

CITY OF DOUGLASVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012



CITY OF DOUGLASVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**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, 2012**

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INTRODUCTORY SECTION

HARVEY PERSONS
Mayor

City of Douglasville



WILLIAM D. OSBORNE
City Manager

JOEL DODSON
City Attorney

JOYCE STONE
City Clerk

Council Members:

MARK E. ADAMS - Ward 4
LaSHUN B. DANLEY - Ward 3, Post 1
SAMUEL DAVIS - Ward 3, Post 2
DOUGLAS H. LEQUIRE - Ward 5, Post 2
DENNIS McLAIN - Ward 2
CARL D. POPE - Ward 5, Post 1
LARRY G. YOCKEY - Ward 1

December 21, 2012

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, 2012, is hereby submitted as mandated by both local and state government. These ordinances and statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City of Douglasville, Georgia's financial affairs are included.

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

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

Component units are legally separate entities for which the primary government is financially accountable. The City considers all potential component units for inclusion in these financial statements because of significant operational or financial relationships as required by generally accepted accounting principles. For year ended June 30, 2012, the City has three component units: the Douglasville Convention and Conference Center Authority, the Douglasville Public Purpose Corporation and the Downtown Development Authority. The Douglasville Convention and Conference Center Authority and the Douglasville Public Purpose Corporation are presented as blended component units and are presented as special revenue funds. The Douglasville Development Authority is a discretely presented component unit. For additional information, see "NOTE 1.A" of the Notes to the Financial Statements.



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

A Georgia Classic



Main Street City

Profile of the Government

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

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

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

Local Economy

Based on the 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 over 50% of the total tax digest by property value, ensuring a strong economic environment for the government.

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

Long Term Financial Planning

Unassigned fund balance in the General Fund falls within the guidelines set by the Council. The policy is to maintain a \$2.5 million fund balance; 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 2011-2012 has been marked by numerous improvements in service delivery and infrastructure, which will enhance the quality of life for the City's residents. In March 2002, the residents of Douglas County voted for a Special Purpose Local Option Sales Tax. This tax is collected to fund streets, recreation, and fire facilities in Douglas County and the City of Douglasville. This tax will provide funds for renovation of existing park facilities, a new recreation center and purchase of land for future development as well as improving intersections, resurfacing streets, and improving the traffic flow throughout the city. The completion of the \$2.3 million Livable Centers Initiative program has given the streets of Douglasville a facelift with new sidewalks and greenery. This was funded through a combination of state funds and SPLOST funds.

The 2002 SPLOST projects are almost complete with 100% of the transportation dollars expended. Hunter Park Community Center is the last project within the Parks and Recreation component of SPLOST. 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.

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 City is also constructing a new Convention and Conference Center with a three story parking deck. 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 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 fees. 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, we are analyzing the opportunity to refund the bonds that were originally issued and issue new bonds that are tax-exempt to the bond holder. This is projected to reduce annual debt service. The Golf Course will be marketed with the Conference Center.

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

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.

The City has also received a \$1,250,000 grant from GDOT for banners, lighting and sidewalks along the streets of Douglasville and will be complete with this project by the end of 2013.

A grant was received for a new Welcome Center in Downtown Douglasville for \$500,000 which is currently in the design phase.

Google and the City are working together to design a wireless system throughout downtown Douglasville.

FINANCIAL INFORMATION

Accounting System Internal Controls. The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

Independent Audits. State statutes require an annual audit by independent certified public accountants. The firm of 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.

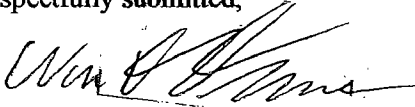
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Douglasville for its Comprehensive Annual Financial Report for year ended June 30, 2011. The Certificate of Achievement is a

prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



William D. Osborne
City Manager



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Douglasville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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

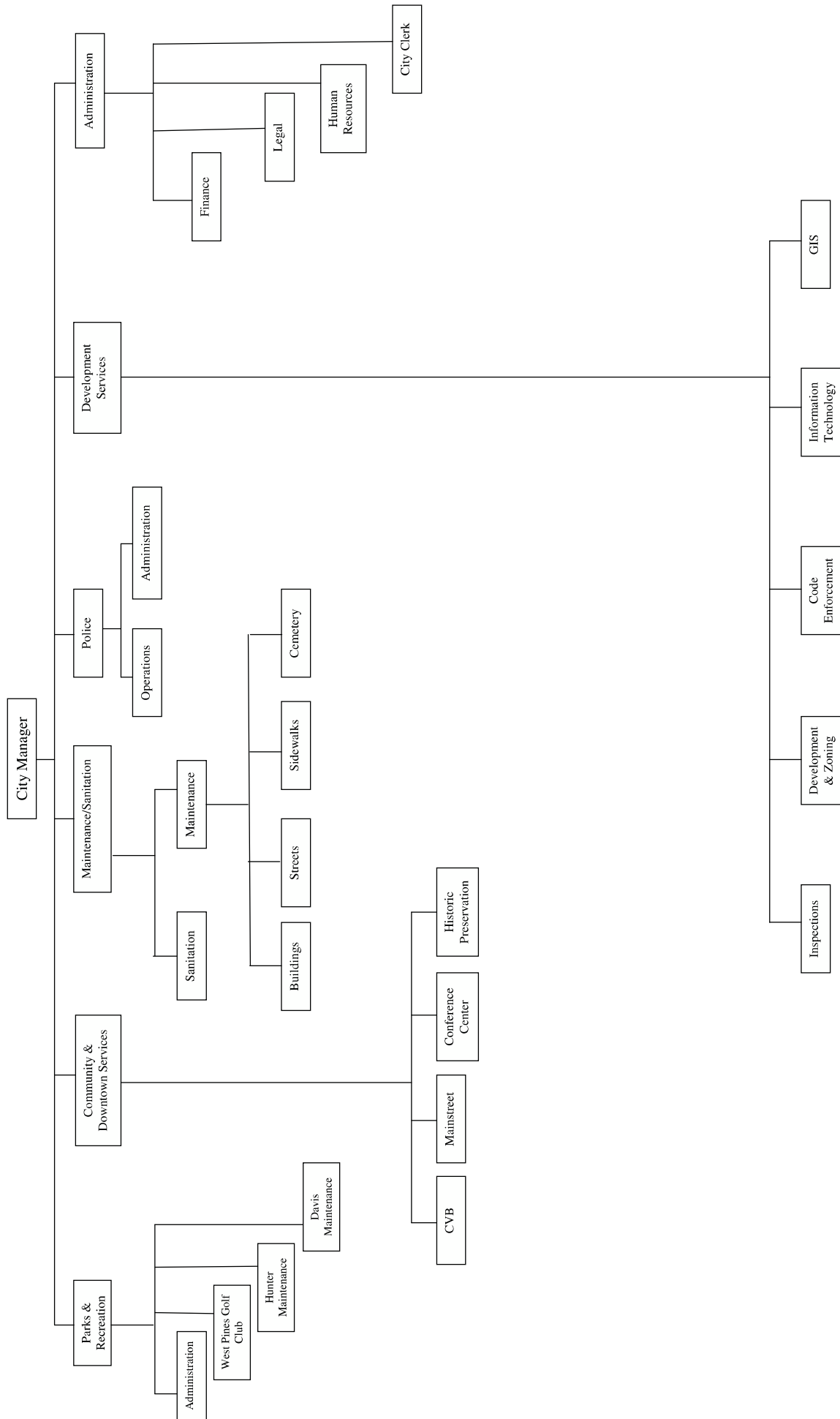


Linda C. Danison

President

Jeffrey R. Emer

Executive Director



City of Douglasville, Georgia
LISTING OF PRINCIPAL OFFICIALS

June 30, 2012

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglasville, Georgia, as of June 30, 2012, and the respective changes in financial position and the cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the City of Douglasville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-15, the schedule of funding progress on page 45 and the budgetary comparison information for the General Fund and Confiscated Assets Fund on pages 46-50, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Douglasville, Georgia's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, and compliance section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund statements and schedules and the compliance section have been subjected to the auditing procedures applied in the audit of the basic financial statements and 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 statements and schedules and the compliance section are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

A handwritten signature in black ink, reading "Crace Galvis McGrath". The signature is fluid and cursive, with the first name "Crace" being the most prominent.

Crace Galvis McGrath, LLC
Kennesaw, Georgia

December 21, 2012

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, 2012. 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

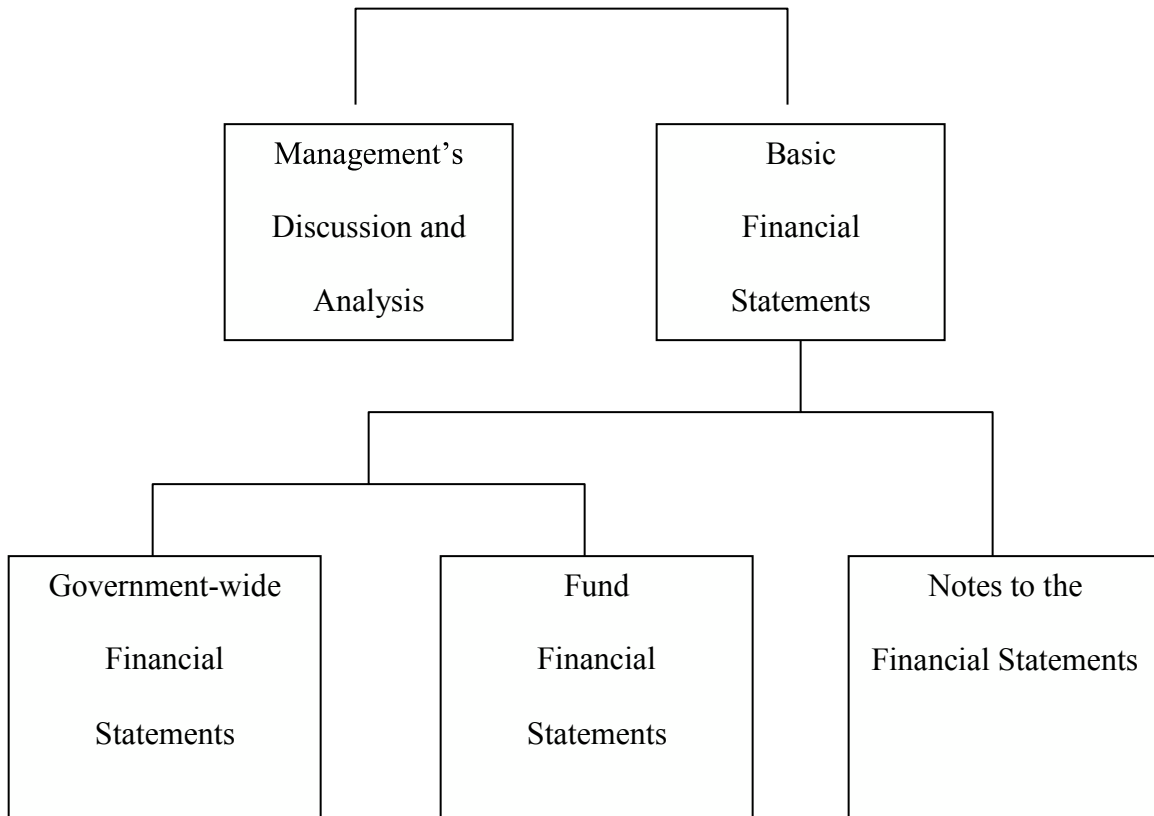
- The assets of the City of Douglasville exceeded its liabilities at the close of the fiscal year by \$75,625,345 (*net assets*).
- The government's total net assets decreased by \$2,706,939 as a result of fiscal year 2012 operations.
- As of the close of the current fiscal year, the City of Douglasville's governmental funds reported combined ending fund balances of \$16,942,841, an increase of \$5,232,906 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,354,443 or 31 percent of total general fund expenditures for the fiscal year.
- The City of Douglasville's Government wide debt (bonds and capital leases) increased by \$12,012,082. The increase is due to the Revenue Bonds issued through the Conference Center Authority for Construction of the City of Douglasville Convention and Conference Center.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Summary Detail

Basic Financial Statements

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

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

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

The government-wide financial statements are on pages 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Douglasville maintains the following individual governmental funds. The Major Funds which are presented separately are: General Fund, Confiscated Assets Fund, GEMA Fund and the Conference Center fund. The funds that are presented as combined in the Other Governmental Funds column are: SPLOST, Multiple Grant Fund, Hotel/Motel Tax Fund, Youth Against Violence Fund, Convention and Visitors Bureau Fund, Convention and Conference Center Authority, Fire Station Fund, Public Purpose Corporation Fund, Bright Star Connector 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 51-54.

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 schedule uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule 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 an enterprise fund to account for its sanitation operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25-44 of this report.

Government-Wide Financial Analysis

The City of Douglasville's Net Assets

Figure 2

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The total assets of the City of Douglasville exceeded total liabilities by \$75,625,345 as of June 30, 2012. The City's net assets decreased by \$2,706,939 for the fiscal year ended June 30, 2012. This was due to the increased long term liabilities. The long term liabilities increased because of the bonds issued for the Conference Center.

	Governmental		Business Type			
	Activities	Activities	Activities	Activities	Total	Total
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 17,769,830	\$ 17,352,997	\$ 989,553	\$ 3,421,547	\$ 18,759,383	\$ 20,774,544
Capital assets	111,035,895	99,448,408	3,218,006	799,371	\$ 114,253,901	\$ 100,247,779
Total assets	128,805,725	\$ 116,801,405	4,207,559	4,220,918	133,013,284	121,022,323
Long-term liabilities outstanding	51,820,844	37,451,305	4,201	4,201	51,825,045	37,455,506
Other liabilities	5,293,383	4,806,491	269,511	428,042	5,562,894	5,234,533
Total liabilities	57,114,227	42,257,796	273,712	432,243	57,387,939	42,690,039
Invested in capital assets, net of related debt	67,152,166	65,423,890	1,402,308	799,371	68,554,474	66,223,261
Restricted	4,458,968	4,516,907	-	-	4,458,968	4,516,907
Unrestricted	80,364	4,602,812	2,531,539	2,989,304	2,611,903	7,592,116
Total net assets	\$ 71,691,498	\$ 74,543,609	\$ 3,933,847	\$ 3,788,675	\$ 75,625,345	\$ 78,332,284

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

There was a decrease of \$57,939 in restricted net assets in connection with the City of Douglasville's Governmental Activities. This decrease is the net between an increase of restricted funds from the Debt service reserve from the West Pines Golf course and a decrease in restricted funds of \$ 514,751 from Confiscated Asset funds. These funds are from Drug Seizures and can only be used for Police related expenditures. The remaining \$80,364 can be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Douglasville is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$145,172 in connection with the City's business type activities. This increase resulted from revenues that exceeded expenditures.

Governmental activities. Governmental activities decreased the City's net assets by \$2,852,111 thereby accounting for 100% of the total decrease in the net assets of the City of Douglasville. Key elements of this change are as follows:

- Increase in debt issued for the Conference Center
- Increase in accounts payable ending balances
- Increase in Non-current liabilities

City of Douglasville Changes in Net Assets Figure 3

	Governmental		Business-type		Total	
	Activities		Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 5,657,894	\$ 5,158,433	\$ 3,610,033	\$ 3,658,354	\$ 9,267,927	\$ 8,816,787
Operating grants and contributions	671,401	1,503,681			671,401	1,503,681
Capital grants and contributions	1,179,720	398,650			1,179,720	398,650
General revenues:						
Property taxes	5,934,651	5,563,615			5,934,651	5,563,615
Sales taxes	4,434,938	10,244,877			4,434,938	10,244,877
Other taxes and miscellaneous	6,250,535	5,721,070			6,250,535	5,721,070
Unrestricted Investment Earnings	55,101	131,666	348	1,925	55,449	133,591
Gain on Sale of Capital Assets		-				
Total Revenues	<u>24,184,240</u>	<u>28,721,992</u>	<u>3,610,381</u>	<u>3,660,279</u>	<u>27,794,621</u>	<u>32,382,271</u>
Expenses:						
General Government	5,177,481	5,202,563	-	-	5,177,481	5,202,563
Judicial	837,390	658,943	-	-	837,390	658,943
Public Safety	11,442,340	10,202,244	-	-	11,442,340	10,202,244
Health and Welfare	144,708	144,708	-	-	144,708	144,708
Public Works	2,813,452	2,101,565	-	-	2,813,452	2,101,565
Housing and Development	1,255,019	1,277,614			1,255,019	1,277,614
Culture and Recreation	3,619,609	2,130,160	-	-	3,619,609	2,130,160
Interest on long-term debt	1,791,352	1,861,057		-	1,791,352	1,861,057
Sanitation Services		-	3,420,209	3,689,442	3,420,209	3,689,442
Total Expenses	<u>27,081,351</u>	<u>23,578,854</u>	<u>3,420,209</u>	<u>3,689,442</u>	<u>30,501,560</u>	<u>27,268,296</u>
Increase (decrease) in net assets						
before transfers	(2,897,111)	5,143,138	190,172	(29,163)	(2,706,939)	5,113,975
Transfers	<u>45,000</u>	<u>45,000</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	(2,852,111)	5,188,138	145,172	(74,163)	(2,706,939)	5,113,975
Net assets, July 1	<u>74,543,609</u>	<u>69,335,471</u>	<u>3,788,675</u>	<u>3,862,838</u>	<u>78,332,284</u>	<u>73,198,309</u>
Net assets, June 30	<u>\$ 71,691,498</u>	<u>\$ 74,523,609</u>	<u>\$ 3,933,847</u>	<u>\$ 3,788,675</u>	<u>\$ 75,625,345</u>	<u>\$ 78,312,284</u>

The most significant expenses are for Public Safety for \$11,442,340 representing 42% of the total governmental expenses. The next most significant program expense is General Government expense of \$5,177,481 representing 19% of total governmental expenses.

Business-type activities: Business-type activities increased the City of Douglasville's net assets by \$145,172 accounting for 4% increase in the government's business type activity net assets. The most significant business-type activity of the City is the Sanitation Services provided to the citizens of the City of Douglasville. The majority of its revenue was derived from user fees.

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

The general fund is the chief operating fund of the City of Douglasville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,354,443 compared to last year at \$8,799,775 a decrease of \$2,445,332. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. In 2012, unassigned fund balance represents 30% of total General Fund expenditures. The primary reasons for the decrease in fund balance for the General Fund were due to:

- Completion of Hunter Park and Community Center and Tennis Complex
- Completion of Chapel Hill road intersection improvement.
- Completion of a new road: Bright Star Connector.
- Completion of the Police Administration building

The Mayor and Council appropriated \$2,177,318 to complete projects.

At the end of the current fiscal year, restricted fund balance of the Confiscated Assets Fund was \$3,588,458 compared to last year at \$4,103,209 decrease of \$514,751. This was due to purchases during the year that exceeded annual revenues by \$ 514,751.

At the end of the current fiscal year, restricted fund balance of the SPLOST Fund was \$145,510 compared to last year's fund balance deficit of \$1,267,786. When SPLOST was approved by the voters in 2002, the intergovernmental agreement that was set up between the City and the County dictated that Douglas County would collect revenues and the City would submit reimbursement requests. The reimbursements were not received timely from Douglas County. Revenue is reported when it is considered available. Revenues are considered available when they are collected within the current period or

soon enough thereafter to pay liabilities of the current period. The revenue was finally reimbursed in October for June requests and this was recorded as deferred revenue. The County transferred the SPLOST reimbursements to the City which cleared out the deficit.

At June 30, 2012, the governmental funds of City of Douglasville reported a combined fund balance of \$16,942,841. Last year the combined fund balance was \$11,708,935 which represents an increase of \$5,233,906 or 45% over last year. The Bond proceeds to construct the Conference Center account for 100% of this increase. The GEMA flood fund is carrying a fund balance deficit. This is because the City is waiting on permitting issues to be resolved. Then GEMA will reimburse the City for expenses during the flood of 2009.

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 \$161,454. The city had \$97,645 more in sales taxes than budgeted and \$80,004 more in alcohol tax revenues. However, property taxes came under the budgeted revenue by \$ 143,000. Delinquent property taxes exceeded the budget. The past three years delinquent property taxes have exceeded the budgeted amount. Revenues fell short of the budgeted amounts primarily due to adjustments to property which decreased the revenue to the City. The City takes a very conservative approach to budgeting. The expenditure amount was \$1,257,133 less than budgeted. This was due to unfilled positions: Public Safety had turnover and vacant positions throughout the year which account for \$533,133 of the total. In addition, Information Systems department had a project that was carried forward to Fiscal Year 13 in the amount of \$200,000. This is an upgrade to the City's telephone system. The City approved use of fund reserves of over \$2.1 million to finish out major capital projects.

Proprietary Funds. The City of Douglasville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Sanitation Fund at the end of the fiscal year amounted to \$2,531,539. The total increase in net assets from the prior fiscal year was \$145,472. The increase is due to the revenues that exceeded expenses.

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, 2012, totals \$108,200,278 (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 completion of the Hunter Park Community Center and tennis complex. fourteen vehicles for the Police Department and two vehicles for Code enforcement. The City also upgraded equipment for the Golf Course: a Toro mower, spreader, aerator and utility cart. Other purchases include: lighting improvements to Fowler Field, upgrade to the telephone system, upgrade to the computer system, and two copy machines.

City of Douglasville's Capital Assets
Figure 4

	Governmental Activities		Buisness-Type Activities		Total	Total
	2012	2011	2012	2011	2012	2011
Land	\$ 28,940,272	\$ 28,911,272	\$ -	\$ -	\$ 28,940,272	\$ 28,911,272
Construction in progress	14,479,150	5,583,709	-	-	14,479,150	5,583,709
Buildings	36,385,002	36,698,520	-	-	36,385,002	36,698,520
Other improvements	4,587,469	4,778,366	-	-	4,587,469	4,778,366
Infrastructure	18,295,078	18,556,829	-	-	18,295,078	18,556,829
Equipment	4,110,999	4,919,712	1,402,308	799,371	5,513,307	5,719,083
	<u>\$ 106,797,970</u>	<u>\$ 99,448,408</u>	<u>\$ 1,402,308</u>	<u>\$ 799,371</u>	<u>\$ 108,200,278</u>	<u>\$ 100,247,779</u>

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, 2012, the City of Douglasville had had bonded debt outstanding of \$43,732,576. The City had capital leases in the amount of \$1,775,558 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		Business-type			
	Activities		Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital leases	\$ 1,775,558	\$ 1,959,621	\$ -	\$ -	\$ 1,775,558	\$ 1,959,621
Comp. Absences	879,063	758,625	38,676	38,193	917,739	796,818
Premium	1,220,540	528,477			1,220,540	528,477
Interest Rate Swap	817,400	492,028			817,400	492,028
Net OPEB obligation	5,631,264	4,248,803			5,631,264	4,248,803
Bonds Payable	43,732,576	31,536,431	-	-	43,732,576	31,536,431
Total	<u>\$ 54,056,401</u>	<u>\$ 39,523,985</u>	<u>\$ 38,676</u>	<u>\$ 38,193</u>	<u>\$ 54,095,077</u>	<u>\$ 39,562,178</u>

Figure 5

The City of Douglasville's total debt increased \$12,012,082 during the past fiscal year. This was due to the Revenue bonds issued for the Conference Center Authority. These bonds will be paid back by Hotel Motel tax, Rental car tax and Conference Center rentals.

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 \$68,980,471. 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 9.1%, compared to 8.5% in Georgia.
- Opening the Douglasville Downtown Conference Center which is 38,000 square feet will be a catalyst for development in downtown Douglasville and the surrounding areas.
- The City is now operating West Pines Golf Course.
- Bright Star Connector: This is a new road that was built which allows for new growth by connecting two major thoroughfares.
- 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 is working with Google to get wireless all throughout the downtown area.

Budget Highlights for the Fiscal Year Ending June 30, 2013

- **Governmental Activities:** The FY 12 budget is 4% higher than the prior year. Property taxes are budgeted to decrease. Budgeted expenditures in the General Fund are expected to increase slightly. The Mayor and Council do not intend to use fund balance to balance the budget. The sales taxes budget was projected to decrease by .5%; health insurance city wide is budgeted to increase by 3% and increases above that will be absorbed by the employee. The City of Douglasville elected not to increase the millage rate when property value reassessments declined.
- In 2013, the City of Douglasville negotiated a new Local Option Sales tax agreement with Douglas County. The Rates increase from year to year with the City receiving a larger share. The City currently receives 20 % of the Local Option Sales Tax and has for the past 10 years. The City of Douglasville will receive 23.5 % of the Local Option Sales Tax beginning in January 2013. This was not known at the time the budget was developed.
- The City anticipates an increase in sales tax due to the activity from Conferences that will be held at the Conference Center. Therefore, a transfer of funds from General fund to the Conference Center operations has been included in the FY 13 budget.

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

Requests for Information:

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

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CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash	\$ 15,969,928	\$ 715,551	\$ 16,685,479	\$ 21,442
Receivables, net:				
Trade	-	274,002	274,002	-
Taxes	247,441	-	247,441	-
Other	1,552,461	-	1,552,461	-
Internal balances	(1,797,022)	1,797,022	-	-
Due from other governments	422,119	-	422,119	-
Inventories	26,858	-	26,858	-
Prepaid items	126,941	18,676	145,617	-
Restricted assets	365,777	-	365,777	-
Investments	3,310,692	-	3,310,692	-
Capital assets, non depreciated	43,419,422	-	43,419,422	-
Capital assets, depreciated, net	63,378,548	1,402,308	64,780,856	-
Other assets, net	1,782,560	-	1,782,560	-
Total assets	128,805,725	4,207,559	133,013,284	21,442
Liabilities:				
Accounts payable and other current liabilities	3,022,587	235,036	3,257,623	1,335
Unearned revenue	35,239	-	35,239	-
Noncurrent liabilities:				
Due within one year	2,235,557	34,475	2,270,032	-
Due in more than one year	51,820,844	4,201	51,825,045	-
Total liabilities	57,114,227	273,712	57,387,939	1,335
Net Assets:				
Invested in capital assets, net of related debt	67,152,166	1,402,308	68,554,474	-
Restricted for:				
Culture and recreation	295,673	-	295,673	-
Debt service	429,327	-	429,327	-
Completion of projects	145,510	-	145,510	-
Public safety	3,588,458	-	3,588,458	-
Unrestricted	80,364	2,531,539	2,611,903	20,107
Total net assets	\$ 71,691,498	\$ 3,933,847	\$ 75,625,345	\$ 20,107

**CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental activities:								
General government	\$ 5,177,481	\$ 2,224,532	\$ 20,000	\$ -	\$ (2,932,949)	\$ -	\$ (2,932,949)	
Judicial	837,390	1,644,337	-	-	806,947	-	806,947	
Public safety	11,442,340	368,658	598,272	33,118	(10,442,292)	-	(10,442,292)	
Health and welfare	144,708	-	-	-	(144,708)	-	(144,708)	
Public works	2,813,452	-	53,129	404,207	(2,356,116)	-	(2,356,116)	
Housing and development	1,255,019	216,306	-	242,395	(796,318)	-	(796,318)	
Culture and recreation	3,619,609	1,204,061	-	500,000	(1,915,548)	-	(1,915,548)	
Interest & fiscal charges on long-term debt	1,791,352	-	-	-	(1,791,352)	-	(1,791,352)	
Total governmental activities	27,081,351	5,657,894	671,401	1,179,720	(19,572,336)	-	(19,572,336)	
Business-type activities:								
Sanitation	3,420,209	3,610,033	-	-	-	189,824	189,824	
Total business-type activities	3,420,209	3,610,033	-	-	-	189,824	189,824	
Total Primary Government	\$ 30,501,560	\$ 9,267,927	\$ 671,401	\$ 1,179,720	\$ (19,572,336)	\$ 189,824	\$ (19,382,512)	
Component Unit	\$ 130,746	\$ -	\$ 132,569	\$ -				\$ 1,823
General revenues:								
Property taxes					5,934,651	-	5,934,651	-
Sales and use taxes					4,434,938	-	4,434,938	-
Hotel, motel tax					1,442,351	-	1,442,351	-
Franchise taxes					2,072,783	-	2,072,783	-
Insurance premium tax					1,452,201	-	1,452,201	-
Alcohol taxes					1,283,200	-	1,283,200	-
Unrestricted investment earnings					55,101	348	55,449	-
Transfers					45,000	(45,000)	-	-
Total general revenues and transfers					16,720,225	(44,652)	16,675,573	-
Change in net assets					(2,852,111)	145,172	(2,706,939)	1,823
Net assets - beginning					74,543,609	3,788,675	78,332,284	18,284
Net assets - ending					\$ 71,691,498	\$ 3,933,847	\$ 75,625,345	\$ 20,107

CITY OF DOUGLASVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Confiscated Assets	GEMA Flood	Conference Center	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 6,543,194	\$ 1,797,350	\$ -	\$ 7,082,870	\$ 546,514	\$ 15,969,928
Restricted cash	365,777	-	-	-	-	365,777
Receivables, net:						
Taxes	247,441	-	-	-	-	247,441
Other	893,910	2,633	265,157	-	390,761	1,552,461
Due from other governments	380,088	-	-	-	42,031	422,119
Inventories	26,858	-	-	-	-	26,858
Investments	1,517,831	1,792,861	-	-	-	3,310,692
Prepaid items	113,374	-	-	-	13,567	126,941
Total assets and other debits	\$ 10,088,473	\$ 3,592,844	\$ 265,157	\$ 7,082,870	\$ 992,873	\$ 22,022,217
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 481,489	\$ 4,386	\$ -	\$ 1,318,704	\$ 103,743	\$ 1,908,322
Accrued liabilities	432,162	-	-	-	24,615	456,777
Retainage payable	-	-	-	-	21,776	21,776
Deferred revenue	595,083	-	265,157	-	35,239	895,479
Due to other funds	1,317,062	-	270,264	-	209,696	1,797,022
Total liabilities	2,825,796	4,386	535,421	1,318,704	395,069	5,079,376
Fund balances:						
Nonspendable	140,232	-	-	-	13,567	153,799
Restricted	365,777	3,588,458	-	5,764,166	491,166	10,209,567
Committed	402,225	-	-	-	93,071	495,296
Unassigned	6,354,443	-	(270,264)	-	-	6,084,179
Total fund balances	7,262,677	3,588,458	(270,264)	5,764,166	597,804	16,942,841
Total liabilities and fund balances	\$ 10,088,473	\$ 3,592,844	\$ 265,157	\$ 7,082,870	\$ 992,873	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	106,797,970
Revenue earned but unavailable is not reported in the funds.	860,240
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unamortized bond costs	965,160
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net OPEB obligation	(5,631,264)
Unmatured bonds payable	(43,732,576)
Unamortized premium	(1,220,540)
Capital leases payable	(1,775,558)
Accrued interest expense	(635,712)
Accrued compensated absences	(879,063)
Net assets of governmental activities	\$ 71,691,498

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Confiscated Assets	GEMA Flood	Conference Center	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 14,898,404	\$ -	\$ -	\$ -	\$ 1,442,351	\$ 16,340,755
Charges for services	1,565,450	-	-	-	123,124	1,688,574
Licenses and permits	1,907,723	-	-	-	-	1,907,723
Fines and forfeitures	1,764,151	342,646	-	-	-	2,106,797
Intergovernmental	43,076	-	28,917	-	2,437,836	2,509,829
Investment earnings	21,801	24,693	-	7,968	650	55,112
Miscellaneous revenue	194,498	-	-	-	585,800	780,298
Total revenues	<u>20,395,103</u>	<u>367,339</u>	<u>28,917</u>	<u>7,968</u>	<u>4,589,761</u>	<u>25,389,088</u>
Expenditures:						
Current:						
General government	4,093,351	-	-	-	21,707	4,115,058
Judicial	762,214	-	-	-	-	762,214
Public safety	8,614,976	917,603	-	-	309,018	9,841,597
Public works	1,739,041	-	-	-	302,885	2,041,926
Culture and recreation	2,406,098	-	-	-	1,165,393	3,571,491
Housing and development	1,077,912	-	-	-	351,447	1,429,359
Capital Projects	-	-	98,395	8,212,990	1,060,095	9,371,480
Debt Service						
Principal, interest, and fees	1,967,088	-	-	-	1,252,549	3,219,637
Total expenditures	<u>20,660,680</u>	<u>917,603</u>	<u>98,395</u>	<u>8,212,990</u>	<u>4,463,094</u>	<u>34,352,762</u>
Excess (deficiency) of revenues over expenditures	(265,577)	(550,264)	(69,478)	(8,205,022)	126,667	(8,963,674)
Other financing sources (uses):						
Proceeds from bond issue	-	-	-	-	13,410,000	13,410,000
Transfers in	560,122	35,513	-	14,341,483	2,470,395	17,407,513
Premium on long term debt issued	-	-	-	-	742,580	742,580
Transfers out	(2,402,764)	-	-	(102,016)	(14,857,733)	(17,362,513)
Total other financing sources (uses)	<u>(1,842,642)</u>	<u>35,513</u>	<u>-</u>	<u>14,239,467</u>	<u>1,765,242</u>	<u>14,197,580</u>
Net change in fund balance	<u>(2,108,219)</u>	<u>(514,751)</u>	<u>(69,478)</u>	<u>6,034,445</u>	<u>1,891,909</u>	<u>5,233,906</u>
Fund balance at beginning of year	<u>9,370,896</u>	<u>4,103,209</u>	<u>(200,786)</u>	<u>(270,279)</u>	<u>(1,294,105)</u>	<u>11,708,935</u>
Fund balance at end of year	<u>\$ 7,262,677</u>	<u>\$ 3,588,458</u>	<u>\$ (270,264)</u>	<u>\$ 5,764,166</u>	<u>\$ 597,804</u>	<u>\$ 16,942,841</u>

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, 2012

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

Net change in fund balances - total governmental funds		\$ 5,233,906
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	(3,121,968)	
Capital outlays	<u>10,857,938</u>	7,735,970
The net effect of miscellaneous transactions involving capital assets (sales) is to decrease net assets		(386,408)
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.		(1,208,374)
OPEB contributions in deficiency of annual actuarial costs are not recorded as expenses in the governmental funds		(1,382,461)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.		(13,410,000)
Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets.		1,397,918
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.		
Bond issue costs	302,967	
Premium on bonds issued	<u>(742,580)</u>	(439,613)
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	(259,333)	
Accrued compensated absences	(120,438)	
Amortization of bond costs and deferred charges	<u>(13,278)</u>	<u>(393,049)</u>
Change in net assets of governmental activities		<u><u>\$ (2,852,111)</u></u>

CITY OF DOUGLASVILLE, GEORGIA
BALANCE SHEET
PROPRIETARY FUND
JUNE 30, 2012

<u>ASSETS</u>	
	<u>Sanitation Enterprise Fund</u>
Current assets:	
Cash	\$ 715,551
Receivables, net	274,002
Due from other funds	1,797,022
Prepaid expenses	18,676
Total current assets	<u>2,805,251</u>
Noncurrent assets	
Property, plant and equipment, net	<u>1,402,308</u>
Total assets	<u><u>\$ 4,207,559</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Current liabilities:	
Accounts payable	\$ 186,566
Accrued liabilities	48,470
Compensated absences	34,475
Total current liabilities	<u>269,511</u>
Long-term liabilities (net of current portion):	
Compensated absences	<u>4,201</u>
Total liabilities	<u>273,712</u>
Fund equity:	
Invested in capital assets	1,402,308
Unrestricted	2,531,539
Total fund equity	<u>3,933,847</u>
Total liabilities and fund equity	<u><u>\$ 4,207,559</u></u>

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Sanitation Enterprise Fund
Operating revenues:	
Charges for services	\$ 3,610,033
Total operating revenues	<u>3,610,033</u>
Operating expenses:	
Personal services and employee benefits	1,173,560
Contracted services	1,433,144
Other operating expenses	633,005
Depreciation	<u>173,373</u>
Total operating expenses	<u>3,413,082</u>
Operating income	<u>196,951</u>
Nonoperating revenues (expenses):	
Interest income	348
Gain(loss) on disposal of assets	<u>(7,127)</u>
Total nonoperating revenues (expenses)	<u>(6,779)</u>
Income before transfers	<u>190,172</u>
Transfers out	<u>(45,000)</u>
Change in fund equity	145,172
Total fund equity, beginning	<u>3,788,675</u>
Total fund equity, ending	<u><u>\$ 3,933,847</u></u>

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Sanitation Enterprise Fund
Cash flows from (to) operating activities:	
Cash received from customers	\$ 3,596,630
Cash payments to suppliers for goods and services	(2,538,436)
Cash payments for employee services and fringe benefits	<u>(1,165,043)</u>
Net cash from (to) operating activities	<u>(106,849)</u>
Cash flows from (to) noncapital financing activities:	
Transfers out	<u>(45,000)</u>
Net cash from (to) noncapital financing activities	<u>(45,000)</u>
Cash flows from (to) capital and related financing activities:	
Acquisition of capital assets	<u>(783,437)</u>
Net cash from (to) capital and related financing activities	<u>(783,437)</u>
Cash flows from (to) investing activities:	
Interest earned on assets	<u>348</u>
Net cash from (to) investing activities	<u>348</u>
Net increase (decrease) in cash	(934,938)
Cash at beginning of year	<u>1,650,489</u>
Cash at end of year	<u><u>\$ 715,551</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 196,951
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	173,373
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(13,403)
(Increase) decrease in due from other funds	(549,382)
(Increase) decrease in inventory	202,376
(Increase) decrease in prepaid expenses	41,767
Increase (decrease) in accounts payable	(167,048)
Increase (decrease) in accrued liabilities	8,034
Increase (decrease) in compensated absences	<u>483</u>
Net cash from operating activities	<u><u>\$ (106,849)</u></u>

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2012

	Beneficiary Fund
Assets:	
Current assets:	
Cash	\$ 16,282
Total assets	<u>\$ 16,282</u>
Liabilities	
Due to other governments and individuals	\$ 16,282
Total liabilities	<u>\$ 16,282</u>

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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, 2012

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.

GEMA Flood Fund - The GEMA Flood Fund is used to account for a grant awarded to the City for capital improvements.

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.

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 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 Multiple Grant Special Revenue Fund. Project length budgets are adopted for the Capital Project Funds and the Multiple Grant Special Revenue Fund. 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

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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.

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

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

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

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

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

G. Inventories

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012 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.

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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.

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

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

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

J. Compensated Absences

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

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

K. Long-Term Obligations

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

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

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

L. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. 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.

M. Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits of public funds to be collateralized in accordance with State law. As of June 30, 2012, deposits were fully insured and collateralized.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities,

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

counties or municipalities. As of June 30, 2012, 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, 2012 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 264,581	\$ -	\$ 1,740,686	\$ (863,916)	\$ 1,141,351
Confiscated Assets Fund	-	-	2,633	-	2,633
GEMA Flood Fund	-	-	265,157	-	265,157
Nonmajor Governmental Funds	-	-	390,761	-	390,761
Sanitation Fund	-	349,780	-	(75,778)	274,002
Total	\$ 264,581	\$ 349,780	\$ 2,399,237	\$ (939,694)	\$ 2,073,904

(4) DUE FROM OTHER GOVERNMENTS

Due From Other Governments at June 30, 2012 consist of the following:

	State of Georgia Department of Revenue	Douglas County	Total
General Fund	\$ 380,088	\$ -	\$ 380,088
Nonmajor Governmental Funds	-	42,031	42,031
	<u>\$ 380,088</u>	<u>\$ 42,031</u>	<u>\$ 422,119</u>

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans receivable are considered "available spendable resources." Such balances at June 30, 2012 include Due from (to) and are summarized as follows:

PAYABLE FROM	RECEIVABLE TO	
	Sanitation Fund	Total
General Fund	\$ 1,317,062	\$ 1,317,062
GEMA Flood Fund	270,264	270,264
Nonmajor Governmental Funds	209,696	209,696
Total	\$ 1,797,022	\$ 1,797,022

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	\$ -	\$ -	\$ 515,122	\$ 45,000	\$ 560,122
Conference Center Fund	-	-	14,341,483	-	14,341,483
Confiscated Assets Fund	35,513	-	-	-	35,513
Nonmajor Governmental Funds	<u>2,367,251</u>	<u>102,016</u>	<u>1,128</u>	<u>-</u>	<u>2,470,395</u>
Total	<u>\$ 2,402,764</u>	<u>\$ 102,016</u>	<u>\$ 14,857,733</u>	<u>\$ 45,000</u>	<u>\$ 17,407,513</u>

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

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Ending Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,911,272	\$ 29,000	\$ -	\$ 28,940,272
Construction in progress	5,583,709	9,898,256	(1,002,815)	14,479,150
Total capital assets not being depreciated	<u>34,494,981</u>	<u>9,927,256</u>	<u>(1,002,815)</u>	<u>43,419,422</u>
Capital assets, being depreciated:				
Infrastructure	95,095,019	467,001	-	95,562,020
Buildings	39,877,636	752,815	(343,124)	40,287,327
Other improvements	5,833,903	21,892	(12,394)	5,843,401
Machinery, equipment and vehicles	14,124,481	691,789	(602,934)	14,213,336
Total capital assets being depreciated	<u>154,931,039</u>	<u>1,933,497</u>	<u>(958,452)</u>	<u>155,906,084</u>
Less accumulated depreciation for:				
Infrastructure	(76,538,190)	(728,752)	-	(77,266,942)
Buildings	(3,179,116)	(810,046)	86,837	(3,902,325)
Other improvements	(1,055,537)	(202,254)	1,859	(1,255,932)
Machinery, equipment and vehicles	(9,204,769)	(1,380,916)	483,348	(10,102,337)
Total accumulated depreciation	<u>(89,977,612)</u>	<u>(3,121,968)</u>	<u>572,044</u>	<u>(92,527,536)</u>
Total capital assets being depreciated, net	<u>64,953,427</u>	<u>(1,188,471)</u>	<u>(386,408)</u>	<u>63,378,548</u>
Governmental activities capital assets, net	<u>\$ 99,448,408</u>	<u>\$ 8,738,785</u>	<u>(1,389,223)</u>	<u>\$ 106,797,970</u>
Business-type activities:				
Capital assets, being depreciated:				
Vehicles	\$ 1,468,418	\$ 559,306	\$ -	\$ 2,027,724
Machinery and equipment	438,777	224,131	(88,802)	574,106
Total capital assets being depreciated	<u>1,907,195</u>	<u>783,437</u>	<u>(88,802)</u>	<u>2,601,830</u>
Less accumulated depreciation for:				
Vehicles	(840,363)	(91,698)	-	(932,061)
Machinery and equipment	(267,461)	(81,675)	81,675	(267,461)
Total accumulated depreciation	<u>(1,107,824)</u>	<u>(173,373)</u>	<u>81,675</u>	<u>(1,199,522)</u>
Total capital assets being depreciated, net	<u>799,371</u>	<u>610,064</u>	<u>(7,127)</u>	<u>1,402,308</u>
Business-type activities capital assets, net	<u>\$ 799,371</u>	<u>\$ 610,064</u>	<u>\$ (7,127)</u>	<u>\$ 1,402,308</u>

Opening balances for business type capital assets have been changed to reflect corrections in the grouping of assets. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 968,490
Public safety	848,963
Public works, including depreciation of general infrastructure	672,639
Health and welfare	144,708
Culture and recreation	<u>487,168</u>
Total depreciation expense - governmental activities	<u>\$ 3,121,968</u>
Business-type activities:	
Sanitation	<u>\$ 173,373</u>

CITY OF DOUGLASVILLE, GEORGIA
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(7) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$31,536,431	\$ 13,410,000	\$ (1,213,855)	\$ 43,732,576	\$ 1,262,031
Premium	528,477	742,580	(50,517)	1,220,540	-
Interest rate swap	492,028	495,348	(169,976)	817,400	-
Capital leases	1,959,621	-	(184,063)	1,775,558	191,160
Net OPEB obligation	4,248,803	1,655,296	(272,835)	5,631,264	-
Compensated absences	758,625	739,788	(619,350)	879,063	782,366
Governmental activities long-term liabilities	<u>\$39,523,985</u>	<u>\$ 17,043,012</u>	<u>\$ (2,510,596)</u>	<u>\$ 54,056,401</u>	<u>\$ 2,235,557</u>
Business-type activities:					
Compensated absences	\$ 38,193	\$ 27,958	\$ (27,475)	\$ 38,676	\$ 34,475
Business-type activities long-term liabilities	<u>\$ 38,193</u>	<u>\$ 27,958</u>	<u>\$ (27,475)</u>	<u>\$ 38,676</u>	<u>\$ 34,475</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, 2012:

\$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 (\$5,637,576 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, 2012, was (\$817,400). The notional amount of the City's derivative instruments was \$5,637,576 as of June 30, 2012. 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, 2012, 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

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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 (\$20,690,000 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, 2012:

\$4,325,000 Series 2005 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing December 1, 2005 of \$60,000 to \$300,000 through December 1, 2035; interest at 5.95 percent (\$3,995,000 outstanding). The bonds were issued to construct a golf course.

\$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, 2012 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 acquisition, construction and furnishing of a facility to house public safety and municipal courts operations.

\$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, 2012 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, and construction of a community center, parking facilities and property.

The following is a schedule of the future payments on outstanding Governmental Activities bonds as of June 30, 2012:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,262,031	\$ 1,901,635	\$ 3,163,666
2014	1,694,461	1,861,645	3,556,106
2015	1,762,841	1,800,081	3,562,922
2016	1,836,440	1,735,991	3,572,431
2017	1,906,619	1,669,145	3,575,764
2018-2022	10,836,565	6,996,045	17,832,610
2023-2027	12,853,619	4,413,926	17,267,545
2028-2032	8,205,000	1,793,425	9,998,425
2033-2036	3,375,000	377,290	3,752,290
Total	<u>\$ 43,732,576</u>	<u>\$ 22,549,183</u>	<u>\$ 66,281,759</u>

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Capital Leases

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

The following is a schedule of the future payments on outstanding Governmental Activities capital leases as of June 30, 2012:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 191,160	\$ 74,800	\$ 265,960
2014	199,395	66,565	265,960
2015	207,771	58,189	265,960
2016	216,500	49,460	265,960
2017	225,485	40,475	265,960
2018-2020	735,247	62,629	797,876
Total	<u>\$ 1,775,558</u>	<u>\$ 352,118</u>	<u>\$ 2,127,676</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, 2011. 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.

(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).

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The January 1, 2011 valuation is used to determine the recommended contribution for the fiscal year 2012. During the plan year, total pension contributions were \$988,299. The City's payroll for employees covered by the System's defined benefit plan was \$7,989,143 as of January 1, 2012. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% a year, (b) projected salary increases of 3.5% a year, (c) additional projected salary increases attributable to seniority or merit, (d) cost of living adjustments of 3.5% a year for employees hired on or before October 2, 2006, 0% otherwise, and (e) 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 12.4% of current year covered payroll and were in accordance with actuarial recommendations. The contribution requirement was \$988,299.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)	Annual Amount Contributed
6/30/12	\$ 988,299	100%	\$ -	\$ 988,299
6/30/11	1,000,794	100%	-	1,000,794
6/30/10	1,484,502	97%	-	1,442,100

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)
01/01/12	\$ 21,751,171	\$ 21,102,027	\$ (649,144)	103.1%	\$ 7,989,143	-8.1%

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.

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(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 2012, the City contributed \$272,835 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
6/30/12	\$ 1,655,296	16%	\$ 5,631,264	\$ 272,835
6/30/11	1,625,343	15%	4,248,803	265,547
6/30/10	1,641,384	15%	2,889,007	244,950

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

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

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

Annual required contribution	\$ 1,696,760
Interest on net OPEB obligation	169,952
Adjustment to annual required contribution	(211,416)
Annual OPEB cost	1,655,296
Contributions made	(272,835)
(Increase) decrease in net OPEB obligation	1,382,461
Net OPEB obligation, beginning of year	4,248,803
Net OPEB obligation, end of year	<u>\$ 5,631,264</u>

CITY OF DOUGLASVILLE, GEORGIA
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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 designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

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

(11) RISK MANAGEMENT

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

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its

CITY OF DOUGLASVILLE, GEORGIA
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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 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.

**CITY OF DOUGLASVILLE, GEORGIA
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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.

(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 \$270,264 deficit in the GEMA Flood Fund will be funded by future intergovernmental revenues.

(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.

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Encumbrances: Encumbrances outstanding as of June 30, 2012 are as follows:

General fund	\$ 402,225
Conference Center	5,188,182
GEMA flood	46,290
Nonmajor funds:	
Multiple grant	807,710
SPLOST	738,725
	<u>\$ 7,183,132</u>

(15) FUND BALANCE

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

	General Fund	Confiscated Assets Fund	GEMA Flood Fund	Conference Center Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepays	\$ 113,374	\$ -	\$ -	\$ -	\$ 13,567	\$ 126,941
Inventories	26,858	-	-	-	-	26,858
Restricted for:						
Capital projects	-	-	-	5,764,166	145,510	5,909,676
Culture & recreation	-	-	-	-	282,106	282,106
Debt service	365,777	-	-	-	63,550	429,327
Public safety	-	3,588,458	-	-	-	3,588,458
Committed for:						
Capital projects	-	-	-	-	93,071	93,071
Open purchase orders	402,225	-	-	-	-	402,225
Unassigned	6,354,443	-	(270,264)	-	-	6,084,179
	<u>\$ 7,262,677</u>	<u>\$ 3,588,458</u>	<u>\$ (270,264)</u>	<u>\$ 5,764,166</u>	<u>\$ 597,804</u>	<u>\$ 16,942,841</u>

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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	\$ -	\$ -	\$ 515,122	\$ 45,000	\$ 560,122
Conference Center Fund	-	-	14,341,483	-	14,341,483
Confiscated Assets Fund	35,513	-	-	-	35,513
Nonmajor Governmental Funds	<u>2,367,251</u>	<u>102,016</u>	<u>1,128</u>	<u>-</u>	<u>2,470,395</u>
Total	<u>\$ 2,402,764</u>	<u>\$ 102,016</u>	<u>\$ 14,857,733</u>	<u>\$ 45,000</u>	<u>\$ 17,407,513</u>

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

CITY OF DOUGLASVILLE, GEORGIA
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)
01/01/12	\$ 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%
01/01/10	18,945,505	18,194,052	(751,453)	104.1%	8,083,208	-9.3%

OPEB Health Care Plan

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

CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$14,421,779	\$15,023,398	\$14,898,404	\$ (124,994)
Charges for services	1,611,714	1,621,141	1,565,450	(55,691)
Licenses and permits	1,817,437	1,832,937	1,907,723	74,786
Fines and forfeitures	1,874,797	1,874,797	1,764,151	(110,646)
Intergovernmental revenues	8,000	41,376	43,076	1,700
Investment earnings	101,334	45,030	21,801	(23,229)
Miscellaneous revenue	55,177	117,878	194,498	76,620
Total revenues	19,890,238	20,556,557	20,395,103	(161,454)
Expenditures:				
Current:				
General government				
Mayor and council				
Personal services	188,917	227,914	234,941	(7,027)
Other operating expenditures	100,556	109,295	95,460	13,835
Capital outlay	-	15,000	13,000	2,000
	289,473	352,209	343,401	8,808
Clerk of Council				
Personal services	69,510	69,510	75,571	(6,061)
Other operating expenditures	48,874	48,535	22,230	26,305
	118,384	118,045	97,801	20,244
City Manager				
Personal services	221,059	213,559	217,805	(4,246)
Other operating expenditures	87,826	74,393	67,913	6,480
	308,885	287,952	285,718	2,234
Financial administration				
Personal services	428,993	428,993	431,071	(2,078)
Other operating expenditures	135,411	134,525	126,549	7,976
Capital outlay	300	300	300	-
	564,704	563,818	557,920	5,898
Legal				
Personal services	111,383	111,383	108,780	2,603
Other operating expenditures	85,715	85,376	87,723	(2,347)
	197,098	196,759	196,503	256
Information services				
Personal services	179,516	179,516	180,782	(1,266)
Other operating expenditures	492,446	645,483	573,481	72,002
Capital outlay	10,000	389,727	192,147	197,580
	681,962	1,214,726	946,410	268,316

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Human resources				
Personal services	131,101	131,101	126,368	4,733
Other operating expenditures	16,950	17,847	17,095	752
Capital outlay	1,500	1,500	1,268	232
	<u>149,551</u>	<u>150,448</u>	<u>144,731</u>	<u>5,717</u>
Building and grounds				
Personal services	47,946	47,943	26,105	21,838
Other operating expenditures	43,840	45,020	44,527	493
	<u>91,786</u>	<u>92,963</u>	<u>70,632</u>	<u>22,331</u>
Communications				
Personal services	266,071	282,770	282,770	-
Other operating expenditures	85,310	68,611	51,695	16,916
Capital outlay	16,540	35,500	11,241	24,259
	<u>367,921</u>	<u>386,881</u>	<u>345,706</u>	<u>41,175</u>
Engineering				
Personal services	230,074	239,366	239,366	-
Other operating expenditures	26,858	24,488	23,750	738
	<u>256,932</u>	<u>263,854</u>	<u>263,116</u>	<u>738</u>
General administration				
Personal services	339,779	286,067	283,582	2,485
Other operating expenditures	585,777	618,611	557,831	60,780
	<u>925,556</u>	<u>904,678</u>	<u>841,413</u>	<u>63,265</u>
Total general government	<u>3,952,252</u>	<u>4,532,333</u>	<u>4,093,351</u>	<u>438,982</u>
Judicial				
Municipal court				
Personal services	550,324	593,324	593,324	-
Other operating expenditures	166,434	170,434	165,454	4,980
Capital outlay	4,000	4,000	3,436	564
Total judicial	<u>720,758</u>	<u>767,758</u>	<u>762,214</u>	<u>5,544</u>
Public safety				
Police				
Personal services	7,217,233	7,265,155	7,070,992	194,163
Other operating expenditures	1,838,744	1,808,904	1,535,257	273,647
Capital outlay	9,400	74,050	8,727	65,323
Total public safety	<u>9,065,377</u>	<u>9,148,109</u>	<u>8,614,976</u>	<u>533,133</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Public Works				
Street maintenance				
Personal services	844,617	796,915	773,769	23,146
Other operating expenditures	670,970	809,433	809,433	-
	<u>1,515,587</u>	<u>1,606,348</u>	<u>1,583,202</u>	<u>23,146</u>
Garage				
Personal services	118,920	118,920	114,039	4,881
Other operating expenditures	22,550	41,800	41,800	-
	<u>141,470</u>	<u>160,720</u>	<u>155,839</u>	<u>4,881</u>
Total public works	<u>1,657,057</u>	<u>1,767,068</u>	<u>1,739,041</u>	<u>28,027</u>
Culture and recreation				
Hunter Park				
Personal services	527,010	543,271	540,374	2,897
Other operating expenditures	605,882	792,965	674,978	117,987
Capital outlay	7,888	259,436	238,885	20,551
	<u>1,140,780</u>	<u>1,595,672</u>	<u>1,454,237</u>	<u>141,435</u>
Jessie Davis Park				
Personal services	160,819	160,819	161,896	(1,077)
Other operating expenditures	69,907	68,207	58,019	10,188
Capital outlay	-	24,000	11,094	12,906
	<u>230,726</u>	<u>253,026</u>	<u>231,009</u>	<u>22,017</u>
West Pines Golf Course				
Personal services	297,438	312,085	340,455	(28,370)
Other operating expenditures	393,554	368,319	346,911	21,408
Capital outlay	48,000	86,416	33,486	52,930
	<u>738,992</u>	<u>766,820</u>	<u>720,852</u>	<u>45,968</u>
Total culture and recreation	<u>2,110,498</u>	<u>2,615,518</u>	<u>2,406,098</u>	<u>209,420</u>
Housing and development				
Inspections				
Personal services	290,376	302,835	302,835	-
Other operating expenditures	161,465	157,965	149,987	7,978
	<u>451,841</u>	<u>460,800</u>	<u>452,822</u>	<u>7,978</u>
Planning and zoning				
Personal services	151,916	152,262	152,262	-
Other operating expenditures	31,616	17,058	12,734	4,324
	<u>183,532</u>	<u>169,320</u>	<u>164,996</u>	<u>4,324</u>
Code enforcement				
Personal services	172,571	172,572	159,690	12,882
Other operating expenditures	13,157	13,783	11,212	2,571
	<u>185,728</u>	<u>186,355</u>	<u>170,902</u>	<u>15,453</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Community development				
Personal services	132,295	141,281	141,281	-
Other operating expenditures	107,538	146,563	146,563	-
Capital outlay	1,500	1,500	1,348	152
	<u>241,333</u>	<u>289,344</u>	<u>289,192</u>	<u>152</u>
Total housing and development	<u>1,062,434</u>	<u>1,105,819</u>	<u>1,077,912</u>	<u>27,907</u>
Debt Service				
Principal	927,876	1,104,063	1,104,063	-
Interest	917,791	877,145	863,025	14,120
Total debt service	<u>1,845,667</u>	<u>1,981,208</u>	<u>1,967,088</u>	<u>14,120</u>
Total expenditures	<u>20,414,043</u>	<u>21,917,813</u>	<u>20,660,680</u>	<u>1,257,133</u>
Excess (deficiency) of revenues over expenditures	<u>(523,805)</u>	<u>(1,361,256)</u>	<u>(265,577)</u>	<u>1,095,679</u>
Other financing sources (uses):				
Transfers in	529,939	1,146,094	560,122	(585,972)
Sale of capital assets	30,000	30,000	-	(30,000)
Transfers out	<u>(228,996)</u>	<u>(2,313,228)</u>	<u>(2,402,764)</u>	<u>(89,536)</u>
Total other financing sources (uses)	<u>330,943</u>	<u>(1,137,134)</u>	<u>(1,842,642)</u>	<u>(705,508)</u>
Net change in fund balance	<u>\$ (192,862)</u>	<u>\$ (2,498,390)</u>	<u>(2,108,219)</u>	<u>\$ 390,171</u>
Fund balance at beginning of year			<u>9,370,896</u>	
Fund balance at end of year			<u>\$ 7,262,677</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ 342,646	\$ 342,646	\$ -
Investment earnings	-	24,693	24,693	-
Total Revenues	-	367,339	367,339	-
Expenditures:				
Current:				
Public safety	-	919,038	917,603	1,435
Total Expenditures	-	919,038	917,603	1,435
Excess (deficiency) of revenues over expenditures	-	(551,699)	(550,264)	1,435
Other financing sources (uses):				
Transfers in	-	-	35,513	35,513
Total other financing sources (uses)	-	-	35,513	35,513
Net change in fund balance	<u>\$ -</u>	<u>\$ (551,699)</u>	(514,751)	<u>\$ 36,948</u>
Fund balance at beginning of year			<u>4,103,209</u>	
Fund balance at end of year			<u><u>\$ 3,588,458</u></u>	

CITY OF DOUGLASVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Multiple Grant	Hotel/Motel Tax	Youth Against Violence	Rental Car Tax Fund
<u>ASSETS</u>				
Cash	\$ -	\$ 229,333	\$ -	\$ -
Other	291,596	85,860	-	13,305
Prepaid items	10,224	3,343	-	-
Due from other governments	-	-	-	-
Total assets	\$ 301,820	\$ 318,536	\$ -	\$ 13,305
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 69,741	\$ 33,936	\$ -	\$ -
Accrued liabilities	8,431	16,184	-	-
Retainage payable	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	209,696	-	-	-
Total liabilities	287,868	50,120	-	-
Fund balances:				
Nonspendable	10,224	3,343	-	-
Restricted	3,728	265,073	-	13,305
Committed	-	-	-	-
Total fund balance (deficit)	13,952	268,416	-	13,305
Total liabilities and fund balance	\$ 301,820	\$ 318,536	\$ -	\$ 13,305

CITY OF DOUGLASVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

		Capital Projects Funds			Total Non-Major Governmental Funds
Convention and Conference Center Authority	Public Purpose Corporation	Police Station	SPLOST	Bright Star Connector	
\$ -	\$ 98,854	\$ -	\$ 125,255	\$ 93,072	\$ 546,514
-	-	-	-	-	390,761
-	-	-	-	-	13,567
-	-	-	42,031	-	42,031
<u>\$ -</u>	<u>\$ 98,854</u>	<u>\$ -</u>	<u>\$ 167,286</u>	<u>\$ 93,072</u>	<u>\$ 992,873</u>
\$ -	\$ 65	\$ -	\$ -	\$ 1	\$ 103,743
-	-	-	-	-	24,615
-	-	-	21,776	-	21,776
-	35,239	-	-	-	35,239
-	-	-	-	-	209,696
<u>-</u>	<u>35,304</u>	<u>-</u>	<u>21,776</u>	<u>1</u>	<u>395,069</u>
-	-	-	-	-	13,567
-	63,550	-	145,510	-	491,166
-	-	-	-	93,071	93,071
<u>-</u>	<u>63,550</u>	<u>-</u>	<u>145,510</u>	<u>93,071</u>	<u>597,804</u>
<u>\$ -</u>	<u>\$ 98,854</u>	<u>\$ -</u>	<u>\$ 167,286</u>	<u>\$ 93,072</u>	<u>\$ 992,873</u>

**CITY OF DOUGLASVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Multiple Grant	Hotel/Motel Tax	Youth Against Violence	Rental Car Tax Fund
Revenues:				
Taxes	\$ -	\$ 1,296,666	\$ -	\$ 145,685
Charges for services	-	123,124	-	-
Intergovernmental	1,162,922	-	-	-
Investment earnings	-	648	-	-
Miscellaneous revenues	3,000	28,260	11,220	-
Total revenues	<u>1,165,922</u>	<u>1,448,698</u>	<u>11,220</u>	<u>145,685</u>
Expenditures:				
Current:				
General government	21,707	-	-	-
Public safety	308,494	-	524	-
Public works	302,885	-	-	-
Housing and development	351,447	-	-	-
Culture and recreation	500,003	663,750	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>1,484,536</u>	<u>663,750</u>	<u>524</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(318,614)</u>	<u>784,948</u>	<u>10,696</u>	<u>145,685</u>
Other financing sources (uses):				
Proceeds from bond issue	-	-	-	-
Premium on bond issue	-	-	-	-
Transfers in	484,000	-	-	-
Transfers out	-	(863,838)	-	(144,282)
Total other financing sources (uses)	<u>484,000</u>	<u>(863,838)</u>	<u>-</u>	<u>(144,282)</u>
Net change in fund balance	<u>165,386</u>	<u>(78,890)</u>	<u>10,696</u>	<u>1,403</u>
Fund balance (deficit) at beginning of year	<u>(151,434)</u>	<u>347,306</u>	<u>(10,696)</u>	<u>11,902</u>
Fund balance (deficit) at end of year	<u>\$ 13,952</u>	<u>\$ 268,416</u>	<u>\$ -</u>	<u>\$ 13,305</u>

CITY OF DOUGLASVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Convention and Conference Center Authority	Public Purpose Corporation	Capital Projects Funds			Total Non-Major Governmental Funds
		Police Station	SPLOST	Bright Star Connector	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,442,351
-	-	-	-	-	123,124
-	-	-	1,274,914	-	2,437,836
-	2	-	-	-	650
-	543,320	-	-	-	585,800
-	543,322	-	1,274,914	-	4,589,761
-	-	-	-	-	21,707
-	-	-	-	-	309,018
-	-	-	-	-	302,885
-	-	-	-	-	351,447
-	1,640	-	-	-	1,165,393
719,916	532,622	11	-	-	1,252,549
-	-	18,418	1,006,248	35,429	1,060,095
719,916	534,262	18,429	1,006,248	35,429	4,463,094
(719,916)	9,060	(18,429)	268,666	(35,429)	126,667
13,410,000	-	-	-	-	13,410,000
742,580	-	-	-	-	742,580
416,949	-	193,480	1,144,630	231,336	2,470,395
(13,849,613)	-	-	-	-	(14,857,733)
719,916	-	193,480	1,144,630	231,336	1,765,242
-	9,060	175,051	1,413,296	195,907	1,891,909
-	54,490	(175,051)	(1,267,786)	(102,836)	(1,294,105)
\$ -	\$ 63,550	\$ -	\$ 145,510	\$ 93,071	\$ 597,804

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, 2012

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 1,212,259	\$ 1,296,666	\$ 84,407
Charges for services	143,000	123,124	(19,876)
Investment earnings	2,200	648	(1,552)
Miscellaneous revenues	18,000	28,260	10,260
Total Revenues	1,375,459	1,448,698	73,239
Expenditures:			
Current:			
Culture and recreation	662,932	663,750	(818)
Total Expenditures	662,932	663,750	(818)
Excess (deficiency) of revenues over expenditures	712,527	784,948	74,057
Other financing sources (uses):			
Transfers out	(732,987)	(863,838)	(130,851)
Total other financing sources (uses)	(732,987)	(863,838)	(130,851)
Net change in fund balance	<u>\$ (20,460)</u>	<u>(78,890)</u>	<u>\$ (56,794)</u>
Fund balance at beginning of year		<u>347,306</u>	
Fund balance at end of year		<u>\$ 268,416</u>	

**CITY OF DOUGLASVILLE, GEORGIA
YOUTH AGAINST VIOLENCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Miscellaneous revenues	\$ -	\$ 11,220	\$ 11,220
Total Revenues	-	11,220	11,220
Expenditures:			
Current:			
Public safety	-	524	(524)
Total Expenditures	-	524	(524)
Excess (deficiency) of revenues over expenditures	-	10,696	10,696
Net change in fund balance	\$ -	10,696	\$ 10,696
Fund balance at beginning of year		(10,696)	
Fund balance at end of year		\$ -	

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, 2012

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 145,685	\$ 145,685	\$ -
Total Revenues	145,685	145,685	-
Excess (deficiency) of revenues over expenditures	145,685	145,685	-
Other financing sources (uses):			
Transfers out	(145,685)	(144,282)	1,403
Total other financing sources (uses)	(145,685)	(144,282)	1,403
Net change in fund balance	\$ -	1,403	\$ 1,403
Fund balance at beginning of year		11,902	
Fund balance at end of year		\$ 13,305	

**CITY OF DOUGLASVILLE, GEORGIA
CONVENTION AND CONFERENCE CENTER AUTHORITY
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures:			
Debt service	\$ 621,245	\$ 719,916	\$ (98,671)
Total Expenditures	621,245	719,916	(98,671)
Excess (deficiency) of revenues over expenditures	(621,245)	(719,916)	(98,671)
Other financing sources (uses):			
Proceeds from bond issue	13,410,000	13,410,000	-
Premium on bond issue	742,580	742,580	-
Transfers in	621,245	416,949	(204,296)
Transfers out	(14,152,580)	(13,849,613)	302,967
Total other financing sources (uses)	621,245	719,916	98,671
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		<u>\$ -</u>	

CITY OF DOUGLASVILLE, GEORGIA
PUBLIC PURPOSE CORPORATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues			
Investment earnings	\$ 2	2	\$ -
Miscellaneous revenues	532,622	543,320	10,698
Total Revenues	532,624	543,322	10,698
Expenditures:			
Current:			
Culture and recreation	-	1,640	(1,640)
Debt service	532,624	532,622	2
Total Expenditures	532,624	534,262	(1,638)
Excess (deficiency) of revenues over expenditures	-	9,060	9,060
Net change in fund balance	\$ -	9,060	\$ 9,060
Fund balance at beginning of year		54,490	
Fund balance at end of year		\$ 63,550	

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
BENEFICIARY FUND				
Assets:				
Cash	<u>\$ 29,598</u>	<u>\$ 442,351</u>	<u>\$ 455,667</u>	<u>\$ 16,282</u>
Liabilities:				
Due to other governments and individuals	<u>\$ 29,598</u>	<u>\$ 442,351</u>	<u>\$ 455,667</u>	<u>\$ 16,282</u>

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STATISTICAL SECTION

(Unaudited)

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in capital assets, net of related debt	\$ 33,043,038	\$ 30,120,795	\$ 34,002,999	\$ 43,749,967	\$ 53,151,651	\$ 55,527,069	\$ 60,337,266	\$ 65,423,890	\$ 67,152,166
Restricted	-	321,480	333,076	349,394	362,639	365,659	4,213,000	4,516,907	4,458,968
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
Total governmental activities net assets	\$ 34,848,663	\$ 39,653,622	\$ 44,228,867	\$ 57,079,847	\$ 64,002,333	\$ 65,035,910	\$ 69,355,471	\$ 74,543,609	\$ 71,691,498
Business-type activities									
Invested in capital assets, net of related debt	\$ 291,754	\$ 353,353	\$ 517,311	\$ 707,981	\$ 741,194	\$ 768,628	\$ 636,678	\$ 799,371	\$ 1,402,308
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
Total business-type activities net assets	\$ 854,702	\$ 1,281,325	\$ 2,011,528	\$ 2,764,267	\$ 3,261,051	\$ 3,604,587	\$ 3,862,838	\$ 3,788,675	\$ 3,933,847
Primary government									
Invested in capital assets, net of related debt	\$ 33,334,792	\$ 30,474,148	\$ 34,520,310	\$ 44,457,948	\$ 53,892,845	\$ 56,295,697	\$ 60,973,944	\$ 66,223,261	\$ 68,554,474
Restricted	-	321,480	333,076	349,394	362,639	365,659	4,213,000	4,516,907	4,458,968
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
Total primary government net assets	\$ 35,703,365	\$ 40,934,947	\$ 46,240,395	\$ 59,844,114	\$ 67,263,384	\$ 68,640,497	\$ 73,218,309	\$ 78,332,284	\$ 75,625,345

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

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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
Judicial	-	375,125	268,309	261,879	320,989	400,197	630,881	658,943	837,390
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
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
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
Health and Welfare	-	-	1,157,181	1,275,954	5,144,631	108,384	144,708	144,708	144,708
Culture and recreation	1,673	3,279,811	667,393	689,096	625,884	2,302,582	1,132,943	2,130,160	3,619,609
Interest on long-term debt	116,825	172,643	-	-	-	620,554	789,110	1,861,057	1,791,352
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
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
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
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
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
Housing	-	-	1,178,890	1,192,270	1,475,400	1,650,572	2,040,382	1,816,603	2,166,306
Judicial	1,284,445	1,137,021	778,756	1,914,549	521,733	1,377,450	314,151	363,673	1,644,337
Public safety	-	547,185	129,580	126,518	150,823	146,294	226,520	280,822	368,658
Culture and recreation	-	-	90,662	43,747	65,296	18,015	1,506,986	1,503,681	1,204,061
Operating grants and contributions	2,070,187	172,168	29,456	5,090,781	4,152,586	173,513	2,827,459	398,650	671,401
Capital grants and contributions	-	1,308,711	-	-	-	-	-	-	1,179,720
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
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
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
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

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)
Business-type activities	1,139,086	454,772	746,853	730,693	531,090	338,058	348,030	(31,088)	189,824
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)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 7,745,604	\$ 3,289,001	\$ 3,566,065	\$ 3,845,787	\$ 4,522,459	\$ 4,752,206	\$ 6,421,627	\$ 5,563,615	\$ 5,934,651
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
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
Unrestricted investment earnings	17,131	64,616	468,956	537,630	445,450	358,889	59,994	131,666	55,101
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
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
Business-type activities									
Investment earnings	\$ (2,352)	\$ 6,851	\$ 18,350	\$ 22,046	\$ 10,694	\$ 5,478	\$ 221	\$ 1,925	\$ 348
Transfers	-	(35,000)	(35,000)	-	(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)
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
Change in Net Assets									
Governmental activities	\$ 6,710,844	\$ 3,404,104	\$ 4,575,245	\$ 12,850,980	\$ 6,922,486	\$ 1,033,577	\$ 4,379,420	\$ 5,188,138	\$ (2,852,111)
Business-type activities	394,512	426,623	730,203	752,739	496,784	343,536	303,251	(74,163)	145,172
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)

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ -	\$ 425,369	\$ 495,996	\$ 103,672	\$ 848,165	\$ 426,792	\$ 243,496	\$ 134,846	\$ -	\$ 140,232
Unreserved	1,674,435	43,120	3,071,609	6,683,356	9,130,852	7,423,336	8,617,489	9,524,890	-	-
Nonspendable	-	-	-	-	-	-	-	-	349,310	-
Restricted	-	-	-	-	-	-	-	-	-	365,777
Committed	-	-	-	-	-	-	-	-	221,811	402,225
Unassigned	-	-	-	-	-	-	-	-	8,799,775	6,354,443
Total general fund	\$ 1,674,435	\$ 468,489	\$ 3,567,605	\$ 6,787,028	\$ 9,979,017	\$ 7,850,128	\$ 8,860,985	\$ 9,659,736	\$ 9,370,896	\$ 7,262,677

All Other Governmental Funds										
Reserved	\$ -	\$ 149,318	\$ 1,074,726	\$ 121	\$ 2,164	\$ -	\$ 2,486	\$ 29	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	767,761	1,094,542	1,396,598	1,724,090	3,168,666	2,340,670	3,589,246	4,000,716	-	-
Capital projects funds	-	-	3,085,512	1,882,725	313,027	226,185	(1,489,651)	10,131,882	-	-
Nonspendable	-	-	-	-	-	-	-	-	242	13,567
Committed	-	-	-	-	-	-	-	-	-	93,071
Restricted	-	-	-	-	-	-	-	-	4,516,665	9,843,790
Unassigned	-	-	-	-	-	-	-	-	(2,178,868)	(270,264)
Total all other governmental funds	\$ 767,761	\$ 1,243,860	\$ 5,556,836	\$ 3,606,936	\$ 3,483,857	\$ 2,566,855	\$ 2,102,081	\$ 14,132,627	\$ 2,338,039	\$ 9,680,164

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

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

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

The City implemented GASB 54 in fiscal year 2011.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 12,892,314	\$ 19,558,420	\$ 14,285,636	\$ 14,977,323	\$ 19,385,214	\$ 19,619,663	\$ 16,009,963	\$ 15,766,406	\$ 15,199,069	\$ 16,340,755
Licenses and permits	850,218	732,456	2,052,650	2,321,229	2,419,479	2,181,608	1,913,722	1,800,170	2,110,938	1,907,723.00
Intergovernmental	356,391	2,075,950	480,879	120,118	1,402,168	485,522	191,528	3,486,238	7,256,155	2,509,829.00
Fines and forfeitures	1,967,707	1,808,834	1,137,021	1,388,503	1,142,319	1,425,449	1,640,407	2,684,958	2,816,622	2,106,797.00
Charges for service	164,443	315,379	1,227,266	646,577	651,004	721,576	759,114	659,782	779,425	1,688,574.00
Contributions	-	-	1,000,000	-	-	-	-	-	-	-
Interest Income	26,112	17,131	64,616	468,956	537,630	445,450	358,889	286,276	131,632	55,112.00
Other Revenues	504,137	373,729	242,515	1,169,187	2,957,690	1,613,449	2,410,585	1,112,731	747,076	780,298.00
Total revenues	16,761,322	24,881,899	20,490,583	21,091,893	28,495,504	26,492,717	23,284,208	25,796,561	29,040,917	\$ 25,389,088
Expenditures										
General government	3,907,679	4,268,128	3,229,943	3,459,868	3,745,071	3,875,742	\$ 4,173,384	\$ 3,981,957	\$ 3,615,917	\$ 4,115,058
Judicial	418,269	511,747	374,280	269,336	261,351	319,960	369,494	583,930	597,735	762,214
Public safety	7,757,531	7,300,642	6,926,533	7,142,253	7,866,159	8,895,892	9,014,053	11,682,538	9,591,186	9,841,597
Public works	2,053,477	1,832,470	1,205,661	1,409,621	1,295,048	1,515,114	1,567,043	1,811,247	2,132,130	2,041,926
Culture and recreation	738,830	727,785	1,507,168	1,379,683	2,164,752	4,732,364	1,977,135	1,764,467	1,617,489	3,571,491
Housing and development	448,647	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
Capital outlay	2,129,719	9,494,874	5,245,872	10,866,209	7,375,488	8,104,995	3,295,180	12,920,739	19,690,713	9,371,480
Debt service										
Interest	125,233	127,668	119,418	700,294	894,588	465,002	627,081	985,231	1,457,363	1,518,752
Principal	852,988	505,189	601,756	590,212	706,136	631,772	482,738	1,210,995	1,348,319	1,397,918
Bond Issuance Cost	-	-	379,525	140,750	-	-	-	442,275	-	302,967
Total expenditures	18,432,373	25,177,823	20,672,157	27,119,838	25,451,416	29,919,652	22,789,225	36,372,419	41,216,702	\$ 34,352,762
Excess of revenues over (under) expenditures	(1,671,051)	(295,924)	(181,574)	(6,027,945)	3,044,088	(3,426,935)	494,983	(10,575,858)	(12,175,785)	\$ (8,963,674)
Other Financing Sources (Uses)										
Transfers in	1,359,670	806,614	4,237,263	1,714,861	1,923,855	4,168,395	7,266,785	1,765,758	2,753,380	\$ 17,407,513
Transfers out	(1,359,670)	(806,614)	(4,202,263)	(1,679,861)	(1,923,855)	(4,123,395)	(7,266,785)	(1,720,758)	(2,708,380)	(17,362,513)
Insurance Recoveries	-	-	-	-	-	-	-	71,688	-	-
Bonds issued	-	-	4,325,000	7,253,713	-	-	-	23,000,000	-	13,410,000
Premium on bonds issued	-	-	-	-	-	-	-	584,491	-	742,580
Capital leases	554,577	232,524	2,964,000	-	-	-	-	-	-	-
Sale of capital assets	-	-	35,755	8,755	24,822	336,044	6,100	-	47,357	-
Total other financing sources (uses)	554,577	232,524	7,359,755	7,297,468	24,822	381,044	6,100	23,701,179	92,357	\$ 14,197,580
Net change in fund balances	\$ (1,116,474)	\$ (63,400)	\$ 7,178,181	\$ 1,269,523	\$ 3,068,910	\$ (3,045,891)	\$ 501,083	\$ 13,125,321	\$ (12,083,428)	\$ 5,233,906
Debt service as a percentage of noncapital expenditures	6%	4%	4%	8%	8%	5%	5%	9%	14%	13%

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

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Excise Tax	Franchise Tax	Premium Tax	Hotel Motel & Car Rental	Other	Total
2003	2,869,772	3,387,802	931,939	1,674,989	799,707	734,030	12,615	10,410,854
2004	3,205,315	3,730,010	912,106	1,449,937	861,895	695,921	44,075	10,899,259
2005	3,267,201	4,056,623	941,340	1,441,884	934,059	493,621	13,636	11,148,364
2006	3,544,341	6,168,327	957,140	1,547,376	1,004,925	1,420,772	334,442	14,977,323
2007	3,827,885	5,305,914	954,123	1,748,191	1,051,403	1,420,772	364,980	14,673,268
2008	4,402,093	9,441,788	954,492	1,800,208	1,096,730	1,573,772	350,580	19,619,663
2009	4,752,206	5,544,003	980,503	1,844,589	1,123,002	1,385,477	339,165	15,968,945
2010	6,287,017	5,182,714	883,142	1,914,034	1,112,466	1,273,757	37,034	16,690,164
2011	5,531,632	10,379,214	1,052,872	2,029,849	1,080,135	1,273,564	38,708	21,384,974
2012	5,907,201	4,560,193	972,000	2,072,783	1,452,201	1,442,351	59,281	16,466,010

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
2002	240,847,012	377,823,176	31,782,865	38,364,862	(4,391,966)	684,425,949	4.41	1,711,064,873	40.00
2003	315,503,582	446,771,709	30,553,434	41,697,733	(6,963,647)	827,562,811	3.897	2,068,907,028	40.00
2004	722,831,878	112,407,141	25,331,668	40,343,687	(6,283,741)	894,630,633	3.897	2,236,576,583	40.00
2005	804,547,973	125,355,175	21,300,701	39,940,488	(11,405,495)	979,738,842	3.854	2,449,347,105	40.00
2006	870,063,249	123,175,612	21,222,763	40,436,924	(15,239,802)	1,039,722,922	3.854	2,599,307,305	40.00
2007	1,050,196,963	146,729,540	21,046,457	46,944,204	(28,385,502)	1,236,531,662	3.854	3,091,329,155	40.00
2008	1,100,345,728	154,867,223	11,727,391	52,957,564	(29,684,849)	1,290,213,057	3.854	3,225,532,643	40.00
2009	1,068,869,950	153,968,444	12,696,315	58,056,715	(29,613,729)	1,263,977,695	3.854	3,159,944,238	40.00
2010	1,087,146,826	153,996,576	12,039,977	53,073,942	(26,007,021)	1,280,250,300	5.120 *	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	5.069 *	2,734,763,435	40.00

Source: Douglas County Tax Digest

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

* Added Bond Millage

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

Digest Year	Direct Rates		Total Direct	Overlapping Rates			Total Direct & Overlapping Rates
	City of Douglasville	Bond City of Douglasville		Douglas County	Douglas County Board of Education	State of Georgia	
2002	3.897		3.897	9.19	19.52	0.25	32.86
2003	3.897		3.897	7.73	19.77	0.25	31.65
2004	3.854		3.854	7.73	19.48	0.25	31.32
2005	3.854		3.854	7.35	18.40	0.25	29.85
2006	3.854		3.854	8.24	19.30	0.25	31.64
2007	3.854		3.854	8.24	19.70	0.25	32.04
2008	3.854		3.854	8.24	20.30	0.25	32.64
2009	3.854	1.266	5.12	7.932	21.35	0.25	34.65
2010	3.854	1.215	5.069	9.9	24.1	0.25	39.32
2011	3.854	1.553	5.407	9.9	22.95	0.25	38.51

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>
2003	2.00	1.00	4.00	7.00
2004	2.00	1.00	4.00	7.00
2005	2.00	1.00	4.00	7.00
2006	2.00	1.00	4.00	7.00
2007	2.00	1.00	4.00	7.00
2008	2.00	-	4.00	6.00
2009	2.00	-	4.00	6.00
2010	2.00	1.00	4.00	7.00
2011	2.00	1.00	4.00	7.00
2012	2.00	1.00	4.00	7.00

Source: City of Douglasville Department of Finance

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

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

Category	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Food	\$ 695,741	\$ 728,477	\$ 747,671	\$ 735,960	\$ 819,634	\$ 819,441	\$ 845,618	\$ 834,672	\$ 748,485	\$ 819,969
Apparel	153,679	157,202	164,444	182,225	198,801	213,481	207,470	420,108	575,702	584,899
General Merchandise	653,915	660,093	683,158	700,580	747,110	774,009	759,189	847,253	775,611	853,891
Automotive	754,206	747,453	781,142	802,723	852,560	896,204	847,972	475,678	348,853	427,879
Home	413,206	390,914	416,875	458,021	526,192	533,673	5,003	367,027	358,412	431,412
Lumber	422,478	419,651	469,784	527,019	591,547	587,397	471,709	83,052	24,751	46,110
Service	435,276	408,805	390,625	389,003	431,632	442,189	484,621	342,631	375,956	346,639
Manufacturers	225,248	203,946	236,040	251,923	293,166	299,505	282,586	456,237	579,431	206,966
Utilities	516,350	540,911	548,445	596,235	664,579	707,998	760,253	340,207	317,311	333,238
Misc	447,258	307,399	491,542	520,524	615,590	634,977	625,189	124,582	40,708	97,852
Total	\$ 4,717,357	\$ 4,564,851	\$ 4,929,726	\$ 5,164,213	\$ 5,740,811	\$ 5,908,874	\$ 5,289,610	\$ 4,291,446	\$ 4,145,222	\$ 4,148,855
Total County/ City										
Sales Tax Rate*	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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

Source: Georgia Department of Revenue

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

**** State of Georgia 2008 Statistical Report**

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

Taxpayer	2012			2008*		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Staples contract and Commercial	\$ 15,899,773	1	1.41%	\$ 9,752,926	8	0.75%
Arbor Place II, LLC	11,074,600	2	0.99%	13,589,346	1	1.05%
DDRTC Douglasville Pavilion, LLC	8,944,960	3	0.80%	9,459,535	2	0.73%
Trikell	8,613,920	4	0.77%			
Centerpoint Properties Trust	8,210,320	5	0.73%	8,317,171	6	0.64%
Cole WG Douglasville GA, LLC	8,182,652	6	0.73%			
Carlyle Centennial Lenox LP	7,808,960	7	0.70%	7,905,946	7	0.61%
Mt. Vernon Associates LP				7,440,000	10	0.58%
SCI Brodick Hill Fund LLC ETAL	7,804,336	8	0.70%	8,669,883	5	0.67%
Carlyle Centennial Sweetwater Creek LP				7,905,946	9	0.61%
Douglasville Development				9,036,849	3	0.70%
CAM Crestmark, LLC	7,160,001	9	0.64%			
WPRE I Rocky Ridge, LLC	7,000,000	10	0.63%	8,800,000	4	0.68%
Total	<u>\$ 90,699,522</u>		<u>8.10%</u>	<u>\$ 90,877,602</u>		<u>7.02%</u>

Source: Douglas County Tax Asssors
Total City Tax Digest

* Information for nine years prior is not readily available.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	3,225,914	2,834,189	87.86%	84,785	2,918,974	90.49%
2004	3,299,427	2,993,398	90.72%	45,290	3,038,688	92.10%
2005	3,447,903	3,215,977	93.27%	28,268	3,244,245	94.09%
2006	3,775,914	3,537,107	93.68%	52,987	3,590,094	95.08%
2007	4,007,092	3,774,897	94.21%	52,370	3,827,267	95.51%
2008	4,765,593	4,402,093	92.37%	148,781	4,550,874	95.49%
2009	4,971,710	4,793,224	96.41%	99,837	4,893,061	98.42%
2010	6,471,566	6,107,062	94.37%	153,861	6,260,924	96.75%
2011	5,638,882	5,336,879	94.64%	233,105	5,569,984	98.78%
2012	5,688,810	5,641,595	99.17%		5,641,595	99.17%

Sources: City of Douglasville Finance Department

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

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ²	Per Capita ²
	Note Payable	Capital Leases	Revenue Bonds	GO Bonds			
2003	2,234,665	871,612	-	-	3,106,277	-	133
2004	2,007,543	852,372	-	-	2,859,915	-	117
2005 ¹	519,563	3,445,630	4,325,000	-	8,290,193	-	352
2006	267,025	3,016,939	4,325,000	7,234,651	14,843,615	0.000099%	589
2007	-	2,622,422	4,325,000	6,994,939	13,942,361	0.000064%	468
2008	-	2,466,649	4,265,000	6,745,710	13,477,359	0.000064%	427
2009	-	2,304,617	4,205,000	6,485,004	12,994,621	0.000067%	432
2010	-	2,135,476	4,140,000	28,568,895	34,844,371	0.000154%	1,159
2011	-	1,959,621	4,070,000	27,466,431	33,496,052	0.000139%	1,082
2012		1,775,558	17,405,000	26,327,576	45,508,134	0.000210%	1,306

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

¹ No principal payments made until 2008

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

City of Douglasville, Georgia
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Obligation Debt			
Lease/Purchase	\$ 1,775,558	100.00%	\$ 1,775,558
Bonds	\$ 43,732,576	100.00%	43,732,576
	<u>\$ 45,508,134</u>		<u>\$ 45,508,134</u>
Overlapping General Obligation Debt			
Douglas County	\$ 94,085,000	31.121%	\$ 29,280,265
Douglas County School District	204,015,000	31.121%	63,491,664
	<u>\$ 298,100,000</u>		<u>\$ 92,771,928</u>
Total Direct and Overlapping Debt	<u>\$ 343,608,134</u>		<u>\$ 138,280,062</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 68,442,594	\$ 82,760,931	\$ 84,665,822	\$ 90,091,337	\$ 103,972,292	\$ 126,491,716	\$ 131,969,791	\$ 129,359,142	\$ 130,625,732	\$ 112,713,047
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
Legal debt margin	\$ 68,442,594	\$ 82,760,931	\$ 84,665,822	\$ 78,531,686	\$ 92,652,353	\$ 115,481,006	\$ 121,279,787	\$ 96,650,247	\$ 99,089,301	\$ 68,980,471
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	12.83%	10.89%	8.70%	8.10%	25.29%	24.14%	38.80%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 1,093,905,374
Add back exempt real property	33,225,096
Total assessed value	1,127,130,470
Debt limit (10% of total assessed value)	112,713,047
Debt applicable to limit:	
Revenue bonds	17,405,000
General obligation bonds	26,327,576
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	43,732,576
Legal debt margin	\$ 68,980,471

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
2003	23,437	-	-	-	19,738	5.70%
2004	24,449	-	-	34	20,896	5.60%
2005	23,562	-	-	-	21,928	5.40%
2006	25,216	594,391,552	23,572	-	23,951	5.20%
2007	29,776	727,904,096	24,446	-	24,162	5.00%
2008	31,163	667,044,015	21,405	33	24,403	4.80%
2009	30,098	644,247,690	21,405	33	24,215	12.60%
2010	31,004	753,118,164	24,291	29.5	24,417	9.40%
2011	30,961	778,638,189	25,149	31.0	24,250	9.80%
2012	34,839	621,946,801	26,002	32.8	24,500	11.00%

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

2011				2012			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Wal-Mart Super Center	750	1	3.85%	Wal-Mart	750	1	5.42%
Kroger	487	2	2.50%	Wellstar Douglas Hospital	700	2	5.06%
American Red Cross	450	3	2.31%	American Red Cross	450	3	3.25%
Benton Georgia	300	4	1.54%	Benton Georgia	300	4	2.17%
Sams Club	180	5	0.92%	Staples Customer Center	258	5	1.87%
Home Depot	155	6	0.80%	Medline Medical Ind., Inc	250	6	1.81%
ALP Lighting Systems	120	7	0.62%	Cahaba Healthcare	100	7	0.73%
Medline	111	8	0.57%	Reflex	100	8	0.73%
G & L Marble	96	9	0.49%	A.L.P. Lighting Components	100	9	0.73%
Reflek Manufacturing	75	10	0.39%	DeNyse Signs	75	10	0.55%
Total	2,724		13.99%	Total	3,083		22.32%

Source: Douglas County Development Authority

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

City of Douglasville, Georgia										
Full-time-Equivalent City Government Employees by Function/Program										
Last Ten Fiscal Years										
	Full-time-Equivalent Employees as of June 30, 2012									
Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Governing Body	9	9	9	9	9	8	8	8	9	9
Chief Executive (Mgr. Or Admin.)	4	4	5	5	4	4	5	5	5	5
IT / MIS	3	3	3	2	4	4	5	5	2	2
Police Records & Court	9	10	9	8	10	10	10	10	12	12
Financial Administration	8	8	7	8	8	8	8	8	8	8
General Govt. Bldgs. & Plant	10	8	8	7	2	2	2	1	1	1
Human Resources	2	1	2	2	2	2	2	2	2	2
Public Safety:										
Police Administration	8	6	6	6	5	5	5	9	10	9
Police - IT	-	-	-	-	-	-	-	-	2	2
Police Detective	14	15	14	12	17	15	15	18	17	14
Police Special OPS	7	8	6	4	8	8	6	7	7	8
Police Patrol	41	41	41	55	53	45	52	46	54	53
Police Motors	10	10	5	4	5	6	6	6	4	5
Police Training	-	-	-	-	-	-	-	-	2	2
Police SRO	9	9	8	5	7	10	6	4	2	4
Police Building Maintenance										1
Building Inspections	8	8	8	8	7	8	3	5	5	4
Code Enforcement	2	3	3	3	4	4	3	3	3	3
Planning & Zoning	3	3	2	2	2	2	1	1	2	2
Engineering	2	2	1	2	2	4	3	3	3	3
Community Development	-	-	-	-	2	3	4	4	4	2
Tourism	-	-	-	-	3	5	3	2	2	3
Culture/Recreation Administration	5	6	3	4	4	6	5	4	4	6
Conference Center	3	3	3	4	3	3	3	2	3	4
West Pines Golf	-	2	1	-	-	-	-	-	-	-
Parks Areas	8	9	9	9	9	8	9	9	8	6
Highways & Streets Admin.	18	16	14	12	17	18	18	18	15	17
Traffic Engineering										
Sanitary Administration	14	16	14	19	22	21	17	17	20	22
Maintenance & Shop	2	2	2	2	2	2	2	2	2	2
Video Production	-	-	-	-	-	-	4	4	4	4
Development Authority	-	-	-	-	-	-	1	1	1	1
Keep Douglasville Beautiful	-	-	-	-	-	-	3	3	4	3
Total	199	202	183	192	211	211	209	207	217	219
Source: City of Douglasville Finance Dept										

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

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Works:										
Street resurfacing (feet)	33,426	68,595	15,810	59,638	34,266	15,167	12,883	5280	5280	13,886
Police protection*:										
Number of citations written	6,505	6,027	6,060	8,909	10,096	10,322	11,744	14165	10,738	9,915
Number of automobile accidents	2,748	2,863	2,785	1,371	2,739	2,675	2,359	1989	2307	2,397
Number of reported crimes	2,475	2,693	3,121	1,548	3,288	3,050	5,452	3894	4768	4,160
**Sanitation:										
Large items pickup	-	-	-	-	510	217	56	123	97	63

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public works:										
Miles of streets	162	162	162	162	164	164	165	165	166	166
Number of street lights	2,040	2,040	2,040	2,040	2,040	2,044	2046	2046	2048	2048
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	2	2
Number of police officers	93	93	95	95	95	89	89	82	91	94
Building permits issued	698	443	511	742	503	411	377	179	141	177
Recreation and culture:										
Number of parks	7	7	7	7	8	8	8	8	8	8
Park acreage	288	288	288	288	420	420	420	420	420	420

Sources: Various city departments.

COMPLIANCE SECTION

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

City of Douglasville
Douglasville, Georgia

We have audited the accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred for the City of Douglasville, Georgia for the year ended June 30, 2012. This schedule is the responsibility of the City of Douglasville's management. Our responsibility is to express an opinion on the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred based on our audit.

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

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

In our opinion, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures for each project in the City of Douglasville's resolution or ordinance calling for the tax for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.



Crace Galvis McGrath, LLC
Kennesaw, Georgia

December 21, 2012

CITY OF DOUGLASVILLE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 1,296,666</u>	<u>\$ 1,296,666</u>	<u>100%</u>

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

City of Douglasville
Douglasville, Georgia

We have audited the accompanying Car Rental Tax Schedule of Revenue Received and Expenditures Incurred for the City of Douglasville, Georgia for the year ended June 30, 2012. This schedule is the responsibility of the City of Douglasville's management. Our responsibility is to express an opinion on the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred based on our audit.

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

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

In our opinion, the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures for each project in the City of Douglasville's resolution or ordinance calling for the tax for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.



Crace Galvis McGrath, LLC
Kennesaw, Georgia

December 21, 2012

CITY OF DOUGLASVILLE, GEORGIA
CAR RENTAL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 145,685</u>	<u>\$ 144,282</u>	<u>99%</u>