will continue to focus on business retention and expansion.

Another initiative the City is working on is the Comprehensive Plan. The key assets that were identified are the Downtown Douglasville, Arbor Place Mall, economic amenities and infrastructure, natural resources, location, medical services, higher education for senior services, the people, historic preservation and technical education. Challenges included workforce development, an aging population, balanced growth, redevelopment, transportation, government coordination and business development.

Service Delivery Strategy Plan, required by state law will frame the way services are provided between the City of Douglasville and Douglas County.

During 2013 the City and Google worked together to form a public-private partnership. Google has provided WIFI which covers 67 acres in Douglasville. The concentration of WIFI is in the City Parks and the downtown area.

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 is 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 Crace Galvis McGrath, LLC 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, 2012. 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

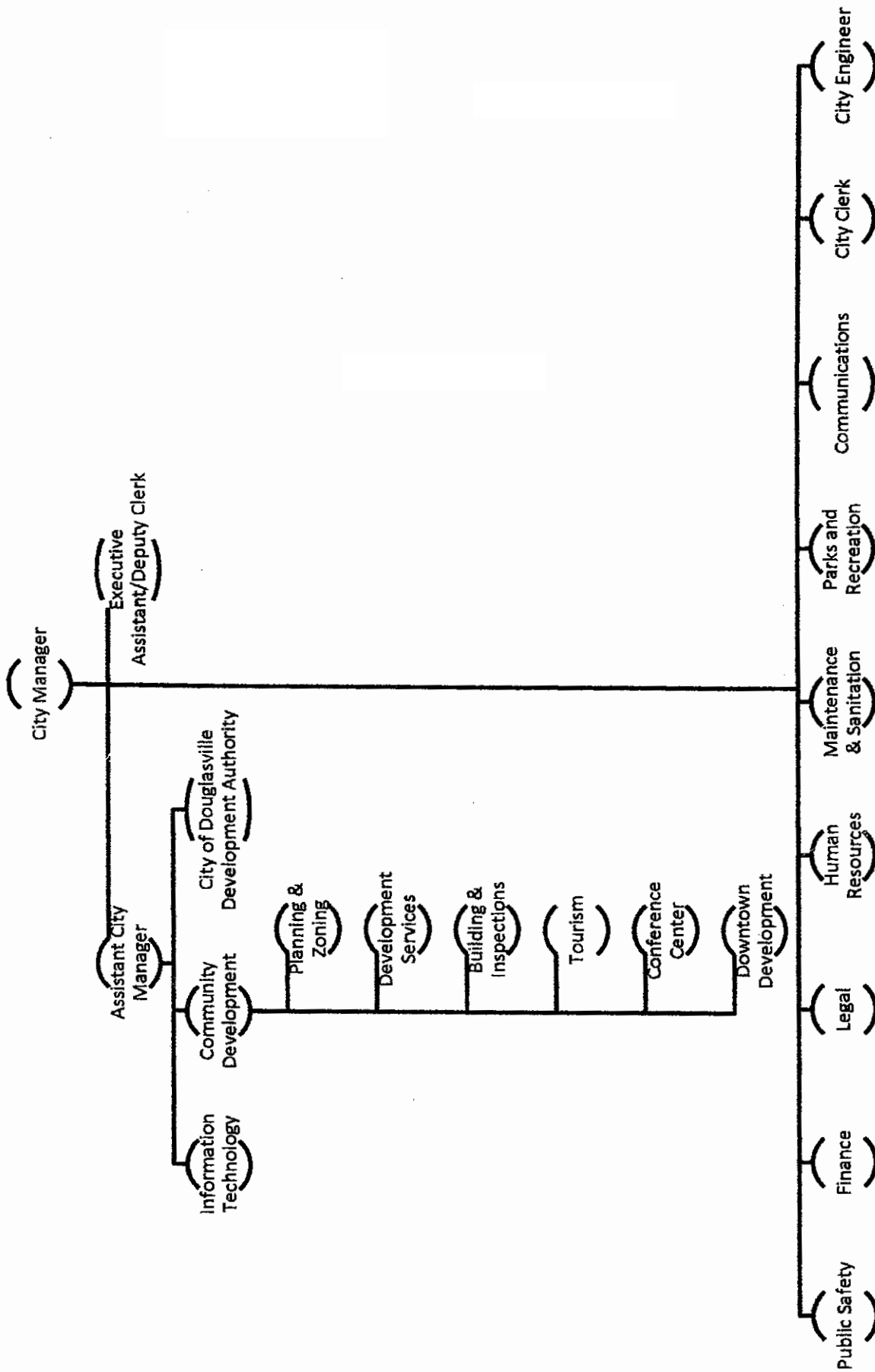
**City of Douglasville
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO



City of Douglasville, Georgia
LISTING OF PRINCIPAL OFFICIALS
June 30, 2013

Mayor:	Harvey K. Persons, III
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	Mark E. Adams
Ward 5, Post 1	Carl D. Pope
Ward 5, Post 2	Douglas H. Lequire

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Harvey Persons, Mayor
Members of the City Council
City of Douglasville
Douglasville, Georgia

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglasville, Georgia, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, the schedule of funding progress on page 46 and the budgetary comparison information for the General Fund and Confiscated Assets Fund on pages 47-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 purposes of additional analysis and are not a required part of the basic financial statements. The Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred, the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred, and the Schedule of Projects Constructed with Special Local Sales Tax Proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-13-51, 48-13-93, and 48-8-121, respectively, and is not a required part of the basic financial statements.

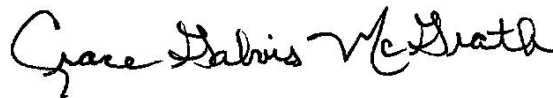
The combining and individual fund financial statements and schedules and the compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the compliance section are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Douglasville, Georgia's internal control over financial reporting and compliance.



Crace Galvis McGrath, LLC
Kennesaw, Georgia

February 27, 2014

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, 2013. 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.

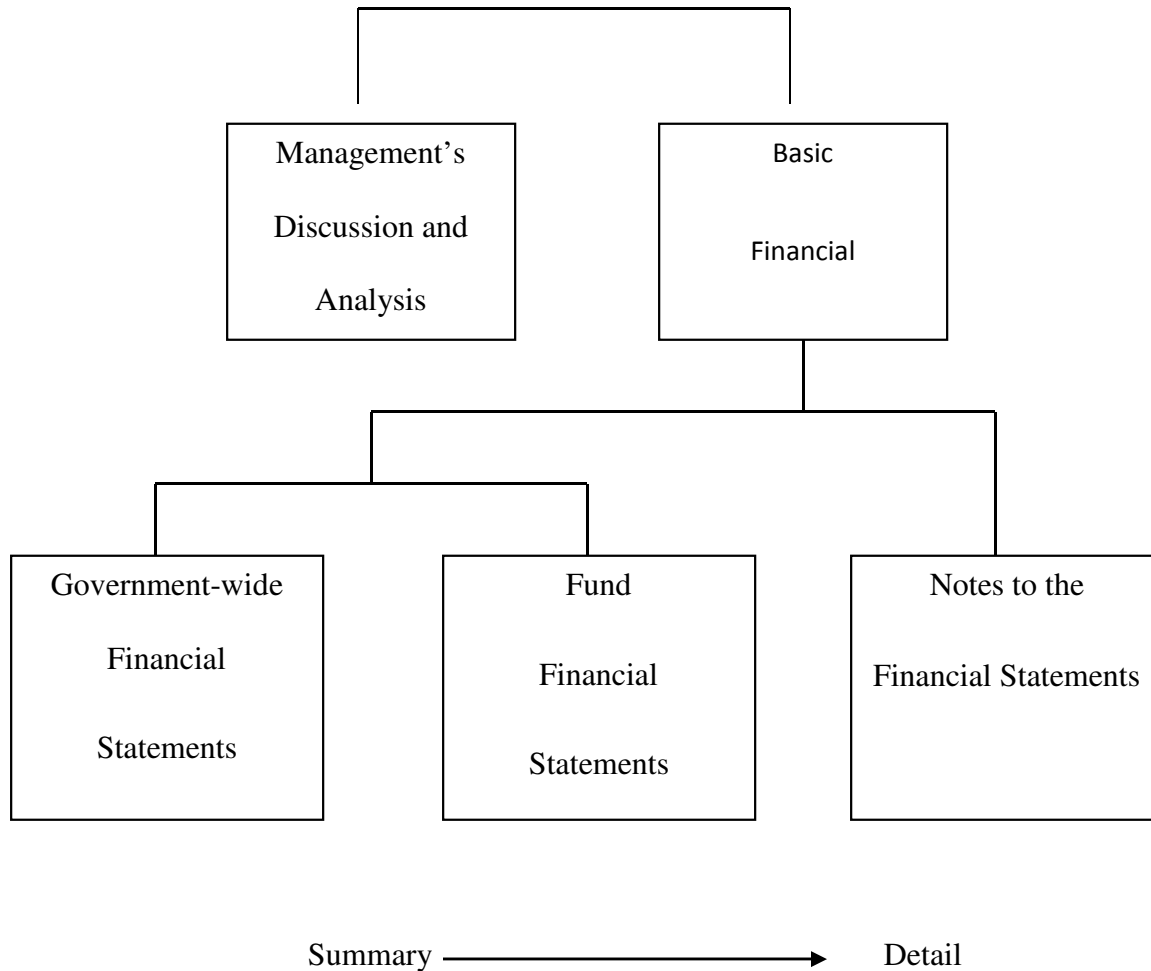
Financial Highlights

- The assets of the City of Douglasville exceeded its liabilities at the close of the fiscal year by \$65,401,021. (*net position*).
- The government's total net position decreased by \$5,315,300 as a result of fiscal year 2013 operations.
- As of the close of the current fiscal year, the City of Douglasville's governmental funds reported combined ending fund balances of \$8,856,036 a decrease of \$8,086,805 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,480,501 or 25% percent of total general fund expenditures for the fiscal year.
- The City of Douglasville's Government wide debt (bonds and capital leases) decreased by \$1,111,758 the decrease is due to the payments of principal and interest.

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



Basic Financial Statements

The first two statements (pages 16 and 17) 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 18-24) 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 Position 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 position and how they have changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position 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 and 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 16 and 17 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

Position 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, Conference Center 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, Convention and Visitors Bureau Fund, Convention and Conference Center Authority, 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 52-53.

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 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 Position 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 25-45 of this report.

Government-Wide Financial Analysis

The City of Douglasville's Net Position Figure 2

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The total assets and deferred outflows of resources of the City of Douglasville exceeded total liabilities by \$69,580,601 as of June 30, 2013. The City's net position decreased by \$5,315,300 for the fiscal year ended June 30, 2013. This was primarily due to the expenses relating to the new Downtown Conference Center.

	Governmental		Business Type		Total 2013	Total 2012 (Restated)
	Activities	Activities	Activities	Activities		
	2013	2012 (Restated)	2013	2012 (Restated)		
Current and other assets	\$ 10,297,717	\$ 20,460,914	\$ 3,347,637	\$ 2,805,251	\$ 13,645,354	\$ 23,266,165
Capital Assets	\$ 110,141,965	\$ 106,797,967	\$ 1,352,601	\$ 1,402,308	\$ 111,494,566	\$ 108,200,275
Total Assets	\$ 120,439,682	\$ 127,258,881	\$ 4,700,238	\$ 4,207,559	\$ 125,139,920	\$ 131,466,440
Deferred Outflows of Resources	\$ 555,240	\$ 817,400	\$ -	\$ -	\$ 555,240	\$ 817,400
Long-term liabilities outstanding	\$ 51,463,026	\$ 51,820,844	\$ 5,763	\$ 4,201	\$ 51,468,789	\$ 51,825,045
Other liabilities	\$ 4,686,114	\$ 5,293,383	\$ 514,895	\$ 269,511	\$ 5,201,009	\$ 5,562,894
Total liabilities	\$ 56,149,140	\$ 57,114,227	\$ 520,658	\$ 273,712	\$ 56,669,798	\$ 57,387,939
Net Investment in capital assets	\$ 64,611,565	\$ 67,152,166	\$ 1,352,601	\$ 1,402,308	\$ 65,964,166	\$ 68,554,474
Restricted	\$ 3,896,412	\$ 4,458,968	\$ -	\$ -	\$ 3,896,412	\$ 4,458,968
Unrestricted	\$ (3,106,956)	\$ (649,080)	\$ 2,826,979	\$ 2,531,539	\$ (279,977)	\$ 1,882,459
Total net position	\$ 65,401,021	\$ 70,962,054	\$ 4,179,580	\$ 3,933,847	\$ 69,580,601	\$ 74,895,901

The largest portion of net position 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 a decrease of \$ 562,556 in restricted net position in connection with the City of Douglasville's Governmental Activities. The majority of the decrease is due to the Confiscated Asset Fund. This fund is restricted because revenue or seizure funds are collected and can only be spent on public safety. The confiscated Asset fund reported a net decrease of \$523,001 in fund balance in 2013.

At the end of the current fiscal year, the City of Douglasville reports a deficit of \$3,106,956 in unrestricted net position of Governmental Activities. This is a decrease of \$2,457,876. This is

due to the decrease in cash from the Conference Center bond proceeds for capital assets. However, there is a positive balance in total net position.

There was an increase of \$245,733 connection with the City's business type activities. This increase resulted from a decrease of \$94,566 in operating expenses and a slight increase of \$18,000 in revenue.

Governmental Activities. Governmental activities decreased the City's net position by \$5,561,033 thereby accounting for 100% of the total decrease in the net position of the City of Douglasville. Key elements of this change are as follows:

- Appropriations of General Fund balance for imminent domain settlement,
- Resurfacing projects throughout the city
- Completion of Plaza East Project.
- Conference Center Construction Costs exceeded budget and this fund has a deficit fund balance. The City Plans to pay the balance back with revenue received from the Rental Car Fund
- Sales tax percentage collected by the City within the County increased from 22.5 % from 20.0% in January of 2013.

City of Douglasville Changes in Net Position Figure 3

	Governmental		Business-type		Total	Total
	Activities		Activities			
	2013	2012 (restated)	2013	2012 (restated)	2013	2012 (restated)
Revenues:						
Program revenues:						
Charges for services	\$ 5,724,733	\$ 5,657,894	\$ 3,628,855	\$ 3,610,033	\$ 9,353,588	\$ 9,267,927
Operating grants and contributions	\$ 470,025	\$ 671,401			\$ 470,025	\$ 671,401
Capital grants and contributions	\$ 1,495,070	\$ 1,179,720			\$ 1,495,070	\$ 1,179,720
General revenues:						
Property taxes	\$ 5,780,387	\$ 5,934,651			\$ 5,780,387	\$ 5,934,651
Sales taxes	\$ 4,789,513	\$ 4,434,938			\$ 4,789,513	\$ 4,434,938
Other taxes and miscellaneous	\$ 6,274,184	\$ 6,250,535			\$ 6,274,184	\$ 6,250,535
Unrestricted Investment earnings	\$ 32,437	\$ 55,101	\$ 1,256	\$ 348	\$ 33,693	\$ 55,449
Gain on Sale of Capital Assets					\$ -	
Total Revenues	\$ 24,566,349	\$ 24,184,240	\$ 3,630,111	\$ 3,610,381	\$ 28,196,460	\$ 27,794,621
Expenses:						
General Government	\$ 5,733,608	\$ 5,177,481			\$ 5,733,608	\$ 5,177,481
Judicial	\$ 814,164	\$ 837,390			\$ 814,164	\$ 837,390
Public Safety	\$ 11,920,070	\$ 11,442,340			\$ 11,920,070	\$ 11,442,340
Health and Welfare	\$ 144,708	\$ 144,708			\$ 144,708	\$ 144,708
Public Works	\$ 2,736,609	\$ 2,813,452			\$ 2,736,609	\$ 2,813,452
Housing and Development	\$ 929,920	\$ 1,255,019			\$ 929,920	\$ 1,255,019
Culture and Recreation	\$ 5,492,366	\$ 3,619,609			\$ 5,492,366	\$ 3,619,609
Interest on long-term debt	\$ 2,400,937	\$ 1,946,710			\$ 2,400,937	\$ 1,946,710
Sanitation Services		\$ -	\$ 3,339,378	\$ 3,420,209	\$ 3,339,378	\$ 3,420,209
Total Expenses	\$ 30,172,382	\$ 27,236,709	\$ 3,339,378	\$ 3,420,209	\$ 33,511,760	\$ 30,656,918
Increase (decrease) in net position before transfers	\$ (5,606,033)	\$ (3,052,469)	\$ 290,733	\$ 190,172	\$ (5,315,300)	\$ (2,862,297)
Transfers	\$ 45,000	\$ 45,000	\$ (45,000)	\$ (45,000)	\$ -	\$ -
Change in net position	\$ (5,561,033)	\$ (3,007,469)	\$ 245,733	\$ 145,172	\$ (5,315,300)	\$ (2,862,297)
Net position, July 1	\$ 70,962,054	\$ 73,969,523	\$ 3,933,847	\$ 3,788,675	\$ 74,895,901	\$ 77,758,198
Net position, June 30	\$ 65,401,021	\$ 70,962,054	\$ 4,179,580	\$ 3,933,847	\$ 69,580,601	\$ 74,895,901

The most significant expenses are for Public Safety for \$11,920,070 representing 40% of the total governmental expenses. The next most significant program expense is General Government expense of \$5,733,608 representing 19% of total governmental expenses. Culture and Recreation increased by \$1.8 million due to the expenses of the new downtown conference center.

Business-type activities: Business-type activities increased the City of Douglasville's net position by \$245,733 accounting for 100 % increase in the government's total net position. 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 \$5,480,501 compared to last year at \$6,354,443 a decrease of 873,942. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. In 2013, unassigned fund balance represents 24.7% of total General Fund expenditures. The primary reasons for the decrease in fund balance for the General Fund were due to the appropriation of fund balance by the Mayor and Council for the following:

- Imminent Domain lawsuit was settled for the Bright Star Road project
- Two resurfacing Projects were completed this year

At the end of the current fiscal year, restricted fund balance of the Confiscated Assets Fund was \$3,065,457 compared to last year at \$3,588,458 a decrease of \$523,001. This was due to more expenses than revenue.

At the end of the current fiscal year, restricted fund balance of the SPLOST Fund was \$103,138 compared to last year's fund balance of \$145,510. The decrease is due to the completion of a SPLOST project. The remaining \$103,138 will be used to finish up sidewalk projects currently under construction.

At June 30, 2013, the governmental funds of City of Douglasville reported a combined fund balance of \$8,856,036. Last year the combined fund balance was \$16,942,841 which represents a decrease of 48% from last year. The completion of the Conference Center represents 83% of the decrease, the General Fund represents 17% of the decrease of total governmental funds. The Conference Center construction was completed and therefore all bond proceeds were expended on the project. General Fund used fund balance to complete projects.

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 revenues fell short of the budgeted amount by \$201,399. The city had \$103,978 more in sales taxes than budgeted. The Local Option Sales Tax agreement between the City and the Douglas County was renegotiated and effective starting in January 2013. The City negotiated a higher rate from the previous agreement and the rate increases incrementally over the next 10 year period of the agreement. The City takes a very conservative approach to budgeting. The expenditure amount was \$433,081 less than budgeted.

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 position of the Sanitation Fund at the end of the fiscal year amounted to \$2,826,979. The total increase in net position from the prior fiscal year was \$245,733. The increase is due to increased revenue and decreased expenses. Rates have not increased.

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, 2013, totals \$111,494,566 (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:

A total of 11 vehicles were purchased for the Police Department which was paid from Confiscated Asset funds. A new phone system was installed city wide as well as the completion of the Plaza East Construction Project and new downtown conference center and parking facilities.

CITY OF DOUGLASVILLE’S CAPITAL ASSETS

FIGURE 4

	Governmental Activities		Business Type Activites		Total	Total
	2013	2012	2013	2012	2013	2012
Land	\$ 29,465,527	\$ 28,940,272			\$ 29,465,527	\$ 28,940,272
Construction in Progress	\$ 133,786	\$ 14,479,150			\$ 133,786	\$ 14,479,150
Buildings	\$ 48,480,891	\$ 36,385,002			\$ 48,480,891	\$ 36,385,002
Other Improvements	\$ 9,786,994	\$ 4,587,469			\$ 9,786,994	\$ 4,587,469
Infrastructure	\$ 18,823,557	\$ 18,295,078			\$ 18,823,557	\$ 18,295,078
Vehicles , Machinery and Equipment	\$ 3,451,210	\$ 4,110,999	\$ 1,352,601	\$ 1,402,308	\$ 4,803,811	\$ 5,513,307
	\$ 110,141,965	\$ 106,797,970	\$ 1,352,601	\$ 1,402,308	\$111,494,566	\$ 108,200,278

Additional information on the City’s capital assets can be found in note 6 page 34 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2013, the City of Douglasville had bonded debt outstanding of \$42,665,545. The City had capital leases in the amount of \$1,730,831 all of which is collateralized by the financed asset and debt backed by the full faith and credit of the City.

CITY OF DOUGLASVILLE’S OUTSTANDING DEBT

	Governmental Activities		Business Type Activites		Total	Total
	2013	2012	2013	2012	2013	2012
Capital Leases	\$ 1,730,831	\$ 1,775,558			\$ 1,730,831	\$ 1,775,558
Compensated Absences	\$ 808,740	\$ 879,063	\$ 52,382	\$ 38,676	\$ 861,122	\$ 917,739
Premium	\$ 1,159,377	\$ 1,220,540			\$ 1,159,377	\$ 1,220,540
Discount	\$ (25,353)				\$ (25,353)	\$ -
Interest Rate Swap	\$ 555,240	\$ 817,400			\$ 555,240	\$ 817,400
Net OPEB obligation	\$ 7,196,565	\$ 5,631,264			\$ 7,196,565	\$ 5,631,264
Bonds Payable	\$ 42,665,545	\$ 43,732,576			\$ 42,665,545	\$ 43,732,576
Total	\$ 54,090,945	\$ 54,056,401	\$ 52,382	\$ 38,676	\$ 54,143,327	\$ 54,095,077

FIGURE 5

The City of Douglasville’s total debt increased \$48,250 during the past fiscal year. This was the net effect of an increase in capital lease for Golf Course Equipment, the defeasance of West Pines Bonds and reissuance of new bonds at a lower non-taxable rate and an increase in the Net OPEB Obligation. The city was able to refinance the bonds as non-taxable because the City of Douglasville took over the operations of the West Pines Golf Course from the Management Company that had been managing the Golf Course since 2003.

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 \$58,375,150. 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 10.8%, compared to 8.1% 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.
- The incremental sales tax increase for the Local Option Sales Tax, per the Intergovernmental Agreement, will be in effect beginning in January 2014.
- The City of Douglasville is finished with the State of the Art Conference Center and look forward to attracting conferences nationwide.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The FY 14 budget is 5% lower than the prior year beginning budget. Property taxes are budgeted at zero growth. The sales taxes budget was projected to increase by 3%. Budgeted expenditures in the General Fund are expected to increase slightly. The Mayor and Council used fund balance to balance the budget.

General fund is budgeted to use \$ 360,000 of fund balance reserve for operating expenses. A transfer of \$100,000 to fund the Development Authority was budgeted the fund. Salary increases were not programmed in the FY 14. Budget Minimal capital was included in the budget for Police Department. In January 2014 the LOST distribution to the City will go from 22.5% to 24.75%.

West Pines Golf Course is expected to keep revenues and expenses at same level as prior year. The new Conference Center will be operational for the entire year in FY 14. The Hotel Motel tax has increased to 8% from 7% and the additional 1% will be used to fund the Conference Center Operations. Rental Car tax will be used to pay the deficit fund balance in the Construction Fund. More of the Hotel Motel tax will transfer from the General Fund to the Conference Center fund. General Fund will have to continue to look at creative ways to decrease costs.

Business – type Activities: The Sanitation rates in the City have not increased, in the past year. The Sanitation fund continues to be operated without outsourcing part of the 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 POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash	\$ 7,614,785	\$ 288,278	\$ 7,903,063	\$ 47,525
Receivables, net:				
Trade	-	297,134	297,134	-
Taxes	216,795	-	216,795	-
Other	1,180,005	-	1,180,005	-
Internal balances	(2,724,357)	2,724,357	-	-
Due from other governments	1,006,422	-	1,006,422	-
Inventories	44,504	-	44,504	-
Prepaid items	443,821	37,868	481,689	-
Investments	3,070,982	-	3,070,982	-
Capital assets, non depreciated	29,599,313	-	29,599,313	-
Capital assets, depreciated, net	80,542,652	1,352,601	81,895,253	-
Total assets	120,994,922	4,700,238	125,695,160	47,525
Deferred outflows of resources:				
Accumulated fair value of hedge transaction	555,240	-	555,240	-
Liabilities:				
Accounts payable and other current liabilities	1,911,049	468,276	2,379,325	4,634
Unearned revenue	11,728	-	11,728	-
Deposits payable	135,419	-	135,419	-
Noncurrent liabilities:				
Due within one year	2,627,919	46,619	2,674,538	-
Due in more than one year	51,463,026	5,763	51,468,789	-
Total liabilities	56,149,141	520,658	56,669,799	4,634
Net Position:				
Net investment in capital assets	64,611,565	1,352,601	65,964,166	-
Restricted for:				
Culture and recreation	701,448	-	701,448	-
Debt service	26,369	-	26,369	-
Completion of projects	103,138	-	103,138	-
Public safety	3,065,457	-	3,065,457	-
Unrestricted	(3,106,956)	2,826,979	(279,977)	42,891
Total net position	\$ 65,401,021	\$ 4,179,580	\$ 69,580,601	\$ 42,891

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Change in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
Primary Government							
Governmental activities:							
General government	\$ 5,733,608	\$ 2,220,908	\$ -	\$ -	\$ (3,512,700)	\$ -	\$ (3,512,700)
Judicial	814,164	1,439,864	-	-	625,700	-	625,700
Public safety	11,920,070	408,686	318,871	4,841	(11,187,672)	-	(11,187,672)
Health and welfare	144,708	-	-	-	(144,708)	-	(144,708)
Public works	2,736,609	-	151,154	972,538	(1,612,917)	-	(1,612,917)
Housing and development	929,920	331,530	-	517,691	(80,699)	-	(80,699)
Culture and recreation	5,492,366	1,323,745	-	-	(4,168,621)	-	(4,168,621)
Interest & fiscal charges on long-term debt	2,400,937	-	-	-	(2,400,937)	-	(2,400,937)
Total governmental activities	30,172,382	5,724,733	470,025	1,495,070	(22,482,554)	-	(22,482,554)
Business-type activities:							
Sanitation	3,339,378	3,628,855	-	-	-	289,477	289,477
Total business-type activities	3,339,378	3,628,855	-	-	-	289,477	289,477
Total Primary Government	\$ 33,511,760	\$ 9,353,588	\$ 470,025	\$ 1,495,070	\$ (22,482,554)	\$ 289,477	\$ (22,193,077)
Component Unit	\$ 31,009	\$ -	\$ 53,793	\$ -	-	-	\$ 22,784
General revenues:							
Property taxes					5,780,387	-	5,780,387
Sales and use taxes					4,789,513	-	4,789,513
Hotel, motel tax					1,492,717	-	1,492,717
Franchise taxes					1,982,199	-	1,982,199
Insurance premium tax					1,542,480	-	1,542,480
Alcohol taxes					1,256,788	-	1,256,788
Unrestricted investment earnings					32,437	1,256	33,693
Transfers					45,000	(45,000)	-
Total general revenues and transfers					16,921,521	(43,744)	16,877,777
Change in net position					(5,561,033)	245,733	(5,315,300)
Net position - beginning, as restated					70,962,054	3,933,847	74,895,901
Net position - ending					\$ 65,401,021	\$ 4,179,580	\$ 69,580,601

See accompanying notes to financial statements.

CITY OF DOUGLASVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Confiscated Assets	SPLOST	Conference Center	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 5,432,145	\$ 1,272,353	\$ -	\$ -	\$ 910,287	\$ 7,614,785
Receivables, net:						
Taxes	216,795	-	-	-	-	216,795
Other	716,287	1,042	-	-	462,676	1,180,005
Due from other funds	9,644	-	-	-	-	9,644
Due from other governments	422,628	-	583,794	-	-	1,006,422
Inventories	44,504	-	-	-	-	44,504
Investments	1,268,013	1,802,969	-	-	-	3,070,982
Prepaid items	221,284	-	-	-	1,250	222,534
Total assets	\$ 8,331,300	\$ 3,076,364	\$ 583,794	\$ -	\$ 1,374,213	\$ 13,365,671
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable	\$ 629,684	\$ 10,907	\$ 45,846	\$ 198	\$ 193,139	\$ 879,774
Accrued liabilities	346,088	-	-	-	16,749	362,837
Retainage payable	-	-	11,700	-	-	11,700
Unearned revenue	-	-	-	-	11,728	11,728
Due to other funds	1,041,775	-	423,110	916,174	352,942	2,734,001
Deposits payable	135,419	-	-	-	-	135,419
Total liabilities	2,152,966	10,907	480,656	916,372	574,558	4,135,459
Deferred inflows of resources:						
Unavailable revenues	328,551	-	-	-	45,625	374,176
Fund balances:						
Nonspendable	265,788	-	-	-	1,250	267,038
Restricted	-	3,065,457	103,138	-	726,567	3,895,162
Committed	-	-	-	-	82,792	82,792
Assigned	103,494	-	-	-	-	103,494
Unassigned	5,480,501	-	-	(916,372)	(56,579)	4,507,550
Total fund balances	5,849,783	3,065,457	103,138	(916,372)	754,030	8,856,036
Total liabilities, deferred inflows of resources, and fund balance	\$ 8,331,300	\$ 3,076,364	\$ 583,794	\$ -	\$ 1,374,213	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	110,141,965
The cumulative inflow from hedge transactions are not financial resources and therefore, are deferred inflows in the statement of net position.	555,240
Revenue earned but unavailable is not reported in the funds.	374,176
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: Unamortized bond insurance	221,287
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 discount Unamortized premium Capital leases payable Accrued interest expense Interest rate swap payable Accrued compensated absences	(7,196,565) (42,665,545) 25,353 (1,159,377) (1,730,831) (656,738) (555,240) (808,740)
Net position of governmental activities	<u>\$ 65,401,021</u>

See accompanying notes to financial statements.

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Confiscated Assets	SPLOST	Conference Center	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 15,064,174	\$ -	\$ -	\$ -	\$ 1,492,717	\$ 16,556,891
Charges for services	1,663,001	-	-	-	170,049	1,833,050
Licenses and permits	2,026,572	-	-	-	-	2,026,572
Fines and forfeitures	1,718,998	36,315	-	-	-	1,755,313
Intergovernmental	5,250	-	780,740	-	1,386,266	2,172,256
Investment earnings	11,139	17,470	-	3,559	269	32,437
Miscellaneous revenue	121,976	2,953	-	-	567,251	692,180
Total revenues	20,611,110	56,738	780,740	3,559	3,616,552	25,068,699
Expenditures:						
Current:						
General government	4,780,847	-	-	-	169,084	4,949,931
Judicial	730,670	-	-	-	-	730,670
Public safety	9,085,707	579,739	-	-	188,368	9,853,814
Public works	1,871,927	-	-	-	-	1,871,927
Culture and recreation	2,602,765	-	-	-	948,571	3,551,336
Housing and development	962,309	-	-	-	781,847	1,744,156
Capital Projects	-	-	823,112	6,091,897	59,013	6,974,022
Debt Service						
Principal, interest, and fees	2,021,996	-	-	-	1,799,640	3,821,636
Total expenditures	22,056,221	579,739	823,112	6,091,897	3,946,523	33,497,492
Excess (deficiency) of revenues over expenditures	(1,445,111)	(523,001)	(42,372)	(6,088,338)	(329,971)	(8,428,793)
Other financing sources (uses):						
Proceeds from bond issue	-	-	-	-	4,110,000	4,110,000
Transfers in	559,916	-	-	-	1,307,041	1,866,957
Payment to refunded bond escrow agent	-	-	-	-	(4,000,154)	(4,000,154)
Long term debt issued	187,142	-	-	-	-	187,142
Transfers out	(714,841)	-	-	(592,200)	(514,916)	(1,821,957)
Total other financing sources (uses)	32,217	-	-	(592,200)	901,971	341,988
Net change in fund balance	(1,412,894)	(523,001)	(42,372)	(6,680,538)	572,000	(8,086,805)
Fund balance at beginning of year	7,262,677	3,588,458	145,510	5,764,166	182,030	16,942,841
Fund balance at end of year	\$ 5,849,783	\$ 3,065,457	\$ 103,138	\$ (916,372)	\$ 754,030	\$ 8,856,036

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, 2013**

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

Net change in fund balances - total governmental funds		\$ (8,086,805)
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	(3,381,149)	
Capital outlays	<u>7,256,999</u>	3,875,850
The net effect of miscellaneous transactions involving capital assets (sales) is to decrease net position		(531,855)
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.		(486,064)
OPEB contributions in deficiency of annual actuarial costs are not recorded as expenses in the governmental funds		(1,565,301)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position		(4,297,142)
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position		5,408,900
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Discount on refunding bonds		25,353
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	(21,026)	
Prepaid expense	(14,429)	
Accrued compensated absences	70,323	
Amortization of bond discounts and premium	<u>61,163</u>	<u>96,031</u>
Change in net position of governmental activities		<u>\$ (5,561,033)</u>

See accompanying notes to financial statements.

CITY OF DOUGLASVILLE, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
JUNE 30, 2013

<u>ASSETS</u>		<u>Sanitation Enterprise Fund</u>
Current assets:		
Cash		\$ 288,278
Receivables, net		297,134
Due from other funds		2,734,001
Prepaid expenses		37,868
Total current assets		<u>3,357,281</u>
Noncurrent assets		
Property, plant and equipment, net		<u>1,352,601</u>
Total assets		<u><u>\$ 4,709,882</u></u>
 <u>LIABILITIES AND NET POSITION</u> 		
Current liabilities:		
Accounts payable		\$ 437,283
Accrued liabilities		30,993
Compensated absences		46,619
Due to other funds		9,644
Total current liabilities		<u>524,539</u>
Long-term liabilities (net of current portion):		
Compensated absences		<u>5,763</u>
Total liabilities		<u>530,302</u>
Net position:		
Invested in capital assets		1,352,601
Unrestricted		<u>2,826,979</u>
Total net position		<u>4,179,580</u>
Total liabilities and net position		<u><u>\$ 4,709,882</u></u>

See accompanying notes to financial statements.

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Sanitation Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 3,628,855
Total operating revenues	<u>3,628,855</u>
Operating expenses:	
Personal services and employee benefits	1,159,994
Contracted services	1,405,921
Other operating expenses	538,439
Depreciation	<u>220,572</u>
Total operating expenses	<u>3,324,926</u>
Operating income	<u>303,929</u>
Nonoperating revenues (expenses):	
Interest income	1,256
Gain(loss) on disposal of assets	<u>(14,452)</u>
Total nonoperating revenues (expenses)	<u>(13,196)</u>
Income before transfers	<u>290,733</u>
Transfers out	<u>(45,000)</u>
Change in net position	245,733
Total net position, beginning	<u>3,933,847</u>
Total net position, ending	<u><u>\$ 4,179,580</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, 2013**

	Sanitation Enterprise Fund
Cash flows from (to) operating activities:	
Cash received from customers	\$ 3,605,723
Cash payments to suppliers for goods and services	(2,640,170)
Cash payments for employee services and fringe benefits	<u>(1,163,765)</u>
Net cash from (to) operating activities	<u>(198,212)</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	(188,611)
Cash payments received on disposal of assets	3,294
Net cash from (to) capital and related financing activities	<u>(185,317)</u>
Cash flows from (to) investing activities:	
Interest earned on assets	<u>1,256</u>
Net cash from (to) investing activities	<u>1,256</u>
Net increase (decrease) in cash	(427,273)
Cash at beginning of year	<u>715,551</u>
Cash at end of year	<u><u>\$ 288,278</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 303,929
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	220,572
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(23,132)
(Increase) decrease in due from other funds	(936,979)
(Increase) decrease in prepaid expenses	(19,192)
Increase (decrease) in accounts payable	250,717
Increase (decrease) in due to other funds	9,644
Increase (decrease) in accrued liabilities	(17,477)
Increase (decrease) in compensated absences	<u>13,706</u>
Net cash from (to) operating activities	<u><u>\$ (198,212)</u></u>

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2013**

	<u>Beneficiary Fund</u>
Assets:	
Current assets:	
Cash	<u>\$ 28,370</u>
Total assets	<u><u>\$ 28,370</u></u>
Liabilities	
Due to other governments and individuals	<u>\$ 28,370</u>
Total liabilities	<u><u>\$ 28,370</u></u>

See accompanying notes to financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. 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 all revenues except intergovernmental revenue to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue is considered available if considered collectible within 9 months after the end of the 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

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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.

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 SPLOST Fund is used to account for special purpose local options sales taxes restricted for specific projects.

Conference Center Fund - The Conference Center fund accounts for the construction of a convention center 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 or committed 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.

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* 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,

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 with the exception of the Convention and Conference Center Authority Special Revenue Fund. 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 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 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.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 and items needed for repairs or improvements. 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, 2013 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 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.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 position. Bond premiums and discounts 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. .

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the accumulated fair value of the City's hedge transaction. See note 7 for information regarding the City's interest rate swap agreement.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element,

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

deferred inflows of resources, represents a part of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category.

M. 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. The committed fund balance classification includes amounts that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of a fiscal year, committed fund balances. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove or revise the limitation. 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. The City Council has by resolution authorized the City's Finance Director to assigned fund balance. 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 City does not have a formal minimum fund balance policy.

N. 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, 2013, deposits were fully insured and collateralized.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013, none of the government's investments were exposed to custodial credit risk.

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, 2013 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 233,935	\$ -	\$ 1,691,259	\$ (992,112)	\$ 933,082
Confiscated Assets Fund	-	-	1,042	-	1,042
Nonmajor Governmental Funds	-	-	462,676	-	462,676
Sanitation Fund	-	372,912	-	(75,778)	297,134
Total	<u>\$ 233,935</u>	<u>\$ 372,912</u>	<u>\$ 2,154,977</u>	<u>\$ (1,067,890)</u>	<u>\$ 1,693,934</u>

(4) DUE FROM OTHER GOVERNMENTS

Due From Other Governments at June 30, 2013 consist of the following:

	State of Georgia Department of Revenue	Douglas County	Total
General Fund	\$ 422,628	\$ -	\$ 422,628
SPLOST Fund	-	583,794	583,794
	<u>\$ 422,628</u>	<u>\$ 583,794</u>	<u>\$ 1,006,422</u>

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans receivable are considered "available spendable resources." Such balances at June 30, 2013 include Due from (to) and are summarized as follows:

PAYABLE FROM	RECEIVABLE TO		Total
	General Fund	Sanitation Fund	
General Fund	\$ -	\$ 1,041,775	\$ 1,041,775
SPLOST Fund	-	423,110	423,110
Conference Center Fund	-	916,174	916,174
Nonmajor Governmental Funds	-	352,942	352,942
Sanitation Fund	9,644	-	9,644
Total	\$ 9,644	\$ 2,734,001	\$ 2,743,645

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.

Interfund transfers for the current year were as follows:

TRANSFER IN TO	TRANSFER OUT FROM				Total
	General Fund	Conference Center Fund	Nonmajor Governmental Funds	Sanitation Fund	
General Fund	\$ -	\$ -	\$ 514,916	\$ 45,000	\$ 559,916
Nonmajor Governmental Funds	714,841	592,200	-	-	1,307,041
Total	\$ 714,841	\$ 592,200	\$ 514,916	\$ 45,000	\$ 1,866,957

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, 2013**

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 28,940,272	\$ 525,255	\$ -	\$ -	\$ 29,465,527
Construction in progress	14,479,150	5,623,869	(370,038)	(19,599,195)	133,786
Total capital assets not being depreciated	<u>43,419,422</u>	<u>6,149,124</u>	<u>(370,038)</u>	<u>(19,599,195)</u>	<u>29,599,313</u>
Capital assets, being depreciated:					
Infrastructure	95,562,020	1,322,728	-	-	96,884,748
Buildings	40,287,327	13,039,985	-	-	53,327,312
Other improvements	5,843,401	5,572,527	-	-	11,415,928
Machinery, equipment and vehicles	14,213,336	771,830	(591,987)	-	14,393,179
Total capital assets being depreciated	<u>155,906,084</u>	<u>20,707,070</u>	<u>(591,987)</u>	<u>-</u>	<u>176,021,167</u>
Less accumulated depreciation for:					
Infrastructure	(77,266,942)	(794,249)	-	-	(78,061,191)
Buildings	(3,902,325)	(944,096)	-	-	(4,846,421)
Other improvements	(1,255,932)	(373,002)	-	-	(1,628,934)
Machinery, equipment and vehicles	(10,102,337)	(1,269,802)	430,170	-	(10,941,969)
Total accumulated depreciation	<u>(92,527,536)</u>	<u>(3,381,149)</u>	<u>430,170</u>	<u>-</u>	<u>(95,478,515)</u>
Total capital assets being depreciated, net	<u>63,378,548</u>	<u>17,325,921</u>	<u>(161,817)</u>	<u>-</u>	<u>80,542,652</u>
Governmental activities capital assets, net	<u>\$ 106,797,970</u>	<u>\$ 23,475,045</u>	<u>\$ (531,855)</u>	<u>(19,599,195)</u>	<u>\$ 110,141,965</u>
Business-type activities:					
Capital assets, being depreciated:					
Vehicles	\$ 2,027,724	\$ 145,000	\$ -	\$ -	\$ 2,172,724
Machinery and equipment	574,106	43,611	(38,576)	-	579,141
Total capital assets being depreciated	<u>2,601,830</u>	<u>188,611</u>	<u>(38,576)</u>	<u>-</u>	<u>2,751,865</u>
Less accumulated depreciation for:					
Vehicles	(932,061)	(199,742)	-	-	(1,131,803)
Machinery and equipment	(267,461)	(20,830)	20,830	-	(267,461)
Total accumulated depreciation	<u>(1,199,522)</u>	<u>(220,572)</u>	<u>20,830</u>	<u>-</u>	<u>(1,399,264)</u>
Total capital assets being depreciated, net	<u>1,402,308</u>	<u>(31,961)</u>	<u>(17,746)</u>	<u>-</u>	<u>1,352,601</u>
Business-type activities capital assets, net	<u>\$ 1,402,308</u>	<u>\$ (31,961)</u>	<u>\$ (17,746)</u>	<u>\$ -</u>	<u>\$ 1,352,601</u>

**CITY OF DOUGLASVILLE, GEORGIA
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 892,925
Public safety	873,993
Public works, including depreciation of general infrastructure	687,662
Health and welfare	144,708
Culture and recreation	781,861
Total depreciation expense - governmental activities	<u>\$ 3,381,149</u>
Business-type activities:	
Sanitation	<u>\$ 220,572</u>

(7) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$43,732,576	\$ 4,110,000	\$ (5,177,031)	\$ 42,665,545	\$ 1,674,461
Premium	1,220,540	-	(61,163)	1,159,377	-
Discount	-	(25,353)	-	(25,353)	-
Interest rate swap	817,400	-	(262,160)	555,240	-
Capital leases	1,775,558	187,142	(231,869)	1,730,831	233,679
Net OPEB obligation	5,631,264	1,838,450	(273,149)	7,196,565	-
Compensated absences	879,063	646,020	(716,343)	808,740	719,779
Governmental activities long-term liabilities	<u>\$54,056,401</u>	<u>\$ 6,756,259</u>	<u>\$ (6,721,715)</u>	<u>\$ 54,090,945</u>	<u>\$ 2,627,919</u>
Business-type activities:					
Compensated absences	\$ 38,676	\$ 63,149	\$ (49,443)	\$ 52,382	\$ 46,619
Business-type activities long-term liabilities	<u>\$ 38,676</u>	<u>\$ 63,149</u>	<u>\$ (49,443)</u>	<u>\$ 52,382</u>	<u>\$ 46,619</u>

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, 2013:

\$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 (\$5,330,545 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, 2013, was (\$555,240). The notional amount of the

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

City's derivative instruments was \$5,330,545 as of June 30, 2013. 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, 2013, 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 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 City of Douglasville bonds, 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 (\$19,815,000 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, 2013:

\$9,640,000 Series 2011 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 2022 of \$400,000 to \$3,860,000 through February 1, 2035; interest at 3.0 to 5.0 percent (\$9,640,000 outstanding). The bonds were issued to finance the cost of the design, acquisition, construction, and furnishing of a new conference center and parking facilities.

\$3,770,000 Series 2012 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 2014 of \$150,000 to \$525,000 through February 1, 2022; interest at 4.0 to 5.0 percent (\$3,770,000 outstanding). The bonds were issued to finance the cost of the design, acquisition, construction, and furnishing of a new conference center and parking facilities.

\$4,110,000 Series 2013 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing August 1, 2014 of \$65,000 to \$255,000 through August 1, 2035; interest at 1.00 to 3.25 percent (\$4,110,000 outstanding). The bonds were issued to refund the 2005 bond series used to construct a golf course.

**CITY OF DOUGLASVILLE, GEORGIA
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The following is a schedule of the future payments on outstanding Governmental Activities bonds as of June 30, 2013:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,674,461	\$ 1,730,087	\$ 3,404,548
2015	1,767,841	1,670,840	3,438,681
2016	1,836,440	1,610,917	3,447,357
2017	1,901,619	1,548,298	3,449,917
2018	2,041,438	1,462,403	3,503,841
2019-2023	11,532,281	5,978,453	17,510,734
2024-2028	13,011,465	3,450,716	16,462,181
2029-2033	6,760,000	1,160,830	7,920,830
2034-2036	2,140,000	131,613	2,271,613
Total	<u>\$ 42,665,545</u>	<u>\$ 18,744,157</u>	<u>\$ 61,409,702</u>

The amount of defeased debt outstanding but removed from the City's records totaled \$3,915,000 at June 30, 2013

Capital Leases

The City leases certain equipment with costs totaling \$4,845,515. 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, 2013:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 233,679	\$ 72,989	\$ 306,668
2015	243,562	63,108	306,670
2016	253,859	52,810	306,669
2017	264,483	42,186	306,669
2018	235,068	30,891	265,959
2019-2020	500,180	31,739	531,919
Total	<u>\$ 1,730,831</u>	<u>\$ 293,723</u>	<u>\$ 2,024,554</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 September 15, 2012. 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-November, 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.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(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, 2013 valuation is used to determine the recommended contribution for the fiscal year 2013. During the plan year, total pension contributions were \$989,147. The City's payroll for employees covered by the System's defined benefit plan was \$8,669,693 as of January 1, 2013. 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 4-11% a year based in year of service, (c) additional projected salary increases attributable to seniority or merit, (d) cost of living adjustments of 3.5% a year for employees hired on or before October 2, 2006, 0% otherwise, (e) inflation rate 3.5%, and (f) no post retirement benefit increases.

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 11.4% of current year covered payroll and were in accordance with actuarial recommendations. The contribution requirement was \$989,147.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)	Annual Amount Contributed
6/30/13	\$ 989,147	100%	\$ -	\$ 989,147
6/30/12	988,299	100%	-	988,299
6/30/11	1,000,794	100%	-	1,000,794

**CITY OF DOUGLASVILLE, GEORGIA
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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)
01/01/13	\$ 23,140,665	\$ 23,592,533	\$ 451,868	98.1%	\$ 8,669,693	5.2%

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 ("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 2013, the City contributed \$273,149 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
6/30/13	\$ 1,838,450	15%	\$ 7,196,565	\$ 273,149
6/30/12	1,838,450	15%	5,631,264	272,835
6/30/11	1,625,343	15%	4,248,803	265,547

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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)
01/01/13	\$ -	\$ 16,108,511	\$ 16,108,511	0.0%	\$ 8,898,121	181.0%

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.

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	\$ 2,126,963
Interest on net OPEB obligation	298,542
Adjustment to annual required contribution	(587,055)
Annual OPEB cost	<u>1,838,450</u>
Contributions made	(273,149)
(Increase) decrease in net OPEB obligation	<u>1,565,301</u>
Net OPEB obligation, beginning of year	<u>5,631,264</u>
Net OPEB obligation, end of year	<u>\$ 7,196,565</u>

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 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

**CITY OF DOUGLASVILLE, GEORGIA
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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	1/2013
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	25 years as of July 1, 2012
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	4.0%
Inflation rate	3.5%
Medical and Drug Costs	8.0% graded to 5.00% over 6 years
Dental Cost trend rate	5.00%

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. 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

**CITY OF DOUGLASVILLE, GEORGIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 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.

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(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 RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Separate financial statements may be obtained from the Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, Georgia 30303.

(13) DEFICIT FUND BALANCES

The deficits in the GEMA Flood and Multiple Grant Funds will be funded by future intergovernmental revenues. The Conference Center Fund deficit will be funded by a transfer from the Rental Car Tax Fund

Multiple Grant Fund	\$ (31,655)
GEMA Flood Fund	<u>\$ (24,924)</u>
Conference Center Fund	<u>\$ (916,372)</u>

(14) 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.

Encumbrances: Encumbrances outstanding as of June 30, 2013 are as follows:

General fund	\$ 103,494
GEMA flood	26,443
Nonmajor funds:	
Multiple grant	174,252
SPLOST	<u>5,775</u>
	<u>\$ 309,964</u>

**CITY OF DOUGLASVILLE, GEORGIA
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(15) FUND BALANCE

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

	General Fund	Confiscated Assets Fund	SPLOST Fund	Conference Center Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepays	\$ 221,284	\$ -	\$ -	\$ -	\$ 1,250	\$ 222,534
Inventories	44,504	-	-	-	-	44,504
Restricted for:						
Capital projects	-	-	103,138	-	-	103,138
Promotion of tourism	-	-	-	-	700,198	700,198
Debt service	-	-	-	-	26,369	26,369
Law enforcement	-	3,065,457	-	-	-	3,065,457
Committed for:						
Capital projects	-	-	-	-	82,792	82,792
Assigned for:						
General government	103,494	-	-	-	-	103,494
Unassigned	5,480,501	-	-	(916,372)	(56,579)	4,507,550
	<u>\$ 5,849,783</u>	<u>\$ 3,065,457</u>	<u>\$ 103,138</u>	<u>\$ (916,372)</u>	<u>\$ 754,030</u>	<u>\$ 8,856,036</u>

(16) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had expenditures in excess of appropriations for the fiscal year ended June 30, 2013:

	Budget	Actual	Variance with Final Budget
General Fund:			
General government:			
Legal:			
Other operating expenditures	\$ 116,297	\$ 116,808	\$ (511)
Human Resources:			
Personal services	168,635	168,906	(271)
Public safety:			
Police:			
Personal services	7,420,860	7,427,500	(6,640)
Culture and Recreation:			
Parks Administration			
Personal services	332,802	333,359	(557)
Other operating expenditures	200,529	201,497	(968)
Capital outlay	24,630	212,118	(187,488)
Hotel/Motel Tax Fund:			
Culture and recreation	867,024	907,540	(40,516)

**CITY OF DOUGLASVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(17) RESTATEMENT

During fiscal year 2013, the City implemented Governmental Accounting Standards Board Statements No. 65 which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Previously bond issuance costs were amortized over the life of the bond but now should be expensed when the bond transaction takes place with the exception of insurance costs. The effects of the restatement to the City's financial statements are listed below.

	<u>Governmental Activities</u>
Net position/fund balance:	
As previously reported	\$ 71,691,498
Restatement	<u>(729,444)</u>
As restated	<u>\$ 70,962,054</u>
 Net change in net position/fund balance:	
As previously reported	\$ (2,852,111)
Effect of restatement	<u>(155,358)</u>
As restated	<u>\$ (3,007,469)</u>

**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)
01/01/13	\$ 23,140,665	\$ 23,592,533	\$ 451,868	98.1%	\$ 8,669,693	5.2%
01/01/12	21,751,171	21,102,027	(649,144)	103.1%	\$ 7,989,143	-8.1%
01/01/11	20,560,317	19,587,953	(972,364)	105.0%	7,982,291	-12.2%

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)
01/01/13	\$ -	\$ 16,108,511	\$ 16,108,511	0.0%	\$ 8,898,121	181.0%
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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 15,157,270	\$ 15,193,756	\$ 15,064,174	\$ (129,582)
Charges for services	1,824,204	1,814,260	1,663,001	(151,259)
Licenses and permits	2,021,950	1,920,650	2,026,572	105,922
Fines and forfeitures	1,776,157	1,727,321	1,718,998	(8,323)
Intergovernmental revenues	8,000	8,000	5,250	(2,750)
Investment earnings	35,000	35,000	11,139	(23,861)
Miscellaneous revenue	59,077	113,522	121,976	8,454
Total revenues	20,881,658	20,812,509	20,611,110	(201,399)
Expenditures:				
Current:				
General government				
Mayor and council				
Personal services	235,622	235,622	202,088	33,534
Other operating expenditures	112,056	116,056	73,573	42,483
	<u>347,678</u>	<u>351,678</u>	<u>275,661</u>	<u>76,017</u>
Clerk of Council				
Personal services	71,321	82,591	82,248	343
Other operating expenditures	27,420	18,196	16,966	1,230
	<u>98,741</u>	<u>100,787</u>	<u>99,214</u>	<u>1,573</u>
City Manager				
Personal services	210,722	264,471	264,121	350
Other operating expenditures	62,018	63,092	56,133	6,959
	<u>272,740</u>	<u>327,563</u>	<u>320,254</u>	<u>7,309</u>
Financial administration				
Personal services	408,856	409,016	407,365	1,651
Other operating expenditures	137,465	148,252	147,128	1,124
Capital outlay	300	300	-	300
	<u>546,621</u>	<u>557,568</u>	<u>554,493</u>	<u>3,075</u>
Legal				
Personal services	107,957	116,297	116,808	(511)
Other operating expenditures	120,621	718,549	718,232	317
	<u>228,578</u>	<u>834,846</u>	<u>835,040</u>	<u>(194)</u>
Information services				
Personal services	184,529	171,128	167,345	3,783
Other operating expenditures	544,808	615,571	608,376	7,195
Capital outlay	-	222,965	222,125	840
	<u>729,337</u>	<u>1,009,664</u>	<u>997,846</u>	<u>11,818</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Human resources				
Personal services	128,598	168,635	168,906	(271)
Other operating expenditures	19,970	32,885	32,360	525
	<u>148,568</u>	<u>201,520</u>	<u>201,266</u>	<u>254</u>
Building and grounds				
Personal services	52,379	52,379	45,132	7,247
Other operating expenditures	50,685	82,493	81,422	1,071
	<u>103,064</u>	<u>134,872</u>	<u>126,554</u>	<u>8,318</u>
Communications				
Personal services	264,720	264,720	260,207	4,513
Other operating expenditures	94,310	85,119	59,741	25,378
Capital outlay	19,040	41,762	38,231	3,531
	<u>378,070</u>	<u>391,601</u>	<u>358,179</u>	<u>33,422</u>
Engineering				
Personal services	233,547	245,587	244,916	671
Other operating expenditures	24,788	12,588	9,453	3,135
	<u>258,335</u>	<u>258,175</u>	<u>254,369</u>	<u>3,806</u>
General administration				
Personal services	342,324	284,058	274,217	9,841
Other operating expenditures	696,523	522,475	483,754	38,721
	<u>1,038,847</u>	<u>806,533</u>	<u>757,971</u>	<u>48,562</u>
Total general government	<u>4,150,579</u>	<u>4,974,807</u>	<u>4,780,847</u>	<u>193,960</u>
Judicial				
Municipal court				
Personal services	608,646	588,992	560,246	28,746
Other operating expenditures	176,125	177,275	170,294	6,981
Capital outlay	200	200	130	70
Total judicial	<u>784,971</u>	<u>766,467</u>	<u>730,670</u>	<u>35,797</u>
Public safety				
Police				
Personal services	7,096,662	7,420,860	7,427,500	(6,640)
Other operating expenditures	1,684,441	1,633,357	1,582,748	50,609
Capital outlay	80,990	75,990	75,459	531
Total public safety	<u>8,862,093</u>	<u>9,130,207</u>	<u>9,085,707</u>	<u>44,500</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Public Works				
Street maintenance				
Personal services	866,986	866,986	814,201	52,785
Other operating expenditures	681,220	985,154	918,304	66,850
	<u>1,548,206</u>	<u>1,852,140</u>	<u>1,732,505</u>	<u>119,635</u>
Garage				
Personal services	120,204	120,204	118,456	1,748
Other operating expenditures	24,350	24,350	20,966	3,384
	<u>144,554</u>	<u>144,554</u>	<u>139,422</u>	<u>5,132</u>
Total public works	<u>1,692,760</u>	<u>1,996,694</u>	<u>1,871,927</u>	<u>124,767</u>
Culture and recreation				
Parks Administration				
Personal services	281,299	332,802	333,359	(557)
Other operating expenditures	185,350	200,529	201,497	(968)
Capital outlay	4,630	24,630	212,118	(187,488)
	<u>471,279</u>	<u>557,961</u>	<u>746,974</u>	<u>(189,013)</u>
Parks Maintenance				
Personal services	333,429	342,535	342,535	-
Other operating expenditures	462,941	427,987	417,047	10,940
Capital outlay	12,363	17,363	17,268	95
	<u>808,733</u>	<u>787,885</u>	<u>776,850</u>	<u>11,035</u>
Jessie Davis Park				
Personal services	162,816	172,342	141,610	30,732
Other operating expenditures	66,853	66,103	61,559	4,544
Capital outlay	22,000	35,583	31,042	4,541
	<u>251,669</u>	<u>274,028</u>	<u>234,211</u>	<u>39,817</u>
West Pines Golf Course				
Personal services	552,124	522,636	481,245	41,391
Other operating expenditures	394,220	306,558	306,290	268
Capital outlay	50,020	103,557	57,195	46,362
	<u>996,364</u>	<u>932,751</u>	<u>844,730</u>	<u>88,021</u>
Total culture and recreation	<u>2,528,045</u>	<u>2,552,625</u>	<u>2,602,765</u>	<u>(50,140)</u>
Housing and development				
Inspections				
Personal services	260,027	310,606	302,115	8,491
Other operating expenditures	20,425	20,711	15,726	4,985
	<u>280,452</u>	<u>331,317</u>	<u>317,841</u>	<u>13,476</u>
Planning and zoning				
Personal services	149,957	105,917	104,607	1,310
Other operating expenditures	66,775	19,315	12,285	7,030
	<u>216,732</u>	<u>125,232</u>	<u>116,892</u>	<u>8,340</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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Code enforcement				
Personal services	190,091	211,485	168,268	43,217
Other operating expenditures	10,095	17,398	15,204	2,194
Capital outlay	-	20,981	17,069	3,912
	<u>200,186</u>	<u>249,864</u>	<u>200,541</u>	<u>49,323</u>
Community development				
Personal services	143,370	203,455	202,871	584
Other operating expenditures	148,185	136,585	124,164	12,421
	<u>291,555</u>	<u>340,040</u>	<u>327,035</u>	<u>13,005</u>
Total housing and development	<u>988,925</u>	<u>1,046,453</u>	<u>962,309</u>	<u>84,144</u>
Debt Service				
Principal	912,777	915,127	915,075	52
Interest	1,066,160	1,106,922	1,106,921	1
Total debt service	<u>1,978,937</u>	<u>2,022,049</u>	<u>2,021,996</u>	<u>53</u>
Total expenditures	<u>20,986,310</u>	<u>22,489,302</u>	<u>22,056,221</u>	<u>433,081</u>
Excess (deficiency) of revenues over expenditures	<u>(104,652)</u>	<u>(1,676,793)</u>	<u>(1,445,111)</u>	<u>231,682</u>
Other financing sources (uses):				
Transfers in	557,355	557,355	559,916	2,561
Sale of capital assets	15,000	15,000	-	(15,000)
Long term debt issued	-	-	187,142	187,142
Transfers out	(467,703)	(349,058)	(714,841)	(365,783)
Total other financing sources (uses)	<u>104,652</u>	<u>223,297</u>	<u>32,217</u>	<u>(191,080)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,453,496)</u>	<u>(1,412,894)</u>	<u>\$ 40,602</u>
Fund balance at beginning of year			<u>7,262,677</u>	
Fund balance at end of year			<u>\$ 5,849,783</u>	

**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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ 36,315	\$ 36,315	\$ -
Investment earnings	-	17,470	17,470	-
Miscellaneous revenues	-	2,953	2,953	-
Total Revenues	-	56,738	56,738	-
Expenditures:				
Current:				
Public safety	-	579,739	579,739	-
Total Expenditures	-	579,739	579,739	-
Excess (deficiency) of revenues over expenditures	-	(523,001)	(523,001)	-
Net change in fund balance	\$ -	\$ (523,001)	(523,001)	\$ -
Fund balance at beginning of year			<u>3,588,458</u>	
Fund balance at end of year			<u>\$ 3,065,457</u>	

**CITY OF DOUGLASVILLE, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013**

	Special Revenue Funds					Capital Projects Funds			Total
	Multiple Grant	Hotel/Motel Tax	Rental Car Tax Fund	Convention and Conference Center Authority	Public Purpose Corporation	GEMA Flood	Bright Star Connector	Non-Major Governmental Funds	
ASSETS									
Cash	\$ 108,908	\$ 490,575	\$ 160,416	\$ -	\$ 67,595	\$ -	\$ 82,793	\$	\$ 910,287
Receivables, net:									
Other	18,982	88,639	15,356	-	-	339,699	-	-	462,676
Prepaid items	-	1,250	-	-	-	-	-	-	1,250
Total assets	\$ 127,890	\$ 580,464	\$ 175,772	\$ -	\$ 67,595	\$ 339,699	\$ 82,793	\$	\$ 1,374,213
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 147,817	\$ 38,039	\$ -	\$ -	\$ 65	\$ 7,217	\$ 1	\$	\$ 193,139
Accrued liabilities	-	16,749	-	-	-	-	-	-	16,749
Unearned revenue	11,728	-	-	-	-	-	-	-	11,728
Due to other funds	-	-	-	-	41,161	311,781	-	-	352,942
Total liabilities	159,545	54,788	-	-	41,226	318,998	1	-	574,558
Deferred inflows of resources:									
Unavailable revenues	-	-	-	-	-	45,625	-	-	45,625
Fund balances:									
Nonspendable	-	1,250	-	-	-	-	-	-	1,250
Restricted	-	524,426	175,772	-	26,369	-	-	-	726,567
Committed	-	-	-	-	-	-	82,792	-	82,792
Unassigned	(31,655)	-	-	-	-	(24,924)	-	-	(56,579)
Total fund balance (deficit)	(31,655)	525,676	175,772	-	26,369	(24,924)	82,792	-	754,030
Total liabilities, deferred inflows of resources, and fund balance	\$ 127,890	\$ 580,464	\$ 175,772	\$ -	\$ 67,595	\$ 339,699	\$ 82,793	\$	\$ 1,374,213

**CITY OF DOUGLASVILLE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds				Capital Projects Funds			Total Non-Major Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Rental Car Tax Fund	Convention and Conference Center Authority	Public Purpose Corporation	GEMA Flood	Bright Star Connector	
Revenues:								
Taxes	\$ -	\$ 1,330,250	\$ 162,467	\$ -	\$ -	\$ -	\$ -	\$ 1,492,717
Charges for services	-	170,049	-	-	-	-	-	170,049
Intergovernmental	1,092,192	-	-	-	-	-	-	1,386,266
Investment earnings	-	253	-	-	16	-	-	269
Miscellaneous revenues	1,500	29,164	-	-	536,587	-	-	567,251
Total revenues	1,093,692	1,529,716	162,467	-	536,603	294,074	-	3,616,552
Expenditures:								
Current:								
General government	169,084	-	-	-	-	-	-	169,084
Public safety	188,368	-	-	-	-	-	-	188,368
Housing and development	781,847	-	-	-	-	-	-	781,847
Culture and recreation	-	907,540	-	-	41,031	-	-	948,571
Debt service	-	-	-	1,266,887	532,753	-	-	1,799,640
Capital projects	-	-	-	-	-	48,734	10,279	59,013
Total expenditures	1,139,299	907,540	-	1,266,887	573,784	48,734	10,279	3,946,523
Excess (deficiency) of revenues over expenditures	(45,607)	622,176	162,467	(1,266,887)	(37,181)	245,340	(10,279)	(329,971)
Other financing sources (uses):								
Refunding bonds issued	-	-	-	4,110,000	-	-	-	4,110,000
Transfers in	-	150,000	-	1,157,041	-	-	-	1,307,041
Payment to refunded bond escrow agent	-	-	-	(4,000,154)	-	-	-	(4,000,154)
Transfers out	-	(514,916)	-	-	-	-	-	(514,916)
Total other financing sources (uses)	-	(364,916)	-	1,266,887	-	-	-	901,971
Net change in fund balance	(45,607)	257,260	162,467	-	(37,181)	245,340	(10,279)	572,000
Fund balance (deficit) at beginning of year	13,952	268,416	13,305	-	63,550	(270,264)	93,071	182,030
Fund balance (deficit) at end of year	\$ (31,655)	\$ 525,676	\$ 175,772	\$ -	\$ 26,369	\$ (24,924)	\$ 82,792	\$ 754,030

**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, 2013**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental	\$ 1,092,192	\$ 1,092,192	\$ -
Miscellaneous revenues	1,500	1,500	-
Total Revenues	<u>1,093,692</u>	<u>1,093,692</u>	<u>-</u>
Expenditures:			
Current:			
General government	169,084	169,084	-
Public safety	188,368	188,368	-
Housing and development	781,847	781,847	-
Total Expenditures	<u>1,139,299</u>	<u>1,139,299</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(45,607)</u>	<u>(45,607)</u>	<u>-</u>
Net change in fund balance	<u>\$ (45,607)</u>	<u>(45,607)</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>13,952</u>	
Fund balance at end of year		<u>\$ (31,655)</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, 2013**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 1,287,133	\$ 1,330,250	\$ 43,117
Charges for services	242,000	170,049	(71,951)
Investment earnings	1,900	253	(1,647)
Miscellaneous revenues	18,000	29,164	11,164
Total Revenues	<u>1,549,033</u>	<u>1,529,716</u>	<u>(19,317)</u>
Expenditures:			
Current:			
Culture and recreation	867,024	907,540	(40,516)
Total Expenditures	<u>867,024</u>	<u>907,540</u>	<u>(40,516)</u>
Excess (deficiency) of revenues over expenditures	<u>682,009</u>	<u>622,176</u>	<u>21,199</u>
Other financing sources (uses):			
Transfers in	291,000	150,000	(141,000)
Transfers out	(655,220)	(514,916)	140,304
Total other financing sources (uses)	<u>(364,220)</u>	<u>(364,916)</u>	<u>(696)</u>
Net change in fund balance	<u>\$ 317,789</u>	257,260	<u>\$ 161,503</u>
Fund balance at beginning of year		<u>268,416</u>	
Fund balance at end of year		<u>\$ 525,676</u>	

**CITY OF DOUGLASVILLE, GEORGIA
 RENTAL CAR TAX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	<u>\$ 162,467</u>	<u>\$ 162,467</u>	<u>\$ -</u>
 Net change in fund balance	 <u><u>\$ 162,467</u></u>	 162,467	 <u><u>\$ -</u></u>
Fund balance at beginning of year		<u>13,305</u>	
Fund balance at end of year		<u><u>\$ 175,772</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, 2013**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues			
Investment earnings	\$ 16	16	\$ -
Miscellaneous revenues	<u>536,587</u>	<u>536,587</u>	<u>-</u>
Total Revenues	<u>536,603</u>	<u>536,603</u>	<u>-</u>
Expenditures:			
Current:			
Culture and recreation	41,034	41,031	3
Debt service	<u>532,753</u>	<u>532,753</u>	<u>-</u>
Total Expenditures	<u>573,787</u>	<u>573,784</u>	<u>3</u>
Excess (deficiency) of revenues over expenditures	<u>(37,184)</u>	<u>(37,181)</u>	<u>(74,365)</u>
Net change in fund balance	<u><u>\$ (37,184)</u></u>	(37,181)	<u><u>\$ 3</u></u>
Fund balance at beginning of year		<u>63,550</u>	
Fund balance at end of year		<u><u>\$ 26,369</u></u>	

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
BENEFICIARY FUND				
Assets:				
Cash	\$ 16,282	\$ 515,185	\$ 503,097	\$ 28,370
Liabilities:				
Due to other governments and individuals	\$ 16,282	\$ 515,185	\$ 503,097	\$ 28,370

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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in capital assets	\$ 33,043,038	\$ 30,120,795	\$ 34,002,999	\$ 43,749,967	\$ 53,151,651	\$ 55,527,069	\$ 60,337,266	\$ 65,423,890	\$ 67,152,166	\$ 64,611,565
Restricted	-	321,480	333,076	349,394	362,639	365,659	4,213,000	4,516,907	4,458,968	3,896,412
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	80,364	(3,106,956)
Total governmental activities net position	\$ 34,848,663	\$ 39,653,622	\$ 44,228,867	\$ 57,079,847	\$ 64,002,333	\$ 65,035,910	\$ 69,335,471	\$ 74,543,609	\$ 71,691,498	\$ 65,401,021
Business-type activities										
Net Investment in capital assets	\$ 291,754	\$ 353,353	\$ 517,311	\$ 707,981	\$ 741,194	\$ 768,628	\$ 636,678	\$ 799,371	\$ 1,402,308	\$ 1,352,601
Unrestricted	562,948	927,972	1,494,217	2,056,286	2,519,857	2,835,959	3,226,160	2,989,304	2,531,539	2,826,979
Total business-type activities net position	\$ 854,702	\$ 1,281,325	\$ 2,011,528	\$ 2,764,267	\$ 3,261,051	\$ 3,604,587	\$ 3,862,838	\$ 3,788,675	\$ 3,933,847	\$ 4,179,580
Primary government										
Net Investment in capital assets	\$ 33,334,792	\$ 30,474,148	\$ 34,520,310	\$ 44,457,948	\$ 53,892,845	\$ 56,295,697	\$ 60,973,944	\$ 66,223,261	\$ 68,554,474	\$ 65,964,166
Restricted	-	321,480	333,076	349,394	362,639	365,659	4,213,000	4,516,907	4,458,968	3,896,412
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	2,611,903	(279,977)
Total primary government net position	\$ 35,703,365	\$ 40,934,947	\$ 46,240,395	\$ 59,844,114	\$ 67,263,384	\$ 68,640,497	\$ 73,218,309	\$ 78,332,284	\$ 75,625,345	\$ 69,580,601

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

Restatement to 2012's ending net position as a result of implementing GASB Statement 65

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 5,177,481	\$ 5,733,608
Judicial	-	375,125	268,309	261,879	320,989	400,197	630,881	658,943	837,390	814,164
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	11,442,340	11,920,070
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	2,813,452	2,736,609
Housing and development	-	1,082,001	1,626,733	2,398,897	1,613,271	1,491,222	1,147,220	1,277,614	1,255,019	929,920
Health and Welfare	-	-	-	-	108,384	144,708	144,708	144,708	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	3,619,609	5,492,366
Interest on long-term debt	116,825	172,643	667,393	689,096	625,884	620,554	789,110	1,861,057	1,791,352	2,400,937
Total governmental activities expenses	17,552,007	17,442,131	16,367,506	19,469,559	23,724,539	22,219,778	23,047,675	23,578,854	27,081,351	30,172,382
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	3,420,209	3,339,378
Total business-type activities expenses	2,924,030	2,975,147	2,952,907	3,351,924	3,410,936	3,485,237	3,412,766	3,689,442	3,420,209	3,339,378
Total primary government expenses	\$ 20,476,037	\$ 20,417,278	\$ 19,320,413	\$ 22,821,483	\$ 27,135,475	\$ 25,705,015	\$ 26,460,441	\$ 27,268,296	\$ 30,501,560	\$ 33,511,760
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	2,224,532	2,220,908
Housing	1,284,445	1,137,021	1,178,890	1,192,270	1,475,400	1,650,572	2,040,382	509,097	216,306	331,530
Judicial	-	547,185	778,756	1,914,549	521,733	1,377,450	314,151	1,816,603	1,644,337	1,439,864
Public safety	-	-	129,580	126,518	150,823	146,294	226,520	363,673	368,658	408,686
Culture and recreation	2,070,187	172,168	90,662	43,747	65,296	18,015	1,506,986	280,822	1,204,061	1,323,745
Operating grants and contributions	-	1,308,711	29,456	5,090,781	4,152,586	173,513	2,827,459	1,503,681	671,401	470,025
Capital grants and contributions	-	-	-	-	-	-	-	398,650	1,179,720	1,495,070
Total governmental activities program revenues	4,509,326	6,140,361	5,434,951	12,354,971	10,209,875	6,925,521	9,404,562	7,060,764	7,509,015	7,689,828
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	3,610,033	3,628,855
Total business-type activities program revenues	3,316,190	3,429,919	3,699,760	4,082,617	3,942,026	3,823,295	3,760,796	3,658,354	3,610,033	3,628,855
Total primary government program revenues	\$ 7,825,516	\$ 9,570,280	\$ 9,134,711	\$ 16,437,588	\$ 14,151,901	\$ 10,748,816	\$ 13,165,358	\$ 10,719,118	\$ 11,119,048	\$ 11,318,683

City of Douglasville, Georgia
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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)	\$ (19,572,336)	\$ (22,482,554)
Business-type activities	1,139,086	454,772	746,853	730,693	531,090	338,058	348,030	(31,088)	189,824	289,477
Total primary government net expense	\$ (21,204,888)	\$ (10,847,298)	\$ (10,185,702)	\$ (6,383,895)	\$ (12,983,534)	\$ (14,956,199)	\$ (13,295,083)	\$ (16,549,178)	\$ (19,382,512)	\$ (22,193,077)
General Revenues and Other Changes in Net Position										
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	\$ 5,934,651	\$ 5,780,387
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	4,434,938	4,789,513
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	6,250,535	6,274,184
Unrestricted investment earnings	17,131	64,616	468,956	537,630	445,450	358,889	59,994	131,666	55,101	32,437
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	45,000	45,000
Total governmental activities	\$ 19,753,525	\$ 14,098,907	\$ 15,507,800	\$ 19,965,568	\$ 20,437,110	\$ 16,327,834	\$ 18,022,533	\$ 21,706,228	\$ 16,720,225	\$ 16,921,521
Business-type activities										
Investment earnings	\$ (2,352)	\$ 6,851	\$ 18,350	\$ 22,046	\$ 10,694	\$ 5,478	\$ 221	\$ 1,925	\$ 348	\$ 1,256
Transfers	-	(35,000)	(35,000)	-	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
Total business-type activities	(2,352)	(28,149)	(16,650)	22,046	(34,306)	5,478	(44,779)	(43,075)	(44,652)	(43,744)
Total primary government	\$ 19,751,173	\$ 14,070,758	\$ 15,491,150	\$ 19,987,614	\$ 20,402,804	\$ 16,333,312	\$ 17,977,754	\$ 21,663,153	\$ 16,675,573	\$ 16,877,777
Change in Net Position										
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	\$ (2,852,111)	\$ (5,561,033)
Business-type activities	394,512	426,623	730,203	752,739	496,784	343,536	303,251	(74,163)	145,172	245,733
Total primary government	\$ 7,105,356	\$ 3,830,727	\$ 5,305,448	\$ 13,603,719	\$ 7,419,270	\$ 1,377,113	\$ 4,682,671	\$ 5,113,975	\$ (2,706,939)	\$ (5,315,300)

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 425,369	\$ 495,996	\$ 103,672	\$ 848,165	\$ 426,792	\$ 243,496	\$ 134,846	\$ -	\$ -	\$ 265,788
Unreserved	43,120	3,071,609	6,683,356	9,130,852	7,423,336	8,617,489	9,524,890	-	140,232	-
Nonspendable	-	-	-	-	-	-	-	349,310	-	-
Restricted	-	-	-	-	-	-	-	-	365,777	-
Committed	-	-	-	-	-	-	-	221,811	402,225	103,494
Unassigned	-	-	-	-	-	-	-	8,799,775	6,354,443	5,480,501
Total general fund	\$ 468,489	\$ 3,567,605	\$ 6,787,028	\$ 9,979,017	\$ 7,850,128	\$ 8,860,985	\$ 9,659,736	\$ 9,370,896	\$ 7,262,677	\$ 5,849,783
All Other Governmental Funds										
Reserved	\$ 149,318	\$ 1,074,726	\$ 121	\$ 2,164	\$ -	\$ 2,486	\$ 29	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	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	13,567	1,250
Committed	-	-	-	-	-	-	-	-	93,071	82,792
Restricted	-	-	-	-	-	-	-	4,516,665	9,843,790	3,895,162
Unassigned	-	-	-	-	-	-	-	(2,178,868)	(270,264)	(972,951)
Total all other governmental funds	\$ 1,243,860	\$ 5,556,836	\$ 3,606,936	\$ 3,483,857	\$ 2,566,855	\$ 2,102,081	\$ 14,132,627	\$ 2,338,039	\$ 9,680,164	\$ 3,006,253

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 19,558,420	\$ 14,285,636	\$ 14,977,323	\$ 19,385,214	\$ 19,619,663	\$ 16,009,963	\$ 15,766,406	\$ 15,199,069	\$ 16,340,755	\$ 16,556,891
Licenses and permits	732,456	2,052,650	2,321,229	2,419,479	2,181,608	1,913,722	1,800,170	2,110,938	1,907,723	1,833,050
Intergovernmental	2,075,950	480,879	120,118	1,402,168	485,522	191,528	3,486,238	7,256,155	2,509,829	2,026,572
Fines and forfeitures	1,808,834	1,137,021	1,388,503	1,142,319	1,425,449	1,640,407	2,684,958	2,816,622	2,106,797	1,755,313
Charges for service	315,379	1,227,266	646,577	651,004	721,576	759,114	659,782	779,425	1,688,574	2,172,256
Contributions	-	1,000,000	-	-	-	-	-	-	-	-
Interest Income	17,131	64,616	468,956	537,630	445,450	358,889	286,276	131,632	55,112	32,437
Other Revenues	373,729	242,515	1,169,187	2,957,690	1,613,449	2,410,585	1,112,731	747,076	780,298	692,180
Total revenues	24,881,899	20,490,583	21,091,893	28,495,504	26,492,717	23,284,208	25,796,561	29,040,917	25,389,088	25,068,699
Expenditures										
General government	4,268,128	3,229,943	3,459,868	3,745,071	3,875,742	4,173,384	3,981,957	3,615,917	4,115,058	4,949,931
Judicial	511,747	374,280	269,336	261,351	319,960	369,494	583,930	597,735	762,214	730,670
Public safety	7,300,642	6,926,533	7,142,253	7,866,159	8,895,892	9,014,053	11,682,538	9,591,186	9,841,597	9,853,814
Public works	1,832,470	1,205,661	1,409,621	1,295,048	1,515,114	1,567,043	1,811,247	2,132,130	2,041,926	1,871,927
Culture and recreation	727,785	1,507,168	1,379,683	2,164,752	4,732,364	1,977,135	1,764,467	1,617,489	3,571,491	3,551,336
Housing and development	409,320	1,082,001	1,161,612	1,142,823	1,378,811	1,283,117	989,040	1,165,850	1,429,359	1,744,156
Capital outlay	9,494,874	5,245,872	10,866,209	7,375,488	8,104,995	3,295,180	12,920,739	19,690,713	9,371,480	6,974,022
Debt service										
Interest	127,668	119,418	700,294	894,588	465,002	627,081	985,231	1,457,363	1,518,752	2,243,242
Principal	505,189	601,756	590,212	706,136	631,772	482,738	1,210,995	1,348,319	1,397,918	1,493,900
Bond Issuance Cost	-	379,525	140,750	-	-	-	442,275	-	302,967	84,494
Total expenditures	25,177,823	20,672,157	27,119,838	25,451,416	29,919,652	22,789,225	36,372,419	41,216,702	34,352,762	33,497,492
Excess of revenues over (under) expenditures	(295,924)	(181,574)	(6,027,945)	3,044,088	(3,426,935)	494,983	(10,575,858)	(12,175,785)	(8,963,674)	(8,428,793)
Other Financing Sources (Uses)										
Transfers in	806,614	4,237,263	1,714,861	1,923,855	4,168,395	7,266,785	1,765,758	2,753,380	17,407,513	1,866,957
Transfers out	(806,614)	(4,202,263)	(1,679,861)	(1,923,855)	(4,123,395)	(7,266,785)	(1,720,758)	(2,708,380)	(17,362,513)	(1,821,957)
Insurance Recoveries	-	-	-	-	-	-	71,688	-	-	-
Bonds issued	-	4,325,000	7,253,713	-	-	-	23,000,000	-	13,410,000	4,110,000
Premium on bonds issued	-	-	-	-	-	-	584,491	-	742,580	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(4,000,154)
Long Term Debt Issued	-	-	-	-	-	-	-	-	-	187,142
Capital leases	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)	232,524	7,359,755	7,297,468	24,822	381,044	6,100	23,701,179	92,357	14,197,580	341,988
Net change in fund balances	\$ (63,400)	\$ 7,178,181	\$ 1,269,523	\$ 3,068,910	\$ (3,045,891)	\$ 501,083	\$ 13,125,321	\$ (12,083,428)	\$ 5,233,906	\$ (8,086,805)
Debt service as a percentage of noncapital expenditures	4%	4%	8%	8%	5%	5%	9%	14%	12%	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	Insurance Premium Tax	Hotel Motel & Car Rental	Other	Total
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	1,052,872	2,029,849	1,080,135	1,273,564	38,708	21,384,974
2012	5,907,201	4,434,938	972,000	2,072,783	1,452,201	1,442,351	59,281	16,340,755
2013	5,723,361	4,789,513	980,438	1,983,582	1,542,480	1,492,717	44,800	16,556,891

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
2003	315,503,582	446,771,709	30,553,434	41,697,733	(6,963,647)	827,562,811	3.854	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	3.854	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	5.120 *	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
2011	901,158,038	166,199,636	11,994,773	47,778,023	(33,225,096)	1,093,905,374	5.404 *	2,734,763,435	40.00
2012	874,779,962	148,464,889	11,717,620	50,152,681	(25,636,479)	1,059,478,673	5.497 *	2,619,402,633	40.00

Source: Douglas County Tax Digest

Notes: Property in the county is reassessed each year. 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.

* Bond Millage added

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

Fiscal 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	
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		3.854	7.932	21.35	0.25	33.39
2010	3.854	1.266	5.12	9.9	24.1	0.25	39.37
2011	3.854	1.215	5.069	9.9	22.95	0.25	38.17
2012	3.854	1.550	5.404	9.9	21.95	0.2	37.45
2013	3.854	1.643	5.497	12.25	21.65	0.15	39.55

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>
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
2012	2.00	1.00	4.00	7.00
2013	2.00	1.00	4.00	7.00

Source: City of Douglasville Department of Finance

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

Category	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Food	\$ 728,477	\$ 747,671	\$ 735,960	\$ 819,634	\$ 819,441	\$ 845,618	\$ 834,672	\$ 748,485	\$ 819,969	869,497
Apparel	157,202	164,444	182,225	198,801	213,481	207,470	420,108	575,702	584,899	584,899
General Merchandise	660,093	683,158	700,580	747,110	774,009	759,189	847,253	775,611	853,891	885,093
Automotive	747,453	781,142	802,723	852,560	896,204	847,972	475,678	348,853	427,879	462,445
Home	390,914	416,875	458,021	526,192	533,673	5,003	367,027	358,412	431,412	380,393
Lumber	419,651	469,784	527,019	591,547	587,397	471,709	83,052	24,751	46,110	23,236
Service	408,805	390,625	389,003	431,632	442,189	484,621	342,631	375,956	346,639	383,755
Manufacturers	203,946	236,040	251,923	293,166	299,505	282,586	456,237	579,431	206,966	182,679
Utilities	540,911	548,445	596,235	664,579	707,998	760,253	340,207	317,311	333,238	334,618
Accommodations										34,383
Other Retail										550,937
Wholesale										619,044
Misc	307,399	491,542	520,524	615,590	634,977	625,189	124,582	40,708	97,852	114,766
Total	\$ 4,564,851	\$ 4,929,726	\$ 5,164,213	\$ 5,740,811	\$ 5,908,874	\$ 5,289,610	\$ 4,291,446	\$ 4,145,222	\$ 4,148,855	\$ 4,840,847
Total County/ City	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Sales Tax Rate*	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Georgia Department of Revenue

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

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

Taxpayer	2013			2008*		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
MedLine Industries, Inc	\$ 20,925,799	1	1.98%	\$ -		-
Arbor Place II, LLC	\$ 13,316,920	2	1.26%	13,589,346	1	1.05%
DDRTC Douglasville Pavilion, LLC	\$ 8,938,640	3	0.84%	9,459,535	2	0.73%
Trikell	\$ 8,610,785	4	0.81%	-		-
Centerpoint Properties Trust	\$ 8,201,920	5	0.77%	8,317,171	7	0.64%
Prologis TLF	\$ 7,891,440	6	0.74%	-		-
Carlyle Centennial Lenox LP	\$ 7,807,880	7	0.74%	7,905,946	9	0.61%
SCI Brodick Hill Fund LLC ETAL	\$ 7,799,448	8	0.74%	8,669,883	6	0.67%
CAM Crestmark, LLC	\$ 7,533,648	9	0.71%			
WPRE I Rocky Ridge, LLC	\$ 7,000,000	10	0.66%	8,800,000	4	0.68%
Douglasville Development				9,036,849	3	0.70%
Development Authority of Douglas County				8,706,576	5	0.67%
Mt. Vernon Associates LP				7,440,000	10	0.58%
Staples Contract and Commercial				9,752,926	8	0.75%
Total	\$ 98,026,480		9.25%	\$ 91,678,232		7.08%

Source: Douglas County Tax Asssors
Total City Tax Digest

* Information for 9 years prior is not readily available

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

Fiscal Year Ended 30-Jun	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
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%	233,105	5,569,984	98.78%
2012	5,688,810	5,641,595	99.17%	34,594	5,676,189	99.78%
2013	5,483,852	5,299,807	96.64%		5,299,807	96.64%

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
	Note Payable	Capital Leases	Revenue Bonds	GO Bonds			
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
2012		1,775,558	17,405,000	26,327,576	45,508,134	0.000210%	1,306
2013		1,730,831	18,183,996	25,615,573	45,530,400	0.000209%	1,307

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

City of Douglasville, Georgia
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Obligation Debt			
Lease/Purchase	\$ 1,730,831	100.00%	\$ 1,730,831
Bonds	\$ 43,799,569	100.00%	43,799,569
	<u>\$ 45,530,400</u>		<u>\$ 45,530,400</u>
Overlapping General Obligation Debt			
Douglas County	\$ 77,870,603	29.288%	\$ 22,806,612
Douglas County School District	191,060,000	29.288%	55,957,334
	<u>\$ 268,930,603</u>		<u>\$ 78,763,946</u>
 Total Direct and Overlapping Debt	 <u>\$ 314,461,003</u>		 <u>\$ 124,294,346</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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 82,760,931	\$ 84,665,822	\$ 90,091,337	\$ 103,972,292	\$ 126,491,716	\$ 131,969,791	\$ 129,359,142	\$ 130,625,732	\$ 112,713,047	\$ 108,511,515
Total net debt applicable to limit	-	-	11,559,651	11,319,939	11,010,710	10,690,004	32,708,895	31,536,431	43,732,576	42,665,545
Legal debt margin	\$ 82,760,931	\$ 84,665,822	\$ 78,531,686	\$ 92,652,353	\$ 115,481,006	\$ 121,279,787	\$ 96,650,247	\$ 99,089,301	\$ 68,980,471	\$ 65,845,970
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	12.83%	10.89%	8.70%	8.10%	25.29%	24.14%	38.80%	39%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 1,059,478,673
Add back exempt real property	\$ 25,636,479
Total assessed value	\$ 1,085,115,152
Debt limit (10% of total assessed value)	\$ 108,511,515
Debt applicable to limit:	
Revenue bonds	
General obligation bonds	\$ 17,520,000
Less: Amount set aside for repayment of general obligation debt	\$ 25,145,545
Total net debt applicable to limit	\$ 42,665,545
Legal debt margin	\$ 65,845,970

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
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%
2012	34,839	621,946,801	17,852	32.8	24,500	11.00%
2013	34,839	621,946,801	17,852	32.9	25,000	10.80%

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	2013			Employer	2007*		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
Wal-Mart Super Center	750	1	3.85%	Wall Mart Super Center	700	1	4.53%
Wellstar Douglas Hospital	700	2	3.60%	Wellstar Douglas Hospital	650	2	3.34%
American Red Cross	450	3	2.31%	Kroger	562	3	3.64%
Benton Georgia	300	4	1.54%	Benton Georgia	350	4	2.27%
Staples Customer Center	258	5	1.33%	Sams Club	208	5	1.35%
Medline Medical Ind., Inc	250	6	1.28%	Home Depot	160	6	1.04%
Cahaba Healthcare	100	7	0.51%	Nioxin	155	7	1.00%
Reflex	100	8	0.51%	John Bleakley Ford	147	8	0.95%
A.L.P. Lighting Components	100	9	0.51%	ALP Lighting Systems	120	9	0.78%
DeNyse Signs	75	10	0.39%	Publix	100	10	0.65%
Total	<u>3,083</u>		<u>15.83%</u>	Total	<u>3,152</u>		<u>19.55%</u>

Source: Douglas County Development Authority

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

* Information for 9 years is not readily available

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government:										
Governing Body	9	9	9	9	8	8	8	9	9	9
Chief Executive (Mgr. Or Admin.)	4	5	5	4	4	5	5	5	5	5
IT / MIS	3	3	2	4	4	5	5	2	2	3
Police Records & Court	10	9	8	10	10	10	10	12	12	12
Financial Administration	8	7	8	8	8	8	8	8	8	8
General Govt. Bldgs. & Plant	8	8	7	2	2	2	1	1	1	1
Human Resources	1	2	2	2	2	2	2	2	2	2
Public Safety:										
Police Administration	6	6	6	5	5	5	9	10	9	9
Police - IT	-	-	-	-	-	-	-	2	2	2
Police Detective	15	14	12	17	15	15	18	17	14	17
Police Special OPS	8	6	4	8	8	6	7	7	8	8
Police Patrol	41	41	55	53	45	52	46	54	53	53
Police Motors	10	5	4	5	6	6	6	4	5	6
Police Training	-	-	-	-	-	-	-	2	2	3
Police SRO	9	8	5	7	10	6	4	2	4	4
Police Building Maintenance									1	1
Building Inspections	8	8	8	7	8	3	5	5	4	3
Code Enforcement	3	3	3	4	4	3	3	3	3	4
Planning & Zoning	3	2	2	2	2	1	1	2	2	2
Engineering	2	1	2	2	4	3	3	3	3	3
Community Development	-	-	-	2	3	4	4	4	2	4
Tourism	-	-	-	3	5	3	2	2	3	3
Culture/Recreation Administration	6	3	4	4	6	5	4	4	6	7
Conference Center	3	3	4	3	3	3	2	3	4	5
West Pines Golf	2	1	-	-	-	-	-	-	-	8
Parks Areas	9	9	9	9	8	9	9	8	6	8
Highways & Streets Admin.	16	14	12	17	18	18	18	15	17	17
Traffic Engineering										
Sanitary Administration	16	14	19	22	21	17	17	20	22	22
Maintenance & Shop	2	2	2	2	2	2	2	2	2	2
Video Production	-	-	-	-	-	4	4	4	4	3
Development Authority	-	-	-	-	-	1	1	1	1	1
Keep Douglasville Beautiful	-	-	-	-	-	3	3	4	3	4
Total	202	183	192	211	211	209	207	217	219	239

Source: City of Douglasville Finance Dept

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

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Works:										
Street resurfacing (feet)	68,595	15,810	59,638	34,266	15,167	12,883	5,280	3,256	13,886	11,051
Police protection*:										
Number of citations written	6,027	6,060	8,909	10,096	10,322	11,744	14,165	10,738	9,915	8,613
Number of automobile accidents	2,863	2,785	1,371	2,739	2,675	2,359	1,989	2,307	2,397	2,483
Number of reported crimes	2,693	3,121	1,548	3,288	3,050	5,452	3,894	4,768	4,160	4,160
**Sanitation:										
Large items pickup	-	-	-	510	217	56	123	97	63	88

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public works:										
Miles of streets	162	162	162	164	164	166	165	166	166	166
Number of street lights	2,040	2,040	2,040	2,040	2,044	2,046	2,046	2,048	2,048	2,048
Police protection:										
Number of stations	1	1	1	1	1	1	1	2	2	2
Number of police officers	93	95	95	95	89	89	82	91	94	94
Building permits issued	443	511	742	503	411	377	179	141	177	248
Recreation and culture:										
Number of parks	8	7	7	8	8	8	8	8	8	8
Park acreage	288	288	288	420	420	420	420	420	420	420

Sources: Various city departments.

COMPLIANCE SECTION

CITY OF DOUGLASVILLE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 1,330,250</u>	<u>\$ 1,330,250</u>	<u>100%</u>

**CITY OF DOUGLASVILLE, GEORGIA
CAR RENTAL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 162,467</u>	<u>\$ -</u>	<u>0%</u>