CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

Prepared By:
Administrative Services Department

Janet Kindelberger
City Clerk

CITY OF DECATUR, GEORGIA

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JUNE 30, 2014

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION (Unaudited)
- Letter of Transmittal ..... i-xi
- GFOA Certificate of Achievement xii
- Principal Officials xiii
- Organizational Chart xiv

FINANCIAL SECTION
- Independent Auditor's Report 1-3
- Management's Discussion and Analysis 4-20
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Statement of Net Position 21
    - Statement of Activities 22
  - Fund Financial Statements:
    - Balance Sheet – Governmental Funds 23
    - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 24
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 25
    - General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 26
    - Statement of Net Position – Proprietary Funds 27
    - Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds 28
    - Statement of Cash Flows – Proprietary Funds 29
    - Statement of Net Position – Fiduciary Funds 30
    - Statement of Changes in Net Position – Pension Trust Fund 31
  - Notes to Financial Statements 32-70
- Required Supplementary Information:
  - Schedule of Funding Progress – Retirement Plan 71
  - Schedule of Funding Progress – Other Post-Employment Benefits 72
  - Schedule of Changes in the City's Net Pension Liability and Related Ratios 73
  - Schedule of City Contributions – Retirement Plan 74
  - Schedule of Pension Investment Returns – Retirement Plan 75
- Combining and Individual Fund Statements and Schedules:
  - Combining Balance Sheet – Nonmajor Governmental Funds 76
  - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 77

CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

TABLE OF CONTENTS

Page

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Statements and Schedules (Continued):

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Confiscated Drug Fund 78

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Emergency Telephone System Fund 79

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Grant Fund 80

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Children and Youth Services Fund 81

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Economic Development Fund 82

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Hotel/Motel Tax Fund 83

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund 84

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2010 URA Bonds Fund 85

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2013 URA Bonds Fund 86

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – URA Callaway Building Project Fund 87

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Improvement Fund 88

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – 2007 Bonds Fund 89

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Cemetery Capital Improvement Fund 90

Combining Statement of Assets and Liabilities – Agency Funds 91

Statement of Changes in Assets and Liabilities – Agency Funds 92

Balance Sheet – Component Unit – Downtown Development Authority 93

Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit – Downtown Development Authority 94

Balance Sheet – Component Unit – Decatur Tourism Board 95

Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit – Decatur Tourism Board 96

CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

TABLE OF CONTENTS

Page

STATISTICAL SECTION (Unaudited)

- Net Position by Component 97
- Changes in Net Position ..... 98 and 99
- Governmental Activities Tax Revenues by Source 100
- Fund Balances of Governmental Funds 101
- Changes in Fund Balances of Governmental Funds 102
- General Governmental Tax Revenues by Source 103
- Assessed Value and Estimated Actual Value – All Taxable Property 104
- Property Tax Rates – All Overlapping Governments 105
- Principal Taxpayers 106
- Property Tax Levies and Collections 107
- Ratios of Outstanding Debt by Type 108
- Ratios of General Bonded Debt Outstanding 109
- Direct and Overlapping Governmental Activities Debt 110
- Legal Debt Margin Information 111
- Demographic and Economic Statistics 112
- Principal Employers 113
- Full-time Equivalent City Government Employees by Function 114
- Operating Indicators by Function 115
- Capital Asset Statistics by Function 116

City of Decatur

509 North McDonough Street
P.O. Box 220
Decatur, Georgia 30031
404-370-4100 ▪ Fax 404-378-2678
info@decaturga.com ▪ www.decaturga.com

November 20, 2014

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

State law requires that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with these standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Decatur, Georgia (the City) for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management staff has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Decatur's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Decatur, first chartered as a municipality by the State of Georgia in 1823, provides a full range of municipal services. These services include public safety (police and fire protection, inspections, housing codes enforcement, etc.), public works (streets and sidewalk construction and maintenance, storm drainage construction and maintenance, facilities and grounds maintenance, refuse collection, street sweeping, etc.), parks and recreation, the operation of a municipal cemetery and community and economic development. In addition, the City of Decatur owns a 280-space parking facility and a 25,000 square foot conference center.

The City currently occupies a land area of approximately 4.3 square miles and serves an estimated population of 20,086. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City of Decatur operates under the commission-manager form of government. There are five City Commissioners, elected in nonpartisan elections, for overlapping four-year terms. Elections are held on the first Tuesday after the first Monday in November in odd-numbered years. In one election, three City Commissioners are elected – one at-large, one from District 1 (north) and one from District 2 (south). At the next election, two City Commissioners are elected - one from District 1 (north) and one from District 2 (south). At its organizational meeting in January of each year, the City Commission elects one of its members to be the Mayor/Chair of the City Commission. At that same meeting the City Commission also elects a Mayor pro tem/Vice-Chair. It is the responsibility of the Mayor to preside at all meetings of the City Commission. The Mayor has no veto power but retains the right to vote on all matters brought before the City Commission.

The City Commission is the legislative and policy-making arm of the City government. It is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, task forces and commissions, hiring the City Manager and appointing the City Attorney and municipal court judges. The City Commission appoints a professional administrator known as the City Manager who serves at its pleasure. The City Charter designates the City Manager as the Chief Executive Officer and the Chief Administrative Officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government and the appointment of all employees except that the appointment of department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The current City Manager has served since May, 1993.

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

The annual budget serves as the foundation for the City's financial planning and control. All agencies are required to submit departmental budget requests to the City Manager or her designee by the first week of March. These requests are the starting point for developing the proposed budget. The City also provides multiple opportunities for public involvement in the budgeting process ranging from informal meetings to an online forum.

The proposed budget is presented to the City Commission on the third Monday in May. The operating budget includes the proposed expenditures and the means for financing them. The City publishes the proposed budget in the official legal organ and other community newspapers, makes copies available to the residents of the City and posts the proposed budget on the City's website. Public hearings on the proposed budget are held during the month of June. The budget is then legally enacted through the passage of a resolution by the City Commission, normally on the third Monday in June but no later than June 30th, the close of the fiscal year. Budgetary control is exercised at the departmental level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commission. Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented on page 26 as part of the basic financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

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

The City of Decatur is the seat of DeKalb County, a large, urban county in the Atlanta metropolitan area. With its central location within the county and as the location of county offices and the court system, Decatur's economy is primarily a service economy. Legal, banking, medical, insurance, accounting, governmental and educational services are the mainstay of this economy. The essential nature of these services provides a solid basis for the City's economic well-being.

Real Estate Digest

The City's overall 2014 real estate property digest shows a growth rate of approximately 10% compared to the 2013 digest. One half of this increase is due to growth from new construction value and the other half is attributable to revaluation of existing properties. The increase was consistent with local real estate sales reports and permitting activity.

Actual real estate market sales data for 2014 indicates that real estate values continue to increase. The average sales price of a single-family home increased from $436,000 in November, 2013 to $520,000 in November, 2014 a 19% increase. In addition, the number of days a home was on the market decreased from 57 days in 2013 to 51 days in 2014. The number of units sold decreased from 300 in 2013 to 262 in 2014, possibly indicating fewer available homes for sale which should support on-going real estate market price growth reflecting the desirability of the community.

Residential Activity

The residential housing market is showing a sustained and robust recovery. Several single-family developments have begun construction and in-fill single-family dwellings remain highly desirable. We continue to issue permits for renovations to existing single-family housing units and for some commercial properties. In 2013 the City issued permits for 79 new single-family dwellings while issuing 57 demolition permits. It is anticipated that by the end of calendar year 2014, the City will issue permits for at least 96 new single-family dwellings and the demolition of 61 existing dwellings. Overall, permit and inspection fees increased from $710,600 in fiscal year 2013 to $1,481,250 in fiscal year 2014, a 108% increase.

A 24-unit townhouse development for the property at the corner of East Howard Avenue and Hillyer Place is under construction and should be completed in Spring 2015. A 15-unit townhouse development at 712 Oakview Road is also under construction and should be completed in Spring 2015.

Commercial Activity

In addition to government-related employers, mainly DeKalb County, the City's employment base continues to be centered on professional occupations. The vacancy rate for available office space in the City of Decatur is approximately 9.1%, much lower than the 17.9% vacancy rate in surrounding office market areas. Interest in restaurant activity continues to be strong in the central business district while activity in other commercial activities remains stable. Retail interest was slow over the past few years but is beginning to show signs of recovery.

The Oakhurst Business District is stable and steady given the size and scope of the area. Turnover has been limited and some additional businesses have opened. The City's Fire Station Number 2, a 4,800 square foot LEED-certified building, is located in the business district and provides an institutional presence in the community. The Oakhurst Business District continues to provide a strong local commercial center for the surrounding neighborhood. However, due to real estate investment losses during the recession, Progressive Redevelopment, Inc., (PRI) owner of the historic Scottish Rite Hospital property within the Oakhurst Business District was no longer in a position to meet its financial obligations for debt repayment on the property. In order to protect this significant historic and community property, the Decatur Downtown Development Authority negotiated with PRI to purchase the property and the lender agreed to accept an offer below the loan value. Closing on the property is scheduled for December 18, 2014.

Activity along the East College Avenue corridor remains constant, including East Decatur Station, a 70,000 square foot mixed-use property that currently contains several restaurants, a small church facility, a hair salon and a number of professional offices. This area is becoming a center of local artisanal manufacturing with the opening of two craft breweries, a winery and a small batch whiskey distillery.

Mixed-Use Activity

Development of mixed-use projects has provided a robust vitality to the City's central business district since the early 2000's. Occupancy of mid-rise residential developments continues to be strong. Rental of downtown Decatur's commercial properties has been consistent. The American Planning Association (APA) recognized Downtown Decatur as a "Top 10 Great Neighborhood" in October, 2013 for its emphasis on sustainability, transit and a well-designed pedestrian environment as well as for community engagement efforts and a long-term commitment to downtown revitalization.

The City's 2010 strategic plan calls for a mixture of housing types; and the availability of rental apartments has consistently been identified as an underserved market. With the rebounding economy and the availability of financing, a number of projects are underway to meet this need.

Construction of a 235-unit apartment building and 10,000 square feet of commercial space is underway at 315 West Ponce de Leon Avenue. Occupancy in the initial apartment phase has begun. The project is expected to be completed by late 2015.

Construction of 176 units of rental apartments has begun on the Fidelity Building surface parking lot adjacent to Commerce Drive. The project should be completed in late 2015.

A private developer has assembled several pieces of property at the end of the block bordered by East Trinity Place and East Howard Avenue. A plan to redevelop this property as a mixed-use development that includes 210 units of rental apartments and 25,000 square feet of commercial space is under construction and should be completed in early 2016.

The City's Urban Redevelopment Agency purchased the Callaway Building site from DeKalb County in 2013. The County has a 24-month lease to allow for relocation of staff and technology infrastructure to other facilities. Once the County has vacated the property, it will be sold to a private developer for redevelopment as a mid-rise, mixed-use property. It is anticipated that this will occur in 2016.

In the East Decatur area, the Decatur Downtown Development Authority partnered with the Metropolitan Atlanta Rapid Transit Authority (MARTA) to issue a "Request for Proposals" for redevelopment of an underutilized 7.6 acre surface parking lot that is part of the Avondale MARTA train station. Columbia Ventures has been selected as the development partner and master planning efforts are underway to create the mixed-use redevelopment included as part of the Avondale-Decatur Livable Centers Initiative planning effort in 2003. It is anticipated that construction could be underway in 2016.

Institutional Activity

Agnes Scott College, a four-year liberal arts college for women, remains financially healthy with an enrollment of approximately 1,000 students. Columbia Theological Seminary, a Presbyterian graduate institution, remains financially strong with an enrollment of approximately 350 students.

The City Schools of Decatur have completed the majority of a $30 million construction program; however, increasing student enrollment continues to put pressure on the capacity of existing facilities. In order to address the need for space for additional elementary school students, the City Schools administrative offices relocated in May, 2014 to a new 25,000 square foot facility in the Beacon Municipal Center and Westchester Elementary School, which serves K-3 students, opened at the beginning of the 2014 school year. In addition, a Phase 2 addition at the city-wide Fifth Avenue $4^{th}/5^{th}$ Academy was completed. The City Schools are currently using funds from a special purpose local option sales tax for education capital construction as well as general operations funds for these projects.

To address increasing enrollments, the City Schools have developed a capital master plan. Currently, they have identified four phases of capital construction in order to use a combination of capital funding methods to finance the work. City Schools have issued $18 million in certificates of participation (COPs) to initiate Phase 1. The total cost of subsequent phases is still being developed. However, it is expected that general bonded debt financing would be needed to implement Phases 2 and 3. At this time a referendum on general bonded debt has not been scheduled but it is anticipated that the vote could occur in November 2015. Phase 4 would be funded as needed, likely using proceeds from the Special Purpose Local Option Sales Tax for education purposes, if it is renewed.

The Decatur Housing Authority (DHA) has completed their portion of the redevelopment of the Allen Wilson Terrace public housing complex. The total project includes demolition and reconstruction of 190 units of public housing as well as development of 145 new market rate condominium dwellings in four phases. Phase 1, including 40 units of townhouses and apartments; Phase 2, a four-story 80-unit apartment building for senior residents; and Phase 3, which includes 71 units of townhouses and apartments, have been completed and occupied. Phase 4 will consist of selling a portion of the existing property facing West Trinity Place to a private developer for construction of market-rate dwellings. A schedule for Phase 4 has not been developed.

DHA has now begun the process of redevelopment of the Gateway Manor apartment complex located off West Trinity Place. This project includes demolition and reconstruction of 116 units of public housing and it will be renamed Trinity Walk. DHA was successful in securing tax credits for the project and it is expected to be underway in 2015.

MAJOR ACTIVITIES

In March, 2011, the City Commission adopted a second ten-year strategic plan for the City of Decatur. The plan was the result of a year-long planning process that incorporated input from over 1,500 individuals. The plan supports the community-based vision that the City of Decatur will assure a high quality of life for its residents, businesses and visitors, both today and in the future. The plan consists of 89 tasks to be accomplished by 2020 and provides the blueprint for how the City will prioritize its work program and allocation of assets over the next ten years.

In February, 2014 Google announced that Atlanta was among 8 US metropolitan areas that had been selected for the next installation phase of Google Fiber, a giga-byte service that provides Internet connectivity that is up to 100x faster than a basic broadband connection. Decatur was one of the nine cities in the metropolitan Atlanta area selected by Google for possible service. During 2014, City staff has worked hard to provide answers to inquiries from Google in order to prepare for the possibility that giga-byte service may be available. We hope to get confirmation from Google in early 2015.

In September, 2006, voters approved issuance of $33,245,000 in general obligation debt to finance major capital improvement projects for the City and for the City Schools of Decatur. In December, 2006, Moody's Investors Service issued a rating of Aa3 and Standard & Poor's upgraded the City's rating to AA from A+ for the bonds. The bonds were issued in January, 2007. In December, 2010, the Urban Redevelopment Agency issued $12.76 million in revenue bonds and at that time Moody's Investors Service upgraded the City's rating from Aa3 to Aa2 and Standard & Poor's upgraded the City's rating from AA to AA+. In December, 2012 the City issued $5,415,000 in general obligation sales tax notes on behalf of the City Schools of Decatur. At that time, the City's bond ratings were reconfirmed.

The City's portion of the 2007 bond issue proceeds was approximately $16,653,000. With the exception of the match portion for grants for several transportation projects, all of the other improvements have been completed. Remaining funds have been allocated to providing the City's required match for the Oakhurst Streetscape Improvements program and to construction of Phase V of the Downtown Streetscapes Master Plan. Construction on both of these projects is expected to be completed in 2015.

The City has secured grant funding for pedestrian safety improvements to the CSX railroad crossings in the Candler/McDonough/Howard corridor, for the North McDonough Streetscape Improvements project as well as for Clairemont/Commerce/Church Street Pedestrian Safety and Bicycle Trail Improvements. Matching funds will be provided from the City's capital improvement fund and HOST proceeds. The railroad crossing and North McDonough improvements are expected to start by 2016. The Clairemont/Commerce/Church Street project should start in 2017.

In December, 2010 the Urban Redevelopment Agency of the City of Decatur issued $12,760,000 in Recovery Zone Economic Development Bonds to cover the cost of construction of improvements to Fire Station No. 1, the Decatur Recreation Center, and the Decatur Public Works facility. All of the projects are completed. The debt will be repaid using proceeds of the Homestead Option Sales Tax (HOST).

In May, 2013 the Urban Redevelopment Agency of the City of Decatur issued $29,290,000 in revenue bonds to cover the cost of construction for redevelopment of the Beacon Municipal Center. Construction has been completed for the improvements for City police services, municipal court and Ebster Pool; the administrative building for the City Schools of Decatur central office; and, the major storm water management system improvements. Ebster Recreation Center and Gymnasium are almost complete and should be occupied in January, 2015. The central courtyard improvements should also be complete in early 2015. Funding for the $38,300,000 project came from a combination of bond proceeds, a transfer from the general fund balance and HOST proceeds. The debt will be repaid using proceeds of the Homestead Option Sales Tax (HOST).

In conjunction with private and institutional construction projects in the central business district, the City has financed substantial capital improvements through the storm water utility over the past several years. It is anticipated that a final improvement to the main downtown drainage system will occur in 2015 which should complete the upgrade to that system. The City has completed a comprehensive storm drainage master plan to guide major capital improvements to the City's drainage system. It is anticipated that an update of the master plan will occur in 2016.

The hotel/motel tax is used to fund maintenance and improvements to the conference center and parking deck; to fund the Decatur Tourism Bureau, a 501 (C)(6) organization whose purpose is to encourage visitors and tourism in the City of Decatur; and, to provide resources to the City's General Fund. For accounting purposes, the Decatur Tourism Bureau is treated as a component unit, similar to the Decatur Downtown Development Authority.

The City owns a 25,000 square foot conference center and a 280-vehicle, three-level parking deck which were built in 1987 adjacent to a privately-owned 179 room hotel also built in 1987. In 2011, the hotel property was sold to Noble Investment Group. At the same time as the hotel sale, the City entered into a long-term lease with the Decatur Downtown Development Authority (DDA) for operation and management of the conference center and parking deck. The DDA entered into a sub-lease with the Noble Investment Group for management and operation of the conference center, including significant capital renovations and upgrades. Future hotel/motel tax collections for the upkeep and maintenance of the conference center will be placed in a reserve account to be used by the Noble Group for maintenance of the facility. That will be the only public financial obligation for operation, maintenance and capital improvements for the conference center.

Construction of an additional hotel in downtown Decatur is in the plan review stage. It is anticipated that construction will begin in 2015.

The City's volume-based sanitation collection system continues to be highly successful. The number and types of items collected have expanded since inception of the City's recycling program. The City currently has reduced landfill deposits by approximately 46%, well in excess of the State of Georgia's goal of a 25% reduction. The City sponsored two electronics recycling events during the past year which resulted in over 40 tons of electronic equipment being recycled and not sent to the landfill. Since starting the electronics recycling program in 2005, the City has collected 606 tons or 1,213,000 pounds of electronic equipment to be recycled. In addition, the City has added a paper shredding event which resulted in approximately 37,000 pounds of recycled paper.

In 2007, the City's ISO Fire Rating was renewed at the Class 2 level, a rating that is only obtained by 1.5% of all the Fire Departments in the United States. The Police Department is certified through the Georgia Association of Chiefs of Police. The City has implemented a reverse emergency notification system and a severe weather warning system that allows the City to send recorded telephone messages to residents and businesses regarding civil emergencies. A grant from the Federal Emergency Management Agency provided for the purchase and installation of four tornado warning sirens. The City has implemented a Smart 911 system to assist residents and businesses with voluntarily providing additional information to emergency services staff.

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

In previous years, the financial activities of the Board of Education of the City Schools of Decatur, Georgia were included as a discretely presented component unit. However in May, 2011, the City Commission approved transferring title of the school properties to the Board of Education. Combined with other distinct responsibilities and powers, it was determined that the financial activities of the Board of Education were independent of the City of Decatur so it is no longer included in the City's financial reporting.

LONG-TERM FINANCIAL PLANNING

In 1998, the City of Decatur entered into an intergovernmental agreement with DeKalb County for the equalization of tax proceeds from the imposition of the Homestead Option Sales Tax (HOST). In 1999, the City received its first distribution; however, the City disputed the County's method of determining the distribution and the matter was litigated until July, 2011, when the Georgia Supreme Court confirmed a lower court's ruling invalidating the intergovernmental agreement.

The City now receives an ongoing stream of payments from the HOST directly from the Georgia Department of Revenue as described in O.C.G.A. 48-8-104(d)(3). Payments began during the 2011-2012 fiscal year. The total amount received during the 2012-2013 fiscal year was approximately $3,969,000. Similar revenues are expected for the current fiscal year. HOST revenues are required to be used for capital expenditures.

Two factors outside the City's control have the most potential to affect the City's overall financial position in the future. In 2008, the Georgia General Assembly enacted legal limitations to the growth of local real estate digests which prevented both residential and commercial real estate values from increasing. The limitation did not apply to a decrease in values. The legislation's provisions expired with the establishment of the 2011 real estate digest. However, there continue to be indications that the legislature may consider future actions which could restrict taxes collected based on the value of real property.

In 2012, the Georgia General Assembly adopted legislation that converts the ad valorem taxes on motor vehicles to an excise tax paid at the time of sale. Although there are provisions aimed at keeping local governments financially whole, research indicates that after five years, the change will result in reduced revenue for local governments.

There are also indications that in the future, the legislature may look to restrict other revenue sources that local governments use to finance services.

Other impacts on the City's financial statements which are beyond our control have primarily occurred due to pronouncements of the Governmental Accounting Standards Board (GASB). Although GASB has no legal authority to impose financial obligations, they have adopted rules that, in effect, manufacture financial commitments for governments. GASB's rule requiring accounting for other post-employment benefits (OPEB) is an example of an "obligation" that must be accounted for in financial statements and results from GASB's unrealistic definition of a "pay-as-you-go" system of benefits funding.

In 2012, the City Commission contracted with the Center for State and Local Government Excellence for a review of the City of Decatur Employees' Retirement System. The results of the study indicated that:

- the City consistently made its annual required contribution, which keeps the pension plan on track to be fully funded over time;
- the Plan amortizes its liabilities over a 20-year period which is more conservative than most pension plans that amortize their unfunded liabilities over a 30-year period;
- the return on investment assumption for Decatur's plan is 7.5 percent compared to 7.9 percent nationwide;
- the vesting period for both public safety and general employees is 10 years, which is somewhat higher than many state and local pension plans;
- the Plan does not provide automatic cost of living adjustments.

The study indicated that since 2005, the Retirement Plan's funding ratio fluctuated from a low of 76.6 percent (in 2011) to a high of 85.9 percent (in 2007, before the economic downturn). In addition, the employer contributions have been steady, with total payroll costs ranging from 7.53 percent in 2011 to a high of 8.95 percent in 2005. The review concluded that the City is positioned to strengthen the funded status of its retirement plan more quickly than most other pension plans because of fiscally conservative practices.

Before the end of fiscal year 2015, it is anticipated that the Board of Trustees of the City of Decatur Employees' Retirement System will commission an experience study to review actuarial assumptions over the past seven years and compare them to the actual results.

The City Commission has adopted a resolution asking the Georgia General Assembly to increase the general homestead exemption from $20,000 to $25,000; increase the homestead exemption for people 65 years of age and older from $1,000 to $10,000; and, create a homestead exemption in the amount of $15,000 for persons 62 years of age and older with incomes less than $50,000. If passed by the Georgia General Assembly during the 2015 session, there would be a referendum in either July 2015 or November 2015. If the referendum is approved, the homestead exemption changes would go into effect in 2016.

Since 2006, the City has used the National Research Center to conduct a citizen survey every other year. One of the questions asks what impact the responder thinks the economy will have on family income in the next six months. The following table summarizes the responses:

	2014	2012	2010	2008	2006
Very Positive	7%	4%	4%	3%	5%
Somewhat Positive	32%	19%	11%	11%	19%
Neutral	50%	53%	48%	46%	51%
Somewhat Negative	11%	19%	28%	32%	21%
Very Negative	0	5%	9%	7%	4%

The results of the 2014 survey indicate that respondents feel significantly better about the economy, with 2014 responses being the most positive responses to date and almost a complete opposite to responses in 2008. The next survey is scheduled to be conducted in February, 2016.

Annexation

The issue of annexation for the City of Decatur is not new. From the turn of the 20th century through the late-1930's, the City annexed adjacent areas expanding the city limits from a small area directly surrounding the existing downtown Courthouse Square to the boundaries that exist today. In 1950, annexation of several areas predominantly to the north and east was proposed but never approved. The topic of annexation surfaced in 2008 but discussion was deferred in early 2009 to allow for the completion of the 2010 census so that data sets could be updated and the effect of the incorporation of the City of Dunwoody on DeKalb County tax rates could be determined.

In 2012, discussions began in earnest about possible annexation. The conversations started in part due to direction from the 2010 Strategic Plan which included "Goal 9 EXPAND AND DIVERSIFY THE CITY'S REVENUE BASE." This goal includes "Task 9B: Explore annexation options in partnership with the City Schools of Decatur that expand the property tax base and enhance school operations." After a lengthy public process, the City Commission ultimately adopted Resolutions R-12-18 and R-12-19 requesting that the Georgia General Assembly support local legislation for a limited annexation effort. A sponsor for the legislation was never secured and annexation efforts did not proceed. Toward the end of the 2013 Georgia General Assembly session, multiple bills were abruptly introduced to create new cities, including three bills that would have municipalized all of the northern part of DeKalb County. Despite significant activity during the Georgia General Assembly's 2014 legislative session, no bill for a new city was passed.

In Summer, 2014 an annexation project steering committee was formed jointly by the City of Decatur (City) and City Schools of Decatur (CSD) to develop an Annexation Master Plan (AMP) that could be considered for presentation during the 2015 legislative session of the Georgia General Assembly.

A key objective for consideration of annexation was the possibility to expand and stabilize the property tax base. An analysis of the annexation areas shows that the City's real property digest would go from the existing ratio of 85% residential property/15% commercial property to 76% residential property/24% commercial property. In addition, a financial cost/benefit analysis of annexation areas indicated that estimated revenues would exceed estimated expenditures for the City and that after the first year, estimated revenues would exceed estimated expenditures for the City Schools of Decatur.

The City Commission has adopted a resolution asking the General Assembly to pass legislation in the 2015 legislative session providing for annexation of the areas included in the AMP. The Board of Education has adopted a resolution in support of the plan. Should the General Assembly pass legislation, a referendum will be held in the proposed annexation areas and if the referendum passes, the areas would be annexed into the City of Decatur. The earliest possible effective date for annexation would be December 31, 2015 but there is no guarantee that legislation will move forward.

Conclusion

The City continues to be financially secure. The City takes a conservative approach to budgeting and finance, with an emphasis on estimating expenses on the high-end and estimating revenues on the low-end. This has resulted in controlled expenditures with low to moderate growth. This has also allowed the City to accumulate a healthy fund balance over the years which has been used to fund capital improvements and maintain a stable millage rate. While there will continue to be challenges, we currently anticipate being able to rely on stable revenue increases supported by growth in the real property digest for the next several fiscal years with controlled expenditures and continued use of the City's traditional conservative budgeting practices.

The preparation of this report would not have been possible without the efficient and dedicated work of the entire staff of the Administrative Services Department, particularly City Clerk Janet Kindelberger. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit also must be given to the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Decatur, Georgia's finances.

Respectfully Submitted,



Peggy Merriss
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2014

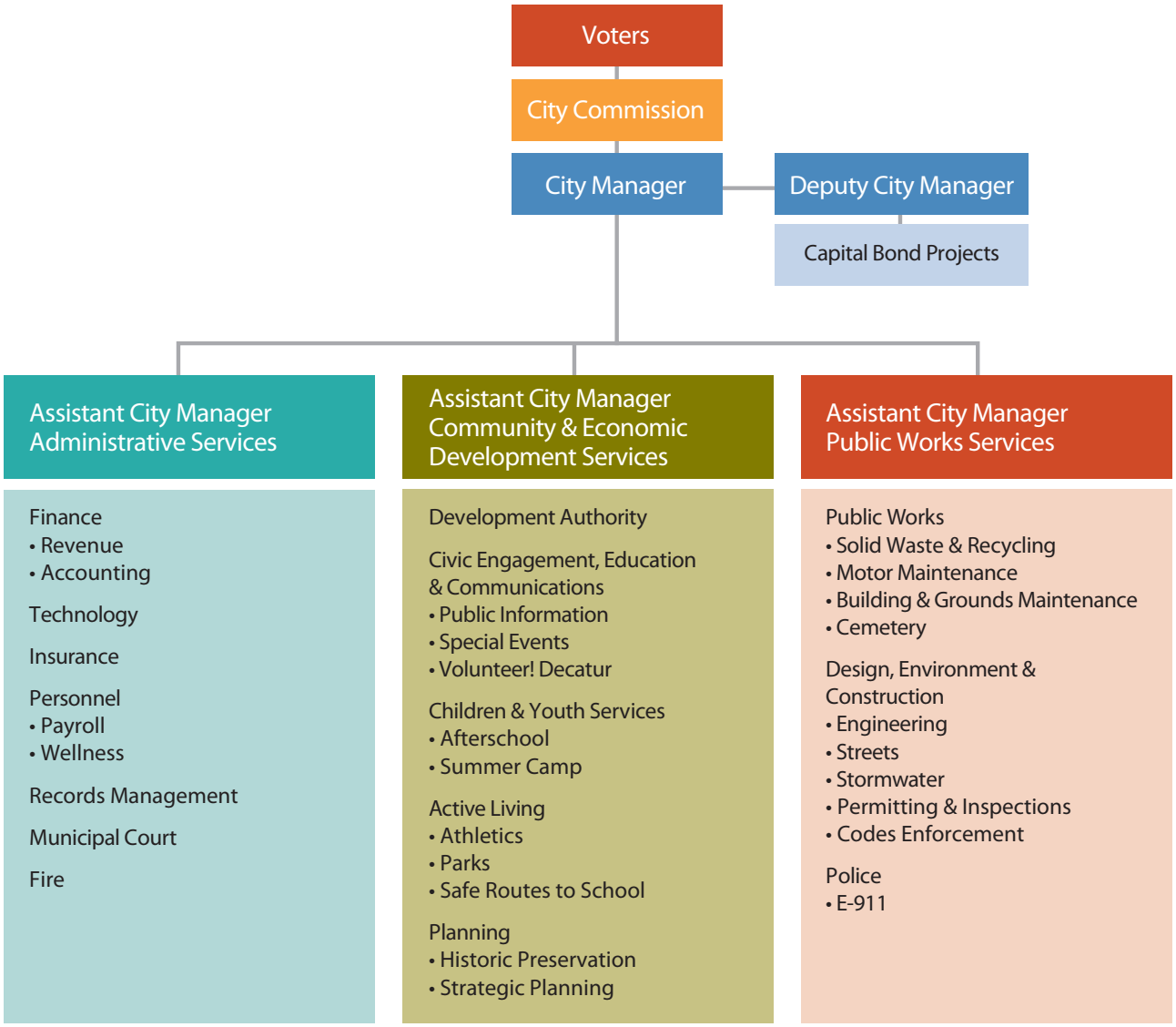
CITY COMMISSION

Jim Baskett	Mayor
Kecia Cunningham	Mayor Pro-Tem
Fred C. Boykin, Jr.	Commissioner
Patti Garrett	Commissioner
Scott Drake	Commissioner

APPOINTED ADMINISTRATIVE OFFICIALS

Peggy Merriss	City Manager
Hugh Saxon	Deputy City Manager
Bryan Downs	City Attorney
Andrea Arnold	Assistant City Manager - Administrative Services
Lyn Menne	Assistant City Manager - Community & Economic Development
David Junger	Assistant City Manager - Public Works
Janet Kindelberger	City Clerk

City Organization



Revised February 2013

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the City Commission
City of Decatur, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Decatur, Georgia (the "City")** as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Georgia as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No.25*, as of July 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 20) and the pension and other post-employment benefit information (on pages 71 through 75) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing the 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 20, 2014

As management of the City of Decatur (the "City"), we offer readers of the City of Decatur's financial statements this narrative overview and analysis of the financial activities of the City of Decatur for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, financial statements and footnotes.

Overview of the Comprehensive Annual Financial Report

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

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

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $8,444,795 (total net position).

- In September 2006, Decatur voters approved a bond referendum that provided the City of Decatur and City Schools of Decatur with $33,245,000 for large capital improvement projects. This was the first general obligation debt for the City since 1955 and for the school system since the late 1950s. The bonds were issued in January 2007. Of the overall bond issue, $16,500,000 was transferred to the school system. During this fiscal year, approximately $365,000 was spent on City capital bond projects from the 2007 bonds, including streetscapes and sidewalk projects.

- In December 2010, the Urban Redevelopment Agency of the City of Decatur issued $13,760,000 in recovery zone economic development bonds for major improvements to fire station #1, Decatur recreation center and the public works facility. During this fiscal year approximately $3,800,000 was spent from the 2010 bond proceeds on these projects with the majority being spent on the completion of the Decatur recreation center and improvements to the public works facility.

- In December 2012, the City issued $5,415,000 in sales tax bonds on behalf of the City Schools of Decatur. The final payment on the 2012 notes is due November 2017.

- In May 2013, the Urban Redevelopment Agency of the City of Decatur issued $29,290,000 in revenue bonds for the construction of the Beacon municipal center to include the police department, E911 operations, and municipal court as well as a regional stormwater project on the site. City Schools of Decatur is responsible for $5,360,000 of the overall bond issue for the school's administrative facility on the site. During this fiscal year approximately $26,000,000 was spent from the 2013 bond proceeds on this project.

- In October 2013, the Urban Redevelopment Agency of the City of Decatur issued $5,120,000 in revenue bonds for the purchase of the Callaway building in downtown Decatur for future redevelopment. Through a competitive bid process, a developer has been selected to purchase and redevelop the site once DeKalb County, the current occupant, has vacated the building.

- The City had $31,496,705 in expenses related to governmental activities and $7,510,599 or 24% of these expenses were offset by program specific charges for services, grants or contributions. General revenues were $23,114,335 and $15,057,744 or 65% of these revenues were from property taxes.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $31,744,660, a decrease of $23,806,802 in comparison with the prior year. The decrease is due to capital projects expenditures including the Beacon municipal center and public works facility. At the end of the current fiscal year, unassigned fund balance for the general fund was $5,474,611 or 26% of total general fund expenditures. This amount is available for spending at the government's discretion as it is unassigned fund balance as defined in the City's financial policies and in accordance with Statement 54 of the Governmental Accounting Standards Board (GASB). The general fund's overall fund balance, including nonspendable, restricted, committed, assigned and unassigned balances, decreased by $3,244,714 to $5,501,604. The fiscal year 2013-2014 budget approved the transfer of $3,000,000 from the general fund's fund balance to the 2013 URA Fund for construction costs associated with the Beacon municipal center.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the City's overall financial status.

The statement of net position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the City's overall health, the reader needs to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and recreation. The business-type activities of the City include the conference center and parking deck, the stormwater utility and solid waste.

The government-wide financial statements include not only the City itself (known as the primary government), but also two discretely presented component units, the Downtown Development Authority and the Decatur Tourism Board. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 21 and 22 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 2010 and 2013 URA Bonds Funds, URA Callaway Building Project Fund, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 23 through 26 of this report.

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

The basic proprietary fund financial statements can be found on pages 27 through 29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30 and 31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 70 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year the City's net position was $8,444,795 or $1,126,476 less than the prior year. This is approximately a 12% decrease from fiscal year 2013. An increase in personnel costs including salaries and health insurance benefits, the issuance of capital debt in fiscal year 2014 and stormwater expenses contributed to an increase in total liabilities and a reduction in overall net position. Following is a description of the City's net position (in thousands) as compared to the previous year.

City of Decatur Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Assets						
Current assets	$ 59,357	31,872	$ 3,256	2,293	$ 62,613	$ 34,165
Capital assets	46,460	76,739	5,574	6,093	52,034	82,832
Other non-current assets	827	5,958	43	46	870	6,004
Total assets	106,644	114,569	8,873	8,432	115,517	123,001
Liabilities & deferred inflows of resources						
Long-term liabilities	98,063	104,630	826	992	98,889	105,622
Other liabilities & deferred inflows of resources	5,313	7,193	1,744	1,742	7,057	8,935
Total liabilities and deferred inflows of resources	103,376	111,823	2,570	2,734	105,946	114,557
Net Position						
Net investment in capital assets	14,725	20,161	5,574	6,093	20,299	26,254
Restricted	1,946	309	-	-	1,946	309
Unrestricted	(13,403)	(17,724)	729	(395)	(12,674)	(18,119)
Total net position	$ 3,268	$ 2,746	$ 6,303	$ 5,699	$ 9,571	$ 8,445

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

The remaining portions of the City's net position are either restricted $309,423 or an unrestricted deficit of $(18,119,050). The negative unrestricted net position results from the city's 2007 general obligation bond issue for city and school capital projects. The city incurred $33,245,000 in long-term debt of which $16,500,000 was transferred to the school system. With the transfer of title to the school system, the capital assets related to the school portion of the bond issue are not reported on the city's statement of net position, thus resulting in the deficit. The unrestricted deficit grew primarily because internal funds were used to construct assets. Funds were transferred from the general fund and capital improvements fund for capital construction costs. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its business-type activities, with the exception of the Solid Waste Fund and the deficit explained above.

Changes in Net Position

At the conclusion of fiscal year 2014 the City's net position decreased by $1,126,476, much of which can be attributed to interest payments for debt service related to financing undertaken through the City's capital improvement program plus increases in personnel costs and stormwater expenses. The growing OPEB obligation contributes to the reduction in the City's net position. The schedule below presents a summary of changes in net position for the fiscal year ending June 30, 2014 (in thousands):

	Activities		Activities		Government	
	2013	2014	2013	2014	2013	2014
Revenues						
Program revenues:						
Charges for services	$ 4,901	6,661	$ 3,247	$ 3,302	$ 8,148	$ 9,963
Operating grants & contributions	573	456	-	-	573	456
Capital grants & contributions	305	394	-	-	305	394
General revenues:						
Property taxes	14,679	15,058	-	-	14,679	15,058
Franchise taxes	1,486	1,451	-	-	1,486	1,451
Sales taxes	4,580	4,944	-	-	4,580	4,944
Other taxes	1,464	1,500	-	-	1,464	1,500
Investment earnings	33	42	-	-	33	42
Gain on sale of capital assets	-	3	9	8	9	11
Miscellaneous	278	116	-	-	278	116
Total revenues	28,299	30,625	3,256	3,310	31,555	33,935
Expenses						
General government	8,572	9,244	-	-	8,572	9,244
Education	-	-	-	-	-	-
Public safety	9,960	10,804	-	-	9,960	10,804
Public works	3,941	3,993	-	-	3,941	3,993
Recreation	3,513	3,934	-	-	3,513	3,934
Interest on long-term debt	2,546	3,522	-	-	2,546	3,522
Conference center	-	-	463	485	463	485
Stormwater	-	-	537	909	537	909
Sanitation	-	-	2,066	2,170	2,066	2,170
Total expenses	28,532	31,497	3,066	3,564	31,598	35,061
Income (Loss) before transfers	(233)	(872)	190	(254)	(43)	(1,126)
Transfers	580	350	(580)	(350)	-	-
Change in net position	347	(522)	(390)	(604)	(43)	(1,126)
Net position beginning of year	2,921	3,268	6,693	6,303	9,614	9,571
Net position end of year	$ 3,268	$ 2,746	$ 6,303	$ 5,699	$ 9,571	$ 8,445

Revenues

Governmental charges for services increased by approximately $1,760,107 or 36% from the previous fiscal year. Within that category, general government charges for services increased seventy-four percent which is due in part to increased property development activity. Public safety related fines and forfeitures returned to normal levels after a 50% reduction in fine revenue in fiscal year 2012-2013. Recreation charges for services increased fourteen percent resulting from a strong demand for the programs provided by the Active Living and Children and Youth Services divisions in addition to increased capacity at the newly renovated Decatur Recreation Center. Operating grants and contributions decreased slightly by $117,000 upon the completion of the FEMA grant-funded smoke and carbon monoxide detector. Capital grants and contributions increased by $88,228 mostly due to funding from the MARTA offset program for the design of streetscape improvements on North McDonough, intersection improvements at Clairemont Avenue and Commerce Drive and Church Street and Commerce Drive, and Church Street bicycle lanes. Property taxes, including real estate and personal property increased $378,263 or 2.6% from the prior year. This increase occurred as a result of an increase in the 2013 real property digest which is consistent with the overall improvement of the local economy. Sales taxes increased $363,194 due to an increase in revenue from the homestead option sales tax (HOST) which reflects increased economic activity throughout the County. The lawsuit with DeKalb County over the HOST distribution was resolved in 2012 which resulted in the Georgia Department of Revenue commencing the distribution of HOST collections directly to the City as permitted under O.C.G.A. 48-8-104(d)(3). For the first time in six years, investment earnings increased over the prior year's earnings.

Charges for services for business-type activities increased approximately $55,000. The majority of the increase is due to increases of just under 1% in the annual residential and commercial sanitation fees.

Expenses

General Government expenses increased $671,678 or 8%. Public Safety expenses increased $843,807 or 8.5%; Public Works expenses increased $52,113 or less than 2%; Recreation expenses increased $420,569 or 12%. Increases in general operating expenses were largely in personnel-related areas, professional services and contractual services.

Conference Center expenses increased $22,000 for scheduled repair and maintenance projects to the parking deck. Sanitation expenses increased $104,395 or 5% due to personnel-related expenses and increased disposal costs. Stormwater expenses increased $372,102 primarily due to the costs associated with paying for a stormwater master plan study.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned and assigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or for use during the fiscal year to balance cash flow needs.

As of the end of the current fiscal year, the City of Decatur, Georgia's governmental funds reported combined ending fund balances of $31,744,660, a decrease of $23,806,802 in comparison with the prior year. Approximately sixteen percent of the total amount, $5,055,259, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($26,689,401) is within the following classifications: $5,635,099 is nonspendable which means that it is not available for new spending because it is a non-cash asset such as inventories, prepaid items, advances or assets held for resale; $19,039,626 is restricted which means that it is legally restricted for specific purposes. Specifically, this fund balance is restricted for 1) capital construction ($11,037,792); 2) equipment purchases ($494,571); 3) debt service ($7,316,972); 4) law enforcement ($9,658), 5) Public Safety-E911 ($156,069); and 6) tourism ($24,564). $960,041 is committed which means it can only be used for specific purposes pursuant to a formal vote of the City Commission. Fund balance is committed for 1) tree preservation ($163,686) and 2) Children and Youth Services ($796,355). $1,054,635 of fund balance is assigned which is any amount intended to be used for specific purposes as determined by the City Manager. Fund balance is assigned for 1) greenspace acquisition ($11,765); 2) cemetery operations ($151,151); and 3) equipment purchases ($891,719).

The general fund is the chief operating fund of the City of Decatur, Georgia. At the end of the current fiscal year, the fund balance of the general fund was $5,501,604, while the total fund balance for all governmental funds was $31,744,660. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents twenty-six percent of total general fund expenditures.

The table on the following page compares general fund revenues and expenditures for fiscal years 2013 and 2014 (in thousands).

	2013	2014	$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	$ 15,265	$ 15,528	$ 263	% 2
Licenses & permits	882	1,482	600	68
Intergovernmental	350	385	35	10
Fines & forfeitures	581	1,169	588	101
Charges for services	1,341	1,425	84	6
Interest income	1	1	-	-
Other revenues	89	83	(6)	(7)
Total revenues	18,509	20,073	1,564	8
Expenditures				
General government	6,472	7,544	1,072	17
Public safety	7,990	8,451	461	6
Public works	3,231	3,171	(60)	(2)
Recreation	1,484	1,573	89	6
Total expenditures	19,177	20,739	1,562	8
Excess of revenues over expenditures	(668)	(666)	2	22
Other financing sources (uses)				
Proceeds from sale of capital assets	10	9	(1)	(20)
Transfers in	835	873	38	5
Transfers out	(475)	(3,460)	(2,985)	628
Total other financing sources (uses)	370	(2,578)	(2,948)	(797)
Net change in fund balances	(298)	(3,244)	(2,946)	989
Fund balances, beginning of year	9,044	8,746	(298)	(3)
Fund balances, end of year	$ 8,746	$ 5,502	$ (3,244)	% (37)

General Fund Revenues

Revenue from all taxes increased approximately $263,000 or two percent more than the prior year as the real property digest increased by 2.7%. The largest single source of revenue for the City's general fund operations is real property tax which totals over $10,600,000. Other, non-real estate taxes also contributed to the increase in tax revenues. Specifically, business personal property taxes increased 9%, alcohol sales taxes increased 6%, insurance premium taxes increased 3.5%, and motor vehicle taxes increased 2%. Other tax categories decreased such as the intangibles tax, which is essentially a tax on the value of real estate mortgages in the city. It was $106,000 lower than the prior fiscal year. Public utility taxes decreased by $47,750. Other tax revenues remained stable. Licenses and permits increased $600,000 or 68% as a result of residential and commercial development activities.

Fines and forfeitures increased $587,000 to $1,168,000 which is consistent with the two years prior to last year's one-time decline due to decreased staffing and the relocation of public safety operations. Charges for services increased $84,000 or 6% as result of increased recreation program activities and facility rentals which reflect a full year of programing in the newly-renovated Decatur Recreation Center that opened in January 2013. Intergovernmental revenues increased $35,000 or 10% due to an increase in management fees charged by the City to the Decatur Downtown Development Authority.

General Fund Expenditures

Overall general fund expenditures increased $1,561,000 or just over 8% from the prior year. About 60% of the increase is in personnel services due to new and reclassified positions, a 2.5% merit increase for most regular, full-time employees and fewer vacancies. Health insurance costs increased about 8% over the prior year due to a 5% increase in premiums and the addition of an employee wellness program that provides a premium discount to participating employees. Professional services increased over $500,000 mostly due to the building inspection services provided by Safebuilt; this increase was offset by increased revenues from building permits. An increase in professional services also resulted from the Unified Development Ordinance project that started in fiscal year 2013-2014. Contractual services increased including contracts for such services as streaming video of City Commission meetings, street tree maintenance, records storage, payroll processing and public wireless internet access. Gasoline expenditures were higher than anticipated. General Government expenditures increased $1,072,000 or 17% due to personnel related increases, outsourced development services and contractual services such as offsite records storage. Public Safety increased $461,000 or 6% due to personnel-related expenses including a reduction in police officer vacancies. Public Works expenditures dropped $60,000 with the re-organization that moved planning services to another department and created the Design, Environment and Construction division. Public Works continued to provide a variety of services including litter collection, invasive plant control, mulch application on playgrounds, installation of bike racks, to name a few. Recreation expenditures increased $89,000 or 6% which reflects the increases in personnel-related expenditures due to the merit increases and health insurance costs.

Transfers from other funds increased from $835,000 to $873,000 which reflects an increase of $38,000 including a slight increase in hotel/motel taxes due to the improving economy and an increase in the Solid Waste and Stormwater funds' overhead costs by $5,450 and $10,930, respectively. Transfers to other funds increased by $2,985,000 as a result of the budgeted use of $3,000,000 of fund balance for construction of the Beacon municipal center. Before accounting for transfers, expenditures exceeded revenues by $666,163. After accounting for transfers in and out plus the use of fund balance for a capital project, the total use of fund balance was $3,244,714, resulting in an end of year fund balance of $5,501,604 which is $409,386 more than the amount anticipated in the final, revised budget.

Other Fund Activities

2010 URA Bonds Fund. The 2010 URA Bonds Fund accounts for the $13,760,000 in recovery zone economic development bonds that were issued in December 2010 by the Urban Redevelopment Agency of the City of Decatur. The fund was created in 2010 to account for the capital expenditures from the URA bonds. The fund balance decreased by $2,092,279 to $1,218. These funds have financed major improvements to fire station #1, Decatur recreation center and the public works facility, all of which have been completed.

2013 URA Bonds Fund. The 2013 URA Bonds Fund accounts for the $29,290,000 in revenue bonds that were issued in April 2013 for the construction of the Beacon municipal center to include the police department, E911 operations, and municipal court as well as a large stormwater project on the site. City Schools of Decatur is responsible for $5,360,000 of the overall bond issue for the school's administrative facility on the site. At the end of the fiscal year, the fund balance was $6,830,406 as the project neared completion.

URA Callaway Building Project Fund. The URA Callaway Building Project Fund accounts for the $5,120,000 in taxable revenue bonds that were issued in October 2013 for the purchase of the Callaway building from DeKalb County for the purpose of redevelopment. Interest only payments will be made until the principal amount is due on November 1, 2016. The Urban Redevelopment Agency has entered into an agreement with the building's tenant, DeKalb County, and the lease payments are an amount adequate to cover the interest payments. A competitive bid process has been conducted and a developer has been selected to purchase and redevelop the site upon the County vacating the building within 30 months from the date of the URA purchase. The fund ended the year with a fund balance of $5,070,815 because the purchase of the Callaway building is categorized as an asset held for resale on the balance sheet.

Capital Improvement Fund. The Capital Improvement Fund's fund balance decreased by $3,140,296 to $4,437,866. Overall revenues were about $460,000 higher than the prior year. HOST revenues grew by $305,000 and tax revenue was about $45,000 higher than the prior year. The purpose of the capital improvement fund is to provide for construction of major capital improvements and to purchase capital equipment items for operating departments. Major capital outlay projects in fiscal year 2014 included the purchase of a parking meter system, a new fire engine and fire radios, streets paving, traffic calming projects, rights-of-way acquisition and design of streetscapes and intersection improvements and lease payments for a variety of vehicles and other equipment. The capital improvement fund transferred about $3,500,000 to other funds for debt service and capital construction projects. Another $3,000,000 was transferred to the 2013 URA Bonds Fund for the Beacon municipal center construction costs.

Debt Service Fund. The Debt Service Fund's fund balance decreased by $71,297 all of which is restricted for the payment of debt service. The fund balance is used to cover cash flow needs for debt service payments for the general obligation bonds issued in 2007. The fund balance of $6,383,974 is comprised of $969,194 for the City's debt service and the balance is for the school system's debt service which the City is required to report for the school system's 2012 sales tax notes of $5,415,000, although the City never possessed the funds and the school system is responsible for paying back the debt with sales tax revenue. It is anticipated that the school system will complete the debt payments for the 2012 sales tax notes in fiscal year 2017. Although the tax revenue was slightly higher than the amount budgeted, it did not fully cover the annual debt service and required the use of fund balance for the City's debt service payments. It is anticipated that the increase in the 2014 digest will result in tax revenue for fiscal year 2015 that will cover the debt service payments and add to the fund balance.

The activities of other non-major governmental funds can be found on pages 76 and 77.

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

Conference and Parking Deck Fund. The City entered into a long term management services agreement with the Downtown Development Authority (DDA) for operation of the conference center and parking deck. The DDA sublets the management and operation of the conference center and the DDA manages the parking deck. Hotel/motel tax collections for the upkeep and maintenance of the conference center are placed in a reserve account to be used by the conference center management company for maintenance of the facility. The transfer from the hotel/motel tax fund was $143,368 and was placed in a reserve account with the DDA. This was approximately $10,000 higher than the prior year. The audit includes this amount in 'cost of sales and services' in addition to the $42,142 in planned maintenance and repairs to the conference center's parking deck. Depreciation expenses remained relatively flat. This fund ended the year with $90,000 in cash available for maintenance and repair needs in the parking deck.

Stormwater Utility Fund. The stormwater utility fund accounts for the collection of fees for planning, repairs, maintenance and construction of the City's stormwater system based on a calculation of each property's impervious surface using a measurement of equivalent residential units or ERUs. The total net position of the stormwater utility fund decreased by $190,784 to $3,992,805. Revenue from stormwater fees increased slightly by $6,573. Operating expenses increased $372,102 or 69% due to increased repair activities, an increase in the annual OPEB liability, and the costs related to a stormwater master plan study which was completed during the fiscal year. The fund transferred $268,430 to the general fund for indirect costs. Over $900,000 was spent on the downtown capital project at McDonough and Maple Streets. Major stormwater improvements are included in the Beacon municipal center construction project. This fund ended the year with over $850,000 in cash available for operating and capital expenses.

Solid Waste Fund. The solid waste fund accounts for the collection of fees for residential and commercial sanitation services. Revenues in this fund increased $48,398 or 2% over the prior year. In March 2014, the City Commission increased the single-family residential fee from $235 to $237 and increased rates for the 95 gallon carts and 3 cubic yard containers. Operating expenses increased $104,395 or 5% due to increased personnel costs including full-time positions, overtime and health insurance, and increases in disposal and recycling expenses. Overhead costs remained relatively flat and the transfer to the general fund increased from $231,000 to $236,450. Total net position declined by $71,501 which increased the fund deficit to ($111,230). By June 30, 2014 the commercial sanitation collection rate for the 2014 service year was 84%. The solid waste fund ended with a positive cash position with cash balances at June 30, 2014 of $1,774,780. The Public Works staff continues to analyze costs and service charges to confirm that fees charged cover the cost of services delivered as well as developing alternative service delivery options to reduce costs and to reduce the deficit in total net position.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The primary fiduciary fund is the Pension Trust Fund that holds assets to be used for paying pension obligations of city employees. The Pension Trust Fund had a net increase of $5,310,736 to net position during fiscal year 2013-2014 reflecting the improvement in financial markets.

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 26. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were $423,512 more than the final budgeted amounts. Fines and forfeitures were $167,414 higher than anticipated which reflects the staffing of the police traffic unit and increased staffing in the police department. Charges for services were $164,479 greater than budgeted which reflects increased participation in recreation programs and more recreation facility rentals as a result of the newly renovated Decatur Recreation Center. Licenses and permits were $144,342 more than budgeted and result from development-related activity. Actual general fund expenditures were $19,195 more than the final budget with the large majority of the overages being the result of higher than expected payments to the development services contractor which were offset by revenues from development permit fees. Other line items that were overspent include gasoline and legal fees. The budget anticipated using $1,070,480 of fund balance for operating expenditures but the higher than anticipated revenues and lower than budgeted expenditures resulted in a reduction of fund balance for operating purposes to $666,163. An additional use of $3,000,000 of fund balance was budgeted and transferred to the 2013 URA fund for the Beacon Municipal Center construction project. After accounting for all revenues, expenditures and transfers, $3,244,714 of fund balance was used as opposed to the $3,654,100 that was approved in the final budget. This is $409,386 less than anticipated and resulted in an ending fund balance of $5,501,604.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2014, amounts to $82,832,291 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure (roads, bridges and drainage culverts, etc.). The City's investment in capital assets increased from $52,033,787 to $82,832,291 as a result of the City's ongoing capital improvements program. The City has invested in capital assets through the continuing expenditure of bond proceeds for the fire station #1 renovation and addition, cemetery improvements, sidewalk construction, Decatur recreation center renovation, public works facility renovation and the Beacon municipal center capital project. Additional information on the City's capital assets can be found in Note 6 on pages 50 through 52 of this report. The table on the following page summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Land	$ 3,863	$ 3,863	$ 280	$ 280	$ 4,143	$ 4,143
Construction in progress	11,714	33,492	548	-	12,262	33,492
Land improvements	2,760	2,782	-	-	2,760	2,782
Infrastructure	9,615	9,268	2,428	3,782	12,043	13,050
Building & improvements	16,411	24,172	1,679	1,405	18,090	25,577
Machinery & equipment	1,345	1,798	-	-	1,345	1,798
Vehicles	752	1,363	-	-	752	1,363
Furniture, fixtures, & equipment	-	-	639	627	639	627
Total	$ 46,460	$ 76,738	$ 5,574	$ 6,094	$ 52,034	$ 82,832

Long-term Debt and Capital Leases. At the end of the current fiscal year, the City had long-term bonded debt in the amount of $82,409,398 including the bond issuance premium. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The City's total assessed valuation for fiscal 2014 is $1,379,006,000 with a current debt limitation for the City of $137,900,600, not including current debt outstanding. Current debt that is applied to the debt limit totals $30,401,000 which leaves the City with a legal debt margin of $107,500,000. The ratio of the City's outstanding general obligation bond debt to assessed valuation is 2.2%.

The City has entered into lease agreements for financing the acquisition of equipment, machinery and improvements. The total amount of machinery, equipment and vehicles under capital leases at June 30, 2014 was $1,766,326 and there has been $197,587 of accumulated depreciation as of year-end.

At June 30, 2014, the City had long-term debt in the amount of $104,629,608 which was comprised of $82,409,398 in bonds payable, $22,220,210 in capital leases, notes payable, certificates of participation, claims and judgments, net OPEB obligation and compensated absences in the governmental activities and $991,712 in net OPEB obligation and compensated absences in the business-type activities. The long-term debt in governmental activities includes $5,590,487 in notes payable and related issuance premium for the school system sales tax notes. The long-term debt includes the general obligation bonds issued in January 2007, the recovery zone economic development bonds issued in December 2010, revenue bonds issued in May 2013 and taxable revenue bonds issued in October 2013. The 2007 bond issuance is financing approximately $16,600,000 worth of capital improvements for city-related capital projects, including transportation improvements, parks and recreation improvements, greenspace acquisition, public safety facility renovations, and public works improvements. The City Schools of Decatur have used approximately $16,500,000 for school-related capital projects. The 2010 bond issuance is financing approximately $13,760,000 of capital improvement projects including fire station #1, Decatur recreation center and the public works facility. Also included in the long-term debt are the certificates of participation issued in July 2005 in the principal amount of $2,810,000 to finance the renovation and addition of Decatur City Hall. The April 2013 bond issuance is funding the construction of the Beacon municipal center to include the police department, E911 operation, and municipal court as well as a large stormwater project on the site. City Schools of Decatur is responsible for $5,360,000 of the overall bond issue for the school's administrative facility on the site. The October 2013 bond issuance of $5,120,000 financed the purchase of the Callaway building from DeKalb County for the purpose redevelopment. Lease payments from the tenant, DeKalb County, offset the interest payments until the building is sold to a developer that has already been selected through a competitive process.

Additional information on the City's long-term debt can be found in Note 7 on pages 52 through 57 of this report.

Pension and Other Post Employment Benefits. The City of Decatur, Georgia sponsors a single-employer defined benefit pension plan for all of its full-time employees. Annually, an independent actuary engaged by the Board of Trustees of the retirement system calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The City normally fully funds each year's annual required contribution to the retirement system as determined by the actuary. The City contributed $892,161 or 105% of the annual pension cost during the fiscal year ending June 30, 2014 to fund the system's liability for projected benefits earned by employees.

The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 67 were effective July 1, 2013 and significantly changed the disclosures required related to the City's pension plan. GASB asserts that the new standard will improve the usefulness of information about the plan for making decisions and assessing accountability in addition to improving transparency.

At June 30, 2014, City's total pension liability was $40,688,624. The plan fiduciary net position was $36,380,138 resulting in the City's net pension liability of $4,308,486. The plan fiduciary net position as a percentage of the total pension liability was 89.41%.

The plan's funded ratio, an indicator of funding status, increased from 82% to 84%. According to the Center for State and Local Government Excellence, in 2013 only 34% of plans were over 80% funded.

The City also provides post retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 74 retired employees and beneficiaries receiving these benefits, which are financed on a pay-as-you-go basis. Starting in the 2008-2009 fiscal year the City had to account for other post employment benefits in accordance with GASB Standard 45. An independent actuarial analysis determined that the City's cumulative future liability for these benefits or net OPEB obligation was $11,782,501. This amount was accounted for as a liability on the City's statement of net position.

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

Economic Factors

The economic outlook for the City is positive. The 2014 certified real property digest is 12% higher than the final 2013 digest once adjusted for appeals. One half of this increase is due to added new value and the other half is revaluation of existing properties. This increase is consistent with local real estate sales reports and recent permitting activity. It is anticipated that the positive trend will continue but possibly at a slower pace than the past year. Large commercial development projects are in various phases of development with 315 West Ponce de Leon and the Trinity Triangle under construction and the DeKalb County Callaway building now owned by the City. Additional growth is anticipated for 2015 based on the level of new residential construction and increasing values associated with the desirability of the community. The City's tax collection rate remains high at 99.9% and the City has not experienced a significant increase in delinquent accounts. Other revenue concerns include the uncertain future of franchise taxes and motor vehicle taxes, legislative interference in restricting local government revenue sources and local government control of finance and budgeting decisions. Ultimately, the City's conservative financial practices, long-term planning, culture of innovation, and strategic approach to financial challenges have resulted in the City's ability to avoid layoffs and furloughs and to maintain high quality service delivery.

In cooperation with the City Schools of Decatur, the City is exploring potential annexation. Given the current efforts to municipalize the unincorporated northern area of DeKalb County, the City of Decatur is in a position where long-term permanent city limits must be addressed. In addition to the long-term city limit definition, key objectives of the annexation master plan are to influence and control development at key gateways; expand and stabilize the property tax base; respond to interest from property owners; and, consolidate partial parcels. From an economic standpoint, annexation may diversify the real property tax base by adding commercial value to the digest. There is the long term possibility that annexation could stabilize or minimize the need for future tax increases. Any decision regarding annexation will consider a number of factors including the impact on the City's finances, service delivery, and the City Schools of Decatur.

The unemployment rate for DeKalb County is currently 7.8%, down from 8.6% a year ago. Unemployment rates are not available for the City of Decatur but due to the diversity of the employment base, it is likely that the City's rate would be slightly lower. The occupancy rate of the City's business district is approximately 94.5% as compared to the greater Atlanta area that averages an 82.1% occupancy rate. Inflationary trends in the region compare favorably to national indices. Interest in downtown Decatur commercial space remains high with newer tenants representing smaller professional, service and creative businesses that will bring a healthier mix of businesses capable of weathering changes in the new economy. Residential living units in the central business district continue to add to the economic vitality of the district.

Next Year's Budget

At June 30, 2014, unassigned fund balance in the general fund was $5,474,611. The City has estimated that $769,930 will be added to fund balance in the 2015 fiscal year budget bringing the total fund balance to $6,244,541 or 29% of budgeted expenditures. This is consistent with the City's fund balance policy which strives to maintain an unreserved, unassigned fund balance between twenty and thirty percent of the operating budget. Next year's budget includes funding for a 3% merit-based market adjustment for all regular, full-time positions effective January 5, 2015. Funding is also included for a 2.5% merit increase for employees who are still below the maximum in their salary range. The salary adjustment is based on salary survey data collected from metropolitan Atlanta cities that offer similar public services. The 2015 fiscal year budget includes the reorganization of some functions and the addition of several new positions whose costs will generally be covered by new or increased revenues. A significant change to the City's benefits program is the move from a fully-insured to a partially self-insured model for group health benefits in an effort to effectively manage the organization's health care costs. The budgeted projects and activities directly support the following strategic plan principles: Principle A: Manage growth while retaining character; Principle B: Encourage a diverse and engaged community; Principle C: Serve as good stewards of the environment and community resources; Principle D: Support a safe, healthy, lifelong community; and an internally developed principle, Principle E: Provide the necessary support within city government to achieve the vision and goals of the community. Capital investments will be financed through the general obligation bond financing that was approved in September 2006, recovery zone economic development bonds that were issued in December 2010 and revenue bonds that were issued in April and October 2013.

Requests for Information

This financial report is designed to provide a general overview of the City of Decatur's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, 509 North McDonough Street, City of Decatur, Georgia 30030. This report and other financial reports can be viewed on the City of Decatur's website at **www.decaturga.com** within the Administrative Services Department section.

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units	
ASSETS	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board
Cash and cash equivalents	$ 10,896,768	$ 2,721,809	$ 13,618,577	$ 714,457	$ 93,913
Taxes receivable	405,958	-	405,958	11,045	-
Other receivables	287,134	-	287,134	43,447	-
Accounts receivable, net of allowances	-	173,256	173,256	-	160
Due from primary government	-	-	-	184,738	26,996
Due from other governments	5,433,050	-	5,433,050	-	-
Due from component units	385,250	-	385,250	-	-
Internal balances	601,673	(601,673)	-	-	-
Prepaid items	69,574	-	69,574	47,698	-
Restricted:					
Cash equivalents	13,291,137	-	13,291,137	-	-
Investments	494,571	-	494,571	-	-
Other current assets	6,500	-	6,500	-	-
Lease receivable	-	-	-	868,773	-
Other non-current assets	5,648,280	45,907	5,694,187	-	-
Fair market value of derivative	309,910	-	309,910	-	-
Capital assets:					
Non-depreciable	37,354,638	280,065	37,634,703	-	-
Depreciable, net of accumulated depreciation	39,384,257	5,813,331	45,197,588	1,032,186	-
Total assets	114,568,700	8,432,695	123,001,395	2,902,344	121,069
LIABILITIES					
Accounts payable	2,073,439	87,750	2,161,189	21,317	-
Accrued liabilities	4,484,304	148,336	4,632,640	-	8,986
Unearned revenue	142,383	1,362,737	1,505,120	-	-
Due to component unit	26,996	143,368	170,364	-	-
Due to primary government	-	-	-	385,250	-
Certificates of participation due within one year	130,000	-	130,000	-	-
Certificates of participation due in more than one year	3,095,000	-	3,095,000	-	-
Claims and judgments payable due within one year	66,979	-	66,979	-	-
Compensated absences, due within one year	977,491	82,880	1,060,371	-	-
Compensated absences, due in more than one year	172,498	14,626	187,124	-	-
Capital leases due within one year	336,746	-	336,746	-	-
Capital leases due in more than one year	962,714	-	962,714	-	-
Notes payable due in more than one year	5,590,487	-	5,590,487	-	-
Bonds payable due within one year	1,565,133	-	1,565,133	-	-
Bonds payable due in more than one year	80,844,265	-	80,844,265	-	-
Net OPEB obligation, due in more than one year	10,888,295	894,206	11,782,501	-	-
Total liabilities	111,356,730	2,733,903	114,090,633	406,567	8,986
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - intergovernmental	156,057	-	156,057	-	-
Accumulated increase in fair value of hedging derivative	309,910	-	309,910	-	-
Deferred service concession arrangement receipts	-	-	-	1,796,789	-
Total deferred inflows of resources	465,967	-	465,967	1,796,789	-
NET POSITION					
Net investment in capital assets	20,161,026	6,093,396	26,254,422	1,032,186	-
Restricted for debt service	119,132	-	119,132	-	-
Restricted for law enforcement	9,658	-	9,658	-	-
Restricted for public safety	156,069	-	156,069	-	-
Restricted for tourism	24,564	-	24,564	-	112,083
Unrestricted	(17,724,446)	(394,604)	(18,119,050)	(333,198)	-
Total net position	$ 2,746,003	$ 5,698,792	$ 8,444,795	$ 698,988	$ 112,083

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

CITY OF DECATUR, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 9,243,615	$ 2,258,339	$ 14,522	$ -
Public safety	10,804,185	2,370,656	11,591	-
Public works	3,992,789	101,733	-	393,520
Recreation	3,934,217	1,930,531	116,410	-
Interest on long-term debt	3,521,899	-	313,297	-
Total governmental activities	31,496,705	6,661,259	455,820	393,520
Business-type activities:				
Solid waste	2,170,273	2,327,162	-	-
Stormwater	908,847	974,493	-	-
Conference center & parking deck	485,300	-	-	-
Total business-type activities	3,564,420	3,301,655	-	-
Total primary government	$ 35,061,125	$ 9,962,914	$ 455,820	$ 393,520
Component units:				
Downtown Development Authority	$ 1,113,698	$ -	$ -	$ -
Decatur Tourism Board	168,656	-	20,000	-
Total component units	$ 1,282,354	$ -	$ 20,000	$ -

General revenues:
- Property taxes
- Franchise taxes
- Sales taxes
- Other taxes
- Unrestricted investment earnings
- Miscellaneous
- Gain on the sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board
$ (6,970,754)	$ -	$ (6,970,754)	$ -	$ -
(8,421,938)	-	(8,421,938)	-	-
(3,497,536)	-	(3,497,536)	-	-
(1,887,276)	-	(1,887,276)	-	-
(3,208,602)	-	(3,208,602)	-	-
(23,986,106)	-	(23,986,106)	-	-
-	156,889	156,889	-	-
-	65,646	65,646	-	-
-	(485,300)	(485,300)	-	-
-	(262,765)	(262,765)	-	-
(23,986,106)	(262,765)	(24,248,871)	-	-
-	-	-	(1,113,698)	-
-	-	-	-	(148,656)
$ -	$ -	$ -	$ (1,113,698)	$ (148,656)
$ 15,057,744	$ -	$ 15,057,744	$ 584,662	$ -
1,451,343	-	1,451,343	-	-
4,943,581	-	4,943,581	-	-
1,499,550	-	1,499,550	-	142,997
42,532	-	42,532	-	53
116,300	-	116,300	750,584	19,061
3,285	8,060	11,345	-	-
349,512	(349,512)	-	-	-
23,463,847	(341,452)	23,122,395	1,335,246	162,111
(522,259)	(604,217)	(1,126,476)	221,548	13,455
3,268,262	6,303,009	9,571,271	477,440	98,628
$ 2,746,003	$ 5,698,792	$ 8,444,795	$ 698,988	$ 112,083

CITY OF DECATUR, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS	General Fund	2010 URA Bonds Fund	2013 URA Bonds Fund	URA Callaway Building Project Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 5,323,602	$ -	$ -	$ -	$ 3,069,578	$ 945,162	$ 1,558,426	$ 10,896,768
Taxes receivable	276,363	-	-	-	44,184	42,553	42,858	405,958
Other receivables	229,865	-	-	-	16,168	-	41,101	287,134
Due from other funds	544,991	33,972	-	66,667	765,983	34,549	75,084	1,521,246
Due from component units	385,250	-	-	-	-	-	-	385,250
Due from other governments	-	-	-	-	-	5,415,000	-	5,415,000
Restricted:								
Cash equivalents	-	495,654	10,515,589	14,848	-	-	2,265,046	13,291,137
Investments	-	-	-	-	494,571	-	-	494,571
Advances to other funds	-	-	-	-	476,225	-	-	476,225
Prepaid expenditures	15,228	-	-	-	49,971	-	4,375	69,574
Other current assets	6,500	-	-	-	-	-	-	6,500
Assets held for resale	-	-	-	5,089,300	-	-	-	5,089,300
Total assets	$ 6,781,799	$ 529,626	$ 10,515,589	$ 5,170,815	$ 4,916,680	$ 6,437,264	$ 3,986,890	$ 38,338,663
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 539,215	$ -	$ 1,497,377	$ -	$ -	$ -	$ 36,847	$ 2,073,439
Accrued liabilities	582,402	7,850	1,603,238	100,000	395,456	-	-	2,688,946
Unearned revenue	-	-	142,383	-	-	-	-	142,383
Due to component unit	-	-	-	-	-	-	26,996	26,996
Due to other funds	70,720	364,501	442,185	-	73,350	40,772	374,955	1,366,483
Advances from other funds	-	-	-	-	-	-	29,315	29,315
Total liabilities	1,192,337	372,351	3,685,183	100,000	468,806	40,772	468,113	6,327,562
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	87,858	-	-	-	10,008	12,518	-	110,384
Unearned revenue - intergovernmental	-	156,057	-	-	-	-	-	156,057
Total deferred inflows of resources	87,858	156,057	-	-	10,008	12,518	-	266,441
FUND BALANCES								
Fund balances:								
Nonspendable:								
Prepaids	15,228	-	-	-	49,971	-	4,375	69,574
Advances	-	-	-	-	476,225	-	-	476,225
Assets held for resale	-	-	-	5,089,300	-	-	-	5,089,300
Restricted:								
Capital construction	-	-	6,299,493	-	2,525,380	-	2,212,919	11,037,792
Equipment purchases	-	-	-	-	494,571	-	-	494,571
Debt service	-	402,085	530,913	-	-	6,383,974	-	7,316,972
Law enforcement	-	-	-	-	-	-	9,658	9,658
E911 services	-	-	-	-	-	-	156,069	156,069
Tourism	-	-	-	-	-	-	24,564	24,564
Committed:								
Tree preservation	-	-	-	-	-	-	163,686	163,686
Children and youth services	-	-	-	-	-	-	796,355	796,355
Assigned:								
Greenspace acquisition	11,765	-	-	-	-	-	-	11,765
Cemetery operations	-	-	-	-	-	-	151,151	151,151
Equipment purchases	-	-	-	-	891,719	-	-	891,719
Unassigned	5,474,611	(400,867)	-	(18,485)	-	-	-	5,055,259
Total fund balances	5,501,604	1,218	6,830,406	5,070,815	4,437,866	6,383,974	3,518,777	31,744,660
Total liabilities, deferred inflows of resources, and fund balances	$ 6,781,799	$ 529,626	$ 10,515,589	$ 5,170,815	$ 4,916,680	$ 6,437,264	$ 3,986,890	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,738,895
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	110,384
Interest receivable of governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.	18,050
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(106,424,966)
Revenues from an effective hedging instrument are not recognized until the hedge is used by the holder, and therefore are deferred in governmental activities.	(309,910)
Some assets are not a financial resource used in governmental activities and therefore are not reported in governmental funds.	868,890
Net position of governmental activities	$ 2,746,003

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

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	2010 URA Bonds Fund	2013 URA Bonds Fund	URA Callaway Building Project Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 15,528,318	$ -	$ -	$ -	$ 5,134,428	$ 1,829,850	$ 501,638	$ 22,994,234
Licenses and permits	1,482,042	-	-	-	-	-	-	1,482,042
Intergovernmental	385,250	313,297	-	-	300,819	-	14,705	1,014,071
Fines and forfeitures	1,168,414	-	-	-	-	-	2,225	1,170,639
Charges for services	1,424,979	-	-	-	-	-	1,903,014	3,327,993
Interest income	360	1,297	23,741	-	13,548	573	3,013	42,532
Contributions	14,647	-	-	-	-	-	113,171	127,818
Other revenues	68,722	-	-	226,613	8,000	108,300	92,701	504,336
Total revenues	20,072,732	314,594	23,741	226,613	5,456,795	1,938,723	2,630,467	30,663,665
Expenditures								
Current:								
General government	7,544,385	34,445	-	217	671,283	-	181,725	8,432,055
Public safety	8,450,608	-	-	-	13,288	-	883,395	9,347,291
Public works	3,171,210	-	-	-	-	-	-	3,171,210
Recreation	1,572,692	-	-	-	-	-	1,520,134	3,092,826
Capital outlay	-	3,851,682	25,989,953	-	1,907,986	-	353,076	32,102,697
Debt service:								
Principal retirements	-	373,994	-	-	447,785	520,000	25,721	1,367,500
Interest expenditures	-	814,255	850,470	44,881	92,791	1,490,020	4,584	3,297,001
Debt issuance costs	-	-	-	167,846	-	-	-	167,846
Total expenditures	20,738,895	5,074,376	26,840,423	212,944	3,133,133	2,010,020	2,968,635	60,978,426
Excess (deficiency) of revenues over expenditures	(666,163)	(4,759,782)	(26,816,682)	13,669	2,323,662	(71,297)	(338,168)	(30,314,761)
Other financing sources (uses):								
Issuance of revenue bonds	-	-	-	5,120,000	-	-	-	5,120,000
Capital leases	-	-	-	-	1,022,184	-	8,017	1,030,201
Proceeds from sale of capital assets	8,246	-	-	-	-	-	-	8,246
Transfers in	873,203	2,769,096	6,797,900	-	80,854	-	460,000	10,981,053
Transfers out	(3,460,000)	(101,593)	-	(62,854)	(6,566,996)	-	(440,098)	(10,631,541)
Total other financing sources (uses)	(2,578,551)	2,667,503	6,797,900	5,057,146	(5,463,958)	-	27,919	6,507,959
Net change in fund balances	(3,244,714)	(2,092,279)	(20,018,782)	5,070,815	(3,140,296)	(71,297)	(310,249)	(23,806,802)
Fund balances, beginning of year	8,746,318	2,093,497	26,849,188	-	7,578,162	6,455,271	3,829,026	55,551,462
Fund balances (deficit), end of year	$ 5,501,604	$ 1,218	$ 6,830,406	$ 5,070,815	$ 4,437,866	$ 6,383,974	$ 3,518,777	$ 31,744,660

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

CITY OF DECATUR, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Net change in fund balances - total governmental funds	$	(23,806,802)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		30,284,287
In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold.		(4,961)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(42,016)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(4,580,605)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(2,372,162)
Change in net position - governmental activities	$	(522,259)

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

CITY OF DECATUR, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 15,847,600	$ 15,557,870	$ 15,528,318	$ (29,552)
Licenses and permits	920,900	1,337,700	1,482,042	144,342
Fines and forfeitures	1,045,000	1,001,000	1,168,414	167,414
Interest	500	500	360	(140)
Charges for services	1,343,750	1,260,500	1,424,979	164,479
Intergovernmental	423,840	385,250	385,250	-
Contributions	21,500	19,000	14,647	(4,353)
Miscellaneous	62,900	87,400	68,722	(18,678)
Total revenues	19,665,990	19,649,220	20,072,732	423,512
Expenditures				
Current:				
General government:				
Commission	152,500	178,980	186,876	(7,896)
Manager	708,480	701,280	684,156	17,124
Administrative services	2,122,080	2,106,160	2,060,693	45,467
Attorney	160,000	170,000	205,227	(35,227)
Community & economic development	1,385,750	1,242,380	1,199,227	43,153
Development and inspection	1,412,850	1,589,980	1,856,529	(266,549)
Accounting, collection and records	1,379,130	1,381,670	1,351,677	29,993
Total general government	7,320,790	7,370,450	7,544,385	(173,935)
Public safety:				
General management	1,065,470	1,055,750	1,048,998	6,752
Fire	3,516,440	3,535,810	3,461,360	74,450
Police	3,843,950	3,930,550	3,843,899	86,651
Police capital outlay	102,300	97,500	96,351	1,149
Total public safety	8,528,160	8,619,610	8,450,608	169,002
Public works:				
Engineering	515,560	502,950	489,675	13,275
Motor maintenance	697,370	692,450	777,829	(85,379)
Buildings and grounds maintenance	1,651,780	1,638,000	1,536,107	101,893
Cemetery	424,180	383,540	367,599	15,941
Total public works	3,288,890	3,216,940	3,171,210	45,730
Recreation	1,515,950	1,512,700	1,572,692	(59,992)
Total expenditures	20,653,790	20,719,700	20,738,895	(19,195)
Deficiency of revenues over expenditures	(987,800)	(1,070,480)	(666,163)	404,317
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	10,000	8,246	(1,754)
Transfers out	(3,560,000)	(3,460,000)	(3,460,000)	-
Transfers in	883,700	866,380	873,203	6,823
Total other financing sources (uses)	(2,666,300)	(2,583,620)	(2,578,551)	5,069
Net change in fund balances	(3,654,100)	(3,654,100)	(3,244,714)	409,386
Fund balances, beginning of year	8,746,318	8,746,318	8,746,318	-
Fund balances, end of year	$ 5,092,218	$ 5,092,218	$ 5,501,604	$ 409,386

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities - Enterprise Funds			
ASSETS	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund Conference & Parking Deck Fund	Totals
CURRENT ASSETS				
Cash	$ 1,774,780	$ 856,991	$ 90,038	$ 2,721,809
Accounts receivable, net of allowances	103,809	69,447	-	173,256
Due from other funds	-	-	143,368	143,368
Total current assets	1,878,589	926,438	233,406	3,038,433
NONCURRENT ASSETS				
Land	-	85,205	194,860	280,065
Infrastructure	-	6,319,403	-	6,319,403
Buildings	-	-	8,605,815	8,605,815
Furniture, fixtures and equipment	1,982,723	203,251	340,382	2,526,356
	1,982,723	6,607,859	9,141,057	17,731,639
Accumulated depreciation	(1,497,685)	(2,734,745)	(7,405,813)	(11,638,243)
Total capital assets	485,038	3,873,114	1,735,244	6,093,396
Other noncurrent assets	36,739	9,168	-	45,907
Total noncurrent assets	521,777	3,882,282	1,735,244	6,139,303
Total assets	2,400,366	4,808,720	1,968,650	9,177,736
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	78,074	2,176	7,500	87,750
Accrued liabilities	-	148,336	-	148,336
Compensated absences payable	72,905	9,975	-	82,880
Due to other funds	229,588	67,978	565	298,131
Due to component unit	-	-	143,368	143,368
Unearned revenue	955,629	407,108	-	1,362,737
Total current liabilities	1,336,196	635,573	151,433	2,123,202
NONCURRENT LIABILITIES				
Compensated absences - long term	12,866	1,760	-	14,626
Net OPEB obligation	715,624	178,582	-	894,206
Advances from other funds	446,910	-	-	446,910
Total noncurrent liabilities	1,175,400	180,342	-	1,355,742
Total liabilities	2,511,596	815,915	151,433	3,478,944
NET POSITION (DEFICIT)				
Investment in capital assets	485,038	3,873,114	1,735,244	6,093,396
Unrestricted	(596,268)	119,691	81,973	(394,604)
Total net position (deficit)	$ (111,230)	$ 3,992,805	$ 1,817,217	$ 5,698,792

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

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds			
	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund: Conference & Parking Deck Fund	Totals
OPERATING REVENUE				
Storm water fees	$ -	$ 974,493	$ -	$ 974,493
Sanitation fees	2,263,448	-	-	2,263,448
Miscellaneous	63,714	-	-	63,714
Total operating revenues	2,327,162	974,493	-	3,301,655
OPERATING EXPENSES				
Cost of sales and services	2,012,819	801,692	185,511	3,000,022
Depreciation	157,454	107,155	299,789	564,398
Total operating expenses	2,170,273	908,847	485,300	3,564,420
Operating income (loss)	156,889	65,646	(485,300)	(262,765)
NONOPERATING REVENUE				
Gain on sale of capital assets	8,060	-	-	8,060
Net income (loss) before transfers	164,949	65,646	(485,300)	(254,705)
Transfers in	-	12,000	143,368	155,368
Transfers out	(236,450)	(268,430)	-	(504,880)
Total transfers	(236,450)	(256,430)	143,368	(349,512)
Change in net position	(71,501)	(190,784)	(341,932)	(604,217)
Total net position (deficit), beginning	(39,729)	4,183,589	2,159,149	6,303,009
Total net position (deficit), ending	$ (111,230)	$ 3,992,805	$ 1,817,217	$ 5,698,792

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

CITY OF DECATUR, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Funds			
	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund: Conference & Parking Deck Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 2,332,099	$ 940,431	$ -	$ 3,272,530
Payments to suppliers	(978,897)	(598,402)	(239,257)	(1,816,556)
Payments to employees	(927,368)	(263,609)	-	(1,190,977)
Net cash provided by (used in) operating activities	425,834	78,420	(239,257)	264,997
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	12,000	145,144	157,144
Transfers out to other funds	(236,450)	(268,430)	-	(504,880)
Receipt of advances from other funds	141,758	-	-	141,758
Net cash provided by (used in) non-capital financing activities	(94,692)	(256,430)	145,144	(205,978)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	8,060	-	-	8,060
Purchases of capital assets	(180,500)	(754,740)	-	(935,240)
Net cash used in capital and related financing activities	(172,440)	(754,740)	-	(927,180)
Net increase (decrease) in cash	158,702	(932,750)	(94,113)	(868,161)
Cash, beginning of year	1,616,078	1,789,741	184,151	3,589,970
Cash, end of year	$ 1,774,780	$ 856,991	$ 90,038	$ 2,721,809
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 156,889	$ 65,646	$ (485,300)	$ (262,765)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	157,454	107,155	299,789	564,398
Change in assets and liabilities:				
Increase in fees receivable	(4,782)	(36,525)	-	(41,307)
Decrease in due from other funds	-	12,000	565	12,565
Increase in other assets	(2,597)	(532)	-	(3,129)
Increase (decrease) in accounts payable	31,718	(139,570)	6,077	(101,775)
Increase in compensated absences payable	9,279	4,624	-	13,903
Increase in net OPEB obligation	122,651	28,603	-	151,254
Increase in unearned revenue	9,719	2,463	-	12,182
Decrease in due to component unit	-	-	(60,388)	(60,388)
Increase (decrease) in due to other funds	(54,497)	34,556	-	(19,941)
Net cash provided by (used in) operating activities	$ 425,834	$ 78,420	$ (239,257)	$ 264,997

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

ASSETS	Pension Trust Fund	Agency Funds
Cash	$ 676,885	$ 2,593,794
Uncollected taxes	-	603,116
Investments:		
Corporate obligations	4,243,088	-
Mutual funds	24,894,288	-
U.S. government and government agency obligations	6,450,274	-
Benefits receivable	144,823	-
Total assets	36,409,358	3,196,910
LIABILITIES		
Due to others	29,220	3,155,540
Due to component unit	-	41,370
Total liabilities	29,220	3,196,910
NET POSITION		
Net position restricted for pension benefits	$ 36,380,138	$ -

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

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ADDITIONS	
Contributions	
Plan member contributions	$ 970,477
Employer contributions	892,161
Total contributions	1,862,638
Investment earnings	
Net appreciation in fair value of investments	4,919,093
Interest and dividends	556,539
Total investment earnings	5,475,632
Less investment expense	96,602
Net investment earnings	5,379,030
Total additions	7,241,668
DEDUCTIONS	
Benefit payments	1,685,463
Refunds paid to Plan members and beneficiaries	197,560
Administrative fees	47,909
Total deductions	1,930,932
Change in net position	5,310,736
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	31,069,402
End of year	$ 36,380,138

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The Decatur Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The City appoints all members of its board and has the ability to impose its will on the DDA by removing those board members and appointing, hiring, reassigning or dismissing those persons responsible for the day-to-day operations of the DDA. Financial information with regard to the DDA can be obtained from the DDA's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Downtown Development Authority are not prepared.

The Decatur Tourism Board (the "DTB") has been included as a discretely presented component unit in the accompanying financial statements. The Board does not have the power to levy taxes or issue bonded debt and a financial benefit or burden relationship exists as the City has assumed the obligation to provide financial support to the DTB in the form of hotel / motel occupancy taxes collected on lodgings in the City. Financial information with regard to the DTB can be obtained from the DTB's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Decatur Tourism Board are not prepared.

The Urban Redevelopment Agency of the City of Decatur (the "URA") has been included as a blended component unit in the accompanying financial statements. All members of the City Commission serve on the Commission for the URA. Although it is legally separate from the City, its sole purpose is to finance construction and acquisitions of the City. The debt and assets of the URA have been reported as a form of the City's debt and assets and all debt service activity is reported as debt service activity of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

The City reports the following major governmental funds:

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

The **2010 URA Bonds Fund** accounts for the proceeds from the issuance of Recovery Zone Economic Development bonds and the expenditures of those funds for major capital projects.

The **2013 URA Bonds Fund** accounts for the proceeds from the issuance of the Series 2013 revenue bonds and the expenditures of those funds for major capital projects.

The **URA Callaway Building Project Fund** accounts for the proceeds from the issuance of a note payable to acquire the Callaway Building and related real property which is held for resale.

The **Capital Improvement Fund** accounts for the receipt and expenditure of funds related to major capital projects throughout the City.

The **Debt Service Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The City reports the following major proprietary funds:

The **Solid Waste Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

The **Stormwater Utility Fund** accounts for the collection of fees for upgrades to stormwater drains and related expenses.

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues, such as confiscations/forfeitures, emergency telephone system charges, hotel/motel tax revenues and various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City also reports the following fund types (continued):

The **Capital Projects funds** are used to account for the expenditures of proceeds from the 2007 General Obligation bonds as well as for receipts and expenditures of funds for cemetery projects throughout the City.

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

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

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

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

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year-end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments

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

F. Receivables and Payables

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

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

G. Inventories

The costs of governmental fund type inventories (which are not significant to the City) are recorded as expenditures when purchased rather than when consumed (purchase method).

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has reported infrastructure assets consistent with the retroactive reporting requirements of GASB Statement 34.

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

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

Assets	Years
Machinery and equipment	3-20
Vehicles	5
Land improvements	15-20
Infrastructure	15-50
Buildings and improvements	30-50

J. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several types of items that qualify for reporting in this category.

The statement of net position reports the *accumulated increase in the fair value of the hedging derivative* as a deferred inflow of resources. As the derivative qualifies as an effective hedge, the change in fair market value which occurs each fiscal year is deferred and thus the asset and deferred inflow are adjusted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Inflows of Resources (Continued)

The statement of net position also reports the *deferred service concession arrangement receipts* as a deferred inflow of resources. This balance includes the effect of deferring the recognition of revenue from the present value of installment payments to be received by the Decatur Downtown Development Authority under the conference center facilities service concession arrangement. The balance of the deferred inflow of resources as of June 30, 2014 will be recognized as revenue on a straight-line basis and increase net position over the remaining life of the contract.

The final items reported as deferred inflows of resources arise from the revenue recognition of property taxes and intergovernmental revenues. The first item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, *unearned revenue*, which is reported in both the governmental funds balance sheet and the government-wide statement of net position, pertains to intergovernmental revenues received by the City before time requirements are met and thus will be recognized as inflows (revenue) in future periods once those requirements are met.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations (Continued)

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

M. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Commission. Approval of a resolution after a formal vote of the City Commission is required to establish a commitment of fund balance. Similarly, the City Commission may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through the adoption of a resolution, the City Commission has expressly delegated to the City Manager the authority to assign fund balances for particular purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity (Continued)

Fund balance classifications (continued):

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. The City intends to maintain an unassigned fund balance in the general fund between twenty and thirty percent of the operating budget or an amount equal to 3-4 months' operating expenditures.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Management Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $106,424,966 difference are as follows:

Capital leases payable	$	(1,299,460)
Certificates of participation		(3,225,000)
Claims and judgements payable		(66,979)
Accrued interest payable		(1,795,358)
Net OPEB obligation		(10,888,295)
Notes payable		(5,590,487)
Bonds payable		(82,409,398)
Compensated absences		(1,149,989)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(106,424,966)

Another element of the reconciliation explains that "Some assets are not a financial resource used in governmental activities and therefore are not reported in governmental funds." The details of this $868,890 difference are as follows:

Net pension asset	$	558,980
Fair value of effective hedging derivative		309,910
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	868,890

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $30,284,287 difference are as follows:

Capital outlay	$ 32,175,548
Depreciation expense	(1,891,261)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 30,284,287

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $4,580,605 difference are as follows:

Issuance of revenue bond	$ (5,120,000)
Capital leases	(1,030,201)
Principal retirements	1,367,500
Amortization of premiums	202,096
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (4,580,605)

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

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

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $2,372,162 difference are as follows:

Compensated absences	$	(65,008)
Claims and judgments		(37,875)
Net other post-employment benefits (OPEB) obligation		(1,882,741)
Net pension asset		40,456
Accrued interest		(426,994)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(2,372,162)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

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

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

NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2014:

Economic Development Fund	$	4,070
Hotel / Motel Tax Fund		7,618
URA Callaway Building Project Fund		168,054
2007 Bonds Fund		22,123
General Fund departments:		
General government - commission		7,896
General government - attorney		35,227
General government - development & inspection		266,549
Public works - motor maintenance		85,379
Recreation		59,992

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

NOTE 4. DEPOSITS AND INVESTMENTS

Primary Government

The table below summarizes the City's cash and cash equivalents and investments by type as of June 30, 2014:

Investment	Maturities	Fair Value
Deposits with Financial Institutions	---	$ 16,040,180
Guaranteed Investment Contract	June 1, 2028	494,571
Fidelity Institutional Money Market Treasury Portfolio - cash equivalents	31 days	680,378
Morgan Stanley Institutional Liquidity Funds - cash equivalents	13 days	9,984,677
Georgia Fund 1 - cash equivalents	62 days	2,798,273
Total		$ 29,998,079
As reported in the Statement of Net Position:		
Cash and cash equivalents		$ 13,618,577
Restricted:		
Cash and cash equivalents		13,291,137
Investments		494,571
Cash and cash equivalents - Agency Funds		2,593,794
Total		$ 29,998,079

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Office of the State Treasurer of the State of Georgia. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of the State Treasurer of the State of Georgia. As of June 30, 2014, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

The City’s investments in the Fidelity Institutional Money Market Treasury Portfolio as well as the Morgan Stanley Institutional Liquidity Funds were rated Aaa-mf by Moody’s. The City’s guaranteed contract with GMA was not rated as of June 30, 2014. Additional information regarding this guaranteed contract with GMA can be found in Note 7.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2014, the City did not have any deposits where were uninsured or under collateralized, as defined by State statutes.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Pension Trust Fund

The Pension Trust Fund's policy in regard to investments, including the allocation of invested assets, is established and may be amended by the Board of Trustees of the Employees' Retirement System of the City of Decatur. The Pension Trust Fund is authorized to invest in cash and cash equivalents (including money market funds and stable value funds), fixed income securities (government and corporate entity obligations, asset-backed securities, commercial paper or similar fixed income contracts), and domestic equities.

As of June 30, 2014, the Pension Trust Fund had $35,587,650 invested in the following types of investments as categorized by credit risk (ratings by Moody's):

Investment		Fair Value	Credit Quality
Corporate obligations	$	40,148	AAA
Corporate obligations		403,699	AA1
Corporate obligations		233,364	AA2
Corporate obligations		643,698	AA3
Corporate obligations		962,508	A1
Corporate obligations		649,530	A2
Corporate obligations		231,097	A3
Corporate obligations		386,418	BAA1
Corporate obligations		126,299	BAA3
Corporate obligations		566,327	not rated
U.S. government and agency bonds		2,179,429	AAA
U.S. government and agency bonds		4,270,845	not rated
Mutual funds invested in equities		24,894,288	not rated
Total	$	35,587,650	

Credit risk: The Pension Trust Fund's investment policy adopts the following asset allocation mix to achieve the lowest level of risk while obtaining the average annual return benchmark (8.25%): Cash and Cash Equivalents targeted at 1% but with and acceptable range between 0.25% and 2%; Fixed Income targeted at 49% but with an acceptable range between 40% and 50%; Domestic Equities targeted at 50% but with an acceptable range between 50% and 60% (at historical cost); and Foreign Equities targeted at 0% but with an acceptable range between 0% and 5% (at historical cost).

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Concentration: On June 30, 2014, the Pension Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of plan fiduciary net position.

Interest rate risk: The Pension Trust Funds holds assets to collateralize the pension promises. The projected benefits extend out over 50+ years. The investment policy considers the duration of the assets and liabilities when managing interest rate risk in the bond portfolio. However, no formal policy to address potential fair value losses from rising interest rates has been adopted by the Board of Trustees of the Employees' Retirement System of the City of Decatur.

As of June 30, 2014, the Pension Trust Fund had $35,587,650 invested in the following investments as categorized by interest rate risk:

Investment		Fair Value	Weighted Average Maturity (Years)
Corporate obligations	$	4,243,088	6.67
U.S. government and agency bonds		6,450,274	8.93
Mutual funds invested in equities		24,894,288	---
Total	$	35,587,650	

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 17.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2014, the Pension Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by State statutes.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax levy is divided into two billings. The first billing is mailed April 1 which is considered the levy date, and the second billing is mailed no later than October 20. The billings are considered due upon receipt by the taxpayer; however, the actual due dates are June 1 and December 20. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred inflows of resources (unavailable revenues) when assessed. Revenues are recognized when available.

Enterprise fund solid waste fees and stormwater fees are billed annually on April 1 for the calendar year and are due June 1.

Receivables at June 30, 2014, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Capital Improvement	Debt Service	Nonmajor Funds	Governmental Funds Total
Receivables:					
Taxes	$ 296,567	$ 46,241	$ 45,305	$ 42,858	$ 430,971
Other	229,865	16,168	-	41,101	287,134
Less allowance for uncollectible	(20,204)	(2,057)	(2,752)	-	(25,013)
Net total receivable	$ 506,228	$ 60,352	$ 42,553	$ 83,959	$ 693,092

	Stormwater	Solid Waste	Proprietary Funds Total
Receivables:			
Accounts	$ 102,290	$ 151,834	$ 254,124
Less allowance for uncollectible	(32,843)	(48,025)	(80,868)
Net total receivable	$ 69,447	$ 103,809	$ 173,256

Lease Receivable – Decatur Downtown Development Authority (DDDA): In May of 2011 the DDDA entered into an agreement with a third party for the operation of the City's Conference Center that qualifies for reporting as a service concession arrangement under GASB Statement No. 60. Under the terms of the agreement, the third-party operator was required to make monthly rental payments until construction of the leasehold improvements was completed and subsequently the operator would receive rental forgiveness in the amount of the leasehold improvements made. As of June 30, 2014, the balance of the lease receivable is $868,773 and consists of the total rent to be received under the terms of the agreement, reduced for the dollar amount of leasehold improvements made. The deferred inflows of resources related to this service concession arrangement are being recognized as revenue on a straight-line basis. Upon the termination of the lease (May 1, 2035), the Conference Center will be returned to the City.

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2014, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 3,863,026	$ -	$ -	$ -	$ 3,863,026
Construction in progress	11,713,891	26,643,339	-	(4,865,618)	33,491,612
Total	15,576,917	26,643,339	-	(4,865,618)	37,354,638
Capital assets, being depreciated:					
Land improvements	3,602,281	23,192	-	74,807	3,700,280
Infrastructure	25,152,883	98,803	-	160,364	25,412,050
Buildings and improvements	21,454,446	3,833,655	-	4,630,447	29,918,548
Machinery and equipment	4,669,041	627,158	-	-	5,296,199
Vehicles	4,558,346	949,401	(250,854)	-	5,256,893
Total	59,436,997	5,532,209	(250,854)	4,865,618	69,583,970
Less accumulated depreciation for:					
Land improvements	(842,664)	(75,145)	-	-	(917,809)
Infrastructure	(15,538,289)	(605,466)	-	-	(16,143,755)
Buildings and improvements	(5,043,279)	(703,192)	-	-	(5,746,471)
Machinery and equipment	(3,323,964)	(173,844)	-	-	(3,497,808)
Vehicles	(3,806,149)	(333,614)	245,893	-	(3,893,870)
Total	(28,554,345)	(1,891,261)	245,893	-	(30,199,713)
Total capital assets, being depreciated, net	30,882,652	3,640,948	(4,961)	4,865,618	39,384,257
Governmental activities capital assets, net	$ 46,459,569	$ 30,284,287	$ (4,961)	$ -	$ 76,738,895

Depreciation expense was charged to functions / programs of the City's governmental activities as follows:

Governmental activities:	
General government	$ 247,616
Public safety	493,915
Public works	693,485
Recreation	456,245
Total depreciation expense - governmental activities	$ 1,891,261

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 548,006	$ 903,076	$ (1,451,082)	$ -
Land	280,065	-	-	280,065
Total	828,071	903,076	(1,451,082)	280,065
Capital assets, being depreciated:				
Infrastructure	4,868,321	1,451,082	-	6,319,403
Buildings	8,605,815	-	-	8,605,815
Furniture, fixtures, and equipment	2,466,984	180,500	(121,128)	2,526,356
Total	15,941,120	1,631,582	(121,128)	17,451,574
Less accumulated depreciation for:				
Infrastructure	(2,440,440)	(97,388)	-	(2,537,828)
Buildings	(6,926,436)	(274,243)	-	(7,200,679)
Furniture, fixtures, and equipment	(1,828,097)	(192,767)	121,128	(1,899,736)
Total	(11,194,973)	(564,398)	121,128	(11,638,243)
Total capital assets, being depreciated, net	4,746,147	1,067,184	-	5,813,331
Business-type activities capital assets, net	$ 5,574,218	$ 1,970,260	$ (1,451,082)	$ 6,093,396

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-type activities:	
Solid Waste	$ 157,454
Stormwater	107,155
Conference Center and Parking Deck	299,789
Total depreciation expense - business-type activities	$ 564,398

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit

Capital asset activity for the Decatur Downtown Development Authority for the fiscal year ended June 30, 2014, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Leasehold Improvements	$ 1,139,834	$ -	$ -	$ 1,139,834
Total	1,139,834	-	-	1,139,834
Less accumulated depreciation for:				
Leasehold Improvements	(60,155)	(47,493)	-	(107,648)
Total	(60,155)	(47,493)	-	(107,648)
Total capital assets, being depreciated, net	$ 1,079,679	$ (47,493)	$ -	$ 1,032,186

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 31,700,000	$ -	$ (520,000)	$ 31,180,000	$ 565,000
Revenue bonds	43,015,177	5,120,000	(373,994)	47,761,183	1,000,133
Plus issuance premium	3,600,477	-	(132,262)	3,468,215	-
Total bonds payable	78,315,654	5,120,000	(1,026,256)	82,409,398	1,565,133
Capital leases	617,765	1,030,201	(348,506)	1,299,460	336,746
Notes payable	5,415,000	-	-	5,415,000	-
Plus issuance premium	245,321	-	(69,834)	175,487	-
Total notes payable	5,660,321	-	(69,834)	5,590,487	-
Certificates of participation	3,350,000	-	(125,000)	3,225,000	130,000
Claims and judgments	29,104	50,131	(12,256)	66,979	66,979
Net OPEB obligation	9,005,554	2,393,950	(511,209)	10,888,295	-
Compensated absences	1,084,981	990,842	(925,834)	1,149,989	977,491
Governmental activity Long-term liabilities	$ 98,063,379	$ 9,585,124	$ (3,018,895)	$ 104,629,608	$ 3,076,349

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Net OPEB obligation	$ 742,952	$ 193,237	$ (41,983)	$ 894,206	$ -
Compensated absences	83,603	67,545	(53,642)	97,506	82,880
Business-type activity Long-term liabilities	$ 826,555	$ 260,782	$ (95,625)	$ 991,712	$ 82,880

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

Capital Leases – Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (including communication equipment) and improvements used in general governmental activities. The lease agreements qualify as capital leases for accounting purposes as either the titles transfer at the end of the lease terms or the leases include bargain purchase options and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Lease payments are due in annual installments.

The original cost of the City's assets under capital lease arrangements at June 30, 2014 is $1,766,326 and there has been $197,587 of accumulated depreciation as of year-end. Annual depreciation of these assets is included in depreciation expense.

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

	Governmental Activities
Fiscal Year Ending June 30,	
2015	$ 362,375
2016	362,375
2017	323,695
2018	313,480
Total minimum lease payments	1,361,925
Less amount representing interest	62,465
Present value of future minimum lease payments	$ 1,299,460

NOTE 7. LONG-TERM DEBT (Continued)

Notes Payable. In December 2012, the City issued $5,415,000 in general obligation sales tax notes, with a premium of $270,732 and principal and interest payments beginning May 1, 2013 through November 1, 2017 at an interest rate of 1.00%. The notes will be paid back by the City of Decatur Board of Education (BOE) with special purpose local option sales tax (SPLOST) revenues and thus the City has a note receivable from the BOE equal to the outstanding balance of the sales tax notes. The proceeds from the notes will be used for the cost of acquiring, constructing, and equipping certain capital projects for the City of Decatur Board of Education, as well as the issuance costs. Debt service requirements to maturity on the notes are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	$ -	$ 108,300	$ 108,300
2016	1,770,000	90,600	1,860,600
2017	1,805,000	54,850	1,859,850
2018	1,840,000	18,400	1,858,400
Total	$ 5,415,000	$ 272,150	$ 5,687,150

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

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement.

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation (continued). The semiannual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2014, the floating rate being paid by the City is 0.37069% and the market value of this agreement is $309,910, an increase of $855 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2014 based on the derivative contract and it is reported as a non-current asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as a deferred inflow of resources in the statement of net position.

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	$ 130,000	$ 137,186	$ 267,186
2016	130,000	132,103	262,103
2017	135,000	127,020	262,020
2018	145,000	121,741	266,741
2019	150,000	116,072	266,072
2020-2024	835,000	488,277	1,323,277
2025-2028	1,700,000	147,883	1,847,883
Total	$ 3,225,000	$ 1,270,282	$ 4,495,282

NOTE 7. LONG-TERM DEBT (Continued)

General Obligation Bonds. In January 2007 the City issued $33,245,000 of Various Purpose Series 2007 General Obligation Bonds, with a premium of $252,988. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping and renovating certain transportation projects, parks and recreation projects, public safety projects, public works projects and projects for the City Schools of Decatur as well as the issuance costs.

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

Revenue Bonds. In December 2010 the Urban Redevelopment Agency of the City of Decatur (URA) issued Series 2010A Bonds and a Series 2010B Bond in the amounts of $12,760,000 and $1,000,000, respectively. The proceeds from the bonds were used to pay for the costs of acquiring, constructing, equipping, and renovating of a fire station, a public works facility, and a recreation center as well as the issuance costs. The bonds are special limited obligations of the URA, payable solely from and secured by pledged revenues under the contract by which the City is required to make installment payments to the URA in amounts sufficient to pay the principal and interest of the bonds. Interest rates range from 2.520% to 5.240% and payments are due semi-annually on July 1 and January 1, beginning July 1, 2011. The bonds mature January 1, 2038.

In May 2013 the Urban Redevelopment Agency of the City of Decatur (URA) issued Series 2013A and Series 2013B Revenue Bonds in the amounts of $23,930,000 and $5,360,000, respectively. The proceeds from the bonds will be used to pay for the costs related to the Beacon Center redevelopment project as well as the issuance costs. The bonds are special limited obligations of the URA, payable solely from and secured by pledged revenues under the contract by which the City is required to make installment payments to the URA in amounts sufficient to pay the principal and interest of the bonds. Interest rates range from 2.0% to 5.0% and payments are due semi-annually on July 1 and January 1, beginning July 1, 2013. The bonds mature January 1, 2044.

In October 2013 the Urban Redevelopment Agency of the City of Decatur (URA) issued a taxable revenue bond (Series 2013C) in the amount of $5,120,000 for the purchase of property from DeKalb County, Georgia for the purpose of redevelopment. Through a competitive bid process, a developer was selected to purchase and redevelop the site upon the County's departure from the building. The lease payments from the tenant will cover the interest payments until the building is sold to the developer. The purchase price from the selected developer is expected to be sufficient to pay the principal amount of the bond in full. Interest will accrue at 1.57% and will be paid semiannually on May 1 and November 1 until the bond matures on November 1, 2016.

NOTE 7. LONG-TERM DEBT (Continued)

The City's total debt service requirements to maturity on all outstanding bond issues are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	$ 1,565,133	$ 3,520,697	$ 5,085,830
2016	1,626,341	3,468,661	5,095,002
2017	6,822,622	3,370,792	10,193,414
2018	1,783,979	3,268,755	5,052,734
2019	1,870,418	1,943,160	3,813,578
2020-2024	10,881,880	14,968,362	25,850,242
2025-2029	14,118,250	12,302,365	26,420,615
2030-2034	18,426,994	8,430,375	26,857,369
2035-2039	15,355,566	3,758,858	19,114,424
2040-2044	6,490,000	911,775	7,401,775
Total	$ 78,941,183	$ 55,943,800	$ 134,884,983

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Component unit - Decatur Tourism Board	Primary government - Nonmajor governmental funds	$ 26,996
Component unit - Downtown Development Authority	Primary government - Nonmajor enterprise funds	143,368
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	41,370
Primary government - General Fund	Component unit - Downtown Development Authority	385,250
		$ 596,984

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 179,639
General Fund	Solid Waste Fund	4,630
General Fund	Nonmajor enterprise funds	565
General Fund	Stormwater Utility Fund	60,659
General Fund	2010 URA Bonds Fund	263,285
General Fund	Capital Improvement Fund	35,014
General Fund	2013 URA Bonds Fund	1,199
2010 URA Bonds Fund	Capital Improvement Fund	33,972
URA Callaway Building Project Fund	2010 URA Bonds Fund	66,667
Capital Improvement Fund	Solid Waste Fund	224,958
Capital Improvement Fund	2013 URA Bonds Fund	440,986
Capital Improvement Fund	Debt Service Fund	40,772
Capital Improvement Fund	Nonmajor governmental funds	51,948
Capital Improvement Fund	Stormwater Utility Fund	7,319
Debt Service Fund	2010 URA Bonds Fund	34,549
Nonmajor governmental funds	General Fund	70,720
Nonmajor governmental funds	Capital Improvement Fund	4,364
Nonmajor enterprise funds	Nonmajor governmental funds	143,368
Total		$ 1,664,614

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Capital Improvement Fund	Solid Waste Fund	$ 446,910
Capital Improvement Fund	Nonmajor governmental funds	29,315
		$ 476,225

The amounts payable from the Solid Waste Fund and the nonmajor governmental funds relate to equipment and vehicles purchased by the Capital Improvement Fund and transferred to these funds.

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Solid Waste Fund	$ 236,450
General Fund	2010 URA Bonds Fund	101,593
General Fund	Nonmajor governmental funds	266,730
General Fund	Stormwater Utility Fund	268,430
		$ 873,203
2010 URA Bonds Fund	Capital Improvement Fund	$ 2,769,096
2013 URA Bonds Fund	General Fund	$ 3,000,000
2013 URA Bonds Fund	Capital Improvement Fund	3,797,900
		$ 6,797,900
Capital Improvement Fund	Nonmajor governmental funds	$ 18,000
Capital Improvement Fund	URA Callaway Building Fund	62,854
		$ 80,854
Nonmajor governmental funds	General Fund	$ 460,000
Nonmajor enterprise funds	Nonmajor governmental funds	$ 143,368
Stormwater Utility Fund	Nonmajor governmental funds	$ 12,000

Transfers are used to (1) move unrestricted revenues collected in various funds to finance various programs of the City accounted for in the General Fund in accordance with budgetary authorizations, (2) move cash to cover operations to the nonmajor governmental funds, (3) move Hotel/Motel taxes between funds for expending in accordance with State law, and (4) to provide funding to the 2010 URA Bonds Fund, the 2013 URA Bonds Fund, and the Capital Improvement Fund for construction and other capital asset acquisition and project costs paid.

NOTE 9. PENSION PLANS

Plan Administration

All of the City's full-time regular employees are covered by the City's single-employer defined benefit pension plan (the "Plan") which is administered by the Decatur Employees' Retirement System. The Plan was established in 1947 by the Decatur City Commission. The Board of Trustees of the Plan consists of seven members (the City Manager, the City Clerk, one City Commissioner appointed by the City Commission, one Participant who is either a Firefighter or a Police Officer, one Participant who is a General Employee, one private citizen of the City appointed by the other members of the Board and one private citizen appointed by the City Commission) and has the authority to establish and amend the Plan.

NOTE 9. PENSION PLANS (Continued)

Plan Administration (Continued)

The Plan is contributory in nature with contributions coming from both the City and its covered employees. All eligible employees become participants in the Plan upon employment, while elected officials are not covered. Employees become fully vested after 10 years of service. The Plan does not issue a separate financial statement.

Plan Membership

As of July 1, 2014, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	86
Terminated vested participants not yet receiving benefits	6
Active participants	188
	280

Benefits

The Plan provides retirement, disability, and death benefits. Retirement benefits for general plan members are calculated as 1 percent of the member's average basic compensation plus 1.65% of average excess compensation times years of credited service. Retirement benefits for public safety employees are calculated as average compensation times credited service up to thirty (30) years times the following percentages:

Years of Benefit Service	Percent
10 - 14	2.00%
15 - 19	2.25%
20 - 24	2.50%
25 - 29	2.75%
30	3.00%

General plan members with 10 years of continuous service are eligible to retire at age 65. Public safety plan members with 10 years of continuous service are eligible to retire at age 60. General plan members may retire at age 60 after 15 years of service (or at any age as long as age plus service equals 80). Public safety plan members may retire at age 55 after 15 years of service (or at any age as long as age plus service equals 75). All plan members are eligible for non-duty disability benefits at the date determined to be permanently disabled provided he or she is at least age 50 and has completed 10 years of continuous service. For duty-related disability benefits, all members are eligible upon the date determined to be permanently disabled. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction.

NOTE 9. PENSION PLANS (Continued)

Benefits (Continued)

A monthly death benefit is payable to a spouse of a married member should he or she die either (i) while employed but eligible for early retirement or (ii) after termination of employment on or after eligibility for early retirement, provided he or she has deferred commencement of benefits and has left all member contributions in the system.

If a member terminates employment prior to completing ten years of continuous service, he or she shall be entitled to a refund of his or her accumulated contributions with interest.

Employee Contributions

The authority to establish and amend contribution requirements rests with the Board of Trustees. Currently, Plan members are required to contribute to the Plan in the following manner:

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

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

Public Safety Employees	9% of compensation
General Employees	2% of compensation up to $2,000 plus 6% of compensation in excess of $2,000

Employee contributions are made on a pre-tax basis as permitted under Section 414(h) of the Internal Revenue Code. Public Safety employees consist of firefighters and police officers.

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2014, the City's contribution rate was 8.78% of covered payroll.

Plan Disclosures

Effective July 1, 2013, the Plan implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with this new standard. The Plan does not issue separate financial statements.

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total pension liability	$	40,688,624
Plan fiduciary net position		(36,380,138)
City's net pension liability	$	4,308,486
Plan fiduciary net position as a percentage of the total pension liability		89.41%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2014. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0%
Salary increases, including inflation	1.0% to 5.0%
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based upon the RP-2000 Healthy Annuitant Mortality Table projected to 2010 and the RP-2000 Mortality Table for Disabled Lives projected to 2010.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the most recent experience study which was completed in December 2007 taking into account 7 years of data experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are: Fixed Income – 1.7% and Domestic Equities – 7.3%.

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
$ 9,242,367	$ 4,308,486	$ 165,558

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2014 and the current sharing pattern of costs between employer and employee.

Employer Disclosures

Until the City implements the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective July 1, 2014, the provisions of GASB Statement No. 27 continue to be followed in the financial statements from the employer perspective. The information disclosed below is presented in accordance with GASB Statement No. 27 and these measures and disclosed amounts differ from those used by the Plan under GASB Statement No. 67 as previously discussed.

NOTE 9. PENSION PLANS (Continued)

Employer Disclosures (Continued)

Annual Pension Cost and Net Pension Asset. The annual required contribution, annual pension cost, and net pension asset for fiscal year 2014 was determined as part of the July 1, 2014 actuarial valuation. The chart below shows the components of the annual pension cost for the current year along with the percentage actually contributed by the City.

Annual required contribution	$ 839,456
Interest on net pension obligation (asset)	(42,098)
Adjustments to annual required contribution	51,218
Annual pension cost	848,576
Contributions made	(892,161)
Increase in net pension obligation (asset)	(43,585)
Net pension obligation (asset), beginning of year	(561,302)
Net pension obligation (asset), end of year	$ (604,887)

The annual pension cost, percentage actually contributed by the City, and the net pension asset for the current and previous two years are presented in the table below.

Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
June 30, 2014	$ 848,576	105%	$ (604,887)
June 30, 2013	853,152	99%	(561,302)
June 30, 2012	823,092	97%	(567,709)

As of the most recent valuation date, July 1, 2014, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2014	$ 34,174,976	$ 40,688,624	$ 6,513,648	84.0%	$ 10,159,477	64.1%

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

NOTE 9. PENSION PLANS (Continued)

Employer Disclosures (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations above are based on the substantive plan in effect as of June 30, 2014 and the current sharing pattern of costs between employer and employee.

The assumptions used in the July 1, 2014 actuarial valuation are as follows:

Cost Method	Individual Entry Age
Actuarial Asset Valuation Method	20% write up method
Assumed Rate of Return on Investments	7.5%, net of investment expenses
Projected Salary Increases	1.0% - 5.0% (including 3% for inflation and 1% for other purposes)
Cost-of-living Adjustment	5.0%
Amortization Method	Level Dollar
Remaining Amortization Period	20 years (open)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

Benefits

Eligible retirees and former employees are offered a different health and prescription drug plan than active employees and the same vision and dental coverage as active employees. The City pays approximately 80% of the total costs of healthcare for eligible employees and retirees.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Eligibility

Eligible participants for Other Post-Employment Benefits include:

1. The City allows all retirees to enroll in the OPEB plan upon onset of retirement from the City.
2. Surviving spouses/beneficiaries are allowed enrollment into the plan if the employee had elected coverage for the dependents before onset of electing retirement.
3. Employees retiring under the City's disability retirement benefit are allowed to enroll upon onset of retirement from the City.

Plan Membership

As of July 1, 2014, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	74
Active participants	185
	259

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia, however the City has elected to fund the plan on a pay-as-you go basis.

The annual required contribution for the current year was determined as part of the July 1, 2014, actuarial valuation. The actuarial assumptions included:

Cost Method	Individual Entry Age Normal Level Dollar
Actuarial Asset Valuation Method	Not applicable
Assumed Rate of Return on Investments	3.5% (Including inflation of 3.0%)
Healthcare Cost Trend Rate	7.0% (Includes inflation of 3.0%)
Ultimate Healthcare Cost Trend Rate	4.7%
Year of Ultimate Trend Rate	2075
Amortization Method	Level % of pay
Remaining Amortization Period	30 years (open)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

City Contributions (Continued)

The following is a schedule of funding progress using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2014, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2014	-	$ 35,346,831	$ 35,346,831	0.0%	$ 9,620,150	367.4%

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2014. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future.

Annual OPEB Cost

The City's actuarially determined contribution, OPEB cost and increase in net OPEB obligation for the year ended June 30, 2014, is as follows:

Annual required contribution	$ 2,631,790
Interest on net OPEB obligation	341,198
Adjustments to annual required contribution	(385,801)
Annual OPEB cost	2,587,187
Contributions made	(553,192)
Increase in net OPEB obligation	2,033,995
Net OPEB obligation, beginning of year	9,748,506
Net OPEB obligation, end of year	$ 11,782,501

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost (Continued)

For the year ended June 30, 2014, the City's contribution was 5.75% of covered payroll.

The recommended contribution was determined as part of the July 1, 2014 actuarial valuation. The chart below shows the annual OPEB cost for the current year, along with the percentage actually contributed by the City.

Schedule of Employer Costs and Contributions

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2014	$ 2,587,187	$ 553,192	21%	$ 11,782,501
June 30, 2013	1,966,295	365,181	19%	9,748,506
June 30, 2012	2,118,390	598,103	28%	8,147,392

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Decatur's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Commission. At June 30, 2014, there were 58 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Commission has approved discretionary employer contributions for six employees. Total employer and employee contributions for the year ended June 30, 2014, were $62,095 and $123,292, respectively.

The Decatur Downtown Development Authority's Internal Revenue Code Section 401(a) Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the Assistant City Manager. At June 30, 2014, there were 5 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2014, were $9,088.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2014, the City's Solid Waste Fund had a deficit net position of $111,230. This deficit in the fund's net position will be reduced through increased user charges, reduced collection fees and General Fund appropriations, as needed.

NOTE 13. JOINT VENTURE

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

NOTE 14. RELATED ORGANIZATIONS

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

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In response to these risks, the City has purchased commercial insurance for all property and liability coverage. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

Workers' Compensation Insurance

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

NOTE 15. RISK MANAGEMENT (Continued)

Workers' Compensation Insurance (Continued)

The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2014	$ 29,104	$ 50,131	$ 12,256	$ 66,979
2013	62,986	37,386	71,268	29,104

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Contractual Commitments:

For the fiscal year ended June 30, 2014, contractual commitments on uncompleted contracts were $5,279,550.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 17. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 7%. Revenues were $501,638 for the year ended June 30, 2014. Of this amount 100% was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows as well as to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2014	$ 34,174,976	$ 40,688,624	$ 6,513,648	84.0%	$ 10,159,477	64.1%
7/1/2013	31,343,758	38,208,541	6,864,783	82.0%	10,012,057	68.6%
7/1/2012	29,363,478	36,577,886	7,214,408	80.3%	9,918,986	72.7%
7/1/2011	27,878,500	36,384,651	8,506,151	76.6%	10,237,604	83.1%
7/1/2010	26,209,110	34,154,214	7,945,104	76.7%	9,999,934	79.5%
7/1/2009	24,993,639	31,834,462	6,840,823	78.5%	10,518,679	65.0%

Notes to the Schedule:

(1) The above schedule was prepared in accordance with GASB Statement No. 27

(2) The actuarial assumptions used for the schedule are detailed in Note 9 to the financial statements - employer disclosure section.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2014		-	$ 35,346,831	$ 35,346,831	0.0%	$ 9,620,150	367.4%
7/1/2012		-	28,845,258	28,845,258	0.0%	8,942,314	322.6%
7/1/2010	(2)	-	27,394,389	27,394,389	0.0%	9,999,934	273.9%
7/1/2008		-	47,747,107	47,747,107	0.0%	10,518,679	453.9%

Notes to the Schedule:

(1) The actuarial assumptions used for the schedule are detailed in Note 10 to the financial statements.

(2) The 7/1/2010 actuarial report was revised to reflect changes made to the Plan by the City.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

		2014
Total pension liability		
Service cost	$	889,392
Interest on total pension liability		2,861,732
Differences between expected and actual experience		611,982
Benefit payments, including refunds of employee contributions		(1,883,023)
Net change in total pension liability		2,480,083
Total pension liability - beginning		38,208,541
Total pension liability - ending (a)	$	40,688,624
Plan fiduciary net position		
Contributions - employer	$	892,161
Contributions - employee		970,477
Net investment income		5,379,030
Benefit payments, including refunds of member contributions		(1,883,023)
Administrative expenses		(47,909)
Net change in plan fiduciary net position		5,310,736
Plan fiduciary net position - beginning		31,069,402
Plan fiduciary net position - ending (b)	$	36,380,138
City's net pension liability - ending (a) - (b)	$	4,308,486
Plan fiduciary net position as a percentage of the total pension liability		89.4%
Covered-employee payroll	$	10,159,477
City's net pension liability as a percentage of covered-employee payroll		42.4%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 839,456	$ 824,767	$ 794,420	$ 843,607	$ 781,383
Contributions in relation to the actuarially determined contribution	892,161	846,745	799,121	798,184	826,543
Contribution deficiency (excess)	$ (52,705)	$ (21,978)	$ (4,701)	$ 45,423	$ (45,160)
Covered employee payroll	$ 10,159,477	$ 10,012,057	$ 9,918,986	$ 10,237,604	$ 9,999,934
Contributions as a percentage of covered-employee payroll	8.78%	8.46%	8.06%	7.80%	8.27%

	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 733,779	$ 729,462	$ 770,443	$ 790,460	$ 436,262
Contributions in relation to the actuarially determined contribution	763,973	749,274	783,658	790,460	442,921
Contribution deficiency (excess)	$ (30,194)	$ (19,812)	$ (13,215)	$ -	$ (6,659)
Covered employee payroll	$ 10,518,679	$ 9,424,366	$ 8,305,214	$ 7,909,378	$ 7,499,611
Contributions as a percentage of covered-employee payroll	7.26%	7.95%	9.44%	9.99%	5.91%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2014
Cost Method	Individual Entry Age
Actuarial Asset Valuation Method	20% write up method
Assumed Rate of Return on Investments	7.50% net of investment expenses
Projected Salary Increases	3.0% for inflation plus merit increases of 1 to 5%
Cost-of-living Adjustment	N/A
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	20 years (open)

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF PENSION INVESTMENT RETURNS

	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	17.4%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF DECATUR, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Confiscated Drug Fund – To account for the use of confiscated drug money by the City's Police Department. These revenues are restricted by State law to be expended on investigations and other police department activity.

Emergency Telephone System Fund – To account for emergency services which are provided to all City taxpayers. Financing is provided through user fees and charges. The charges from the telephone providers are restricted by State law O.C.G.A. 46-5-134.

Grant Fund – To account for grants received and the expenditures related to the grants. These revenues are restricted by the external resource providers from whom the City has received the funds.

Children and Youth Services Fund – To account for charges for the City's after school program and the expenditures incurred in operating the program. The City Commission has committed all revenues generated by the after school programs to be used for the operation of the program.

Economic Development Fund – To account for the monies collected from the City's Tree Bank fees. The City Commission has committed all revenues to be expended for the operation of the program.

Hotel/Motel Tax Fund – To account for the 7% lodging tax levied in the City. The tax revenues are restricted by O.C.G.A. 48-13-51.

2007 GO Bonds Fund – To account for the proceeds of the Series 2007 General Obligation bonds and the expenditure of these funds towards the construction, acquisition and equipping of capital assets.

Cemetery Capital Improvement Fund – To account for the financing and expenditure activity of a capital nature occurring within the cemetery. Financing is provided by one-half of the proceeds from cemetery lot sales. This fund is intended to provide for the capital needs of the cemetery into perpetuity.

CITY OF DECATUR, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds						Capital Projects Funds		
ASSETS	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Economic Development Fund	Hotel/Motel Tax Fund	2007 GO Bonds Fund	Cemetary Capital Improvement Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 9,397	$ 239,147	$ 261	$ 903,182	$ 98,916	$ 166,972	$ -	$ 140,551	$ 1,558,426
Taxes receivable	-	-	-	-	-	42,858	-	-	42,858
Other receivables	-	36,451	-	-	4,050	-	-	600	41,101
Due from other funds	-	-	-	-	60,720	-	4,364	10,000	75,084
Prepaid items	-	-	-	4,375	-	-	-	-	4,375
Restricted cash	-	-	-	-	-	-	2,265,046	-	2,265,046
		-		-					
Total assets	$ 9,397	$ 275,598	$ 261	$ 907,557	$ 163,686	$ 209,830	$ 2,269,410	$ 151,151	$ 3,986,890
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ 2,516	$ -	$ 31,376	$ -	$ -	$ 2,955	$ -	$ 36,847
Due to component unit	-	-	-	-	-	26,996	-	-	26,996
Due to other funds	-	117,013	-	46,136	-	158,270	53,536	-	374,955
Advances from other funds	-	-	-	29,315	-	-	-	-	29,315
Total liabilities	-	119,529	-	106,827	-	185,266	56,491	-	468,113
FUND BALANCES									
Nonspendable:									
Prepaid items	-	-	-	4,375	-	-	-	-	4,375
Restricted:									
Law enforcement	9,397	-	261	-	-	-	-	-	9,658
E911 services	-	156,069	-	-	-	-	-	-	156,069
Tourism	-	-	-	-	-	24,564	-	-	24,564
Capital construction	-	-	-	-	-	-	2,212,919	-	2,212,919
Committed:									
Tree preservation	-	-	-	-	163,686	-	-	-	163,686
Children and youth services	-	-	-	796,355	-	-	-	-	796,355
Assigned:									
Cemetery operations	-	-	-	-	-	-	-	151,151	151,151
Total fund balance	9,397	156,069	261	800,730	163,686	24,564	2,212,919	151,151	3,518,777
Total liabilities and fund balances	$ 9,397	$ 275,598	$ 261	$ 907,557	$ 163,686	$ 209,830	$ 2,269,410	$ 151,151	$ 3,986,890

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds						Capital Projects Funds		
	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Economic Development Fund	Hotel/Motel Tax Fund	2007 GO Bonds Fund	Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ 501,638	$ -	$ -	$ 501,638
Charges for services	-	527,817	-	1,256,167	119,030	-	-	-	1,903,014
Intergovernmental	-	-	691	3,114	-	-	-	10,900	14,705
Fines and forfeitures	2,225	-	-	-	-	-	-	-	2,225
Interest	4	-	-	-	-	-	3,009	-	3,013
Miscellaneous	-	-	-	-	-	-	-	92,701	92,701
Contributions	-	-	-	113,171	-	-	-	-	113,171
Total revenues	2,229	527,817	691	1,372,452	119,030	501,638	3,009	103,601	2,630,467
EXPENDITURES									
Current:									
General government	-	-	-	-	6,070	163,368	12,287	-	181,725
Public safety	4,836	878,559	-	-	-	-	-	-	883,395
Culture and recreation	-	-	-	1,520,134	-	-	-	-	1,520,134
Capital outlay	-	-	-	-	-	-	353,076	-	353,076
Debt service:									
Principal	-	25,721	-	-	-	-	-	-	25,721
Interest	-	4,584	-	-	-	-	-	-	4,584
Total expenditures	4,836	908,864	-	1,520,134	6,070	163,368	365,363	-	2,968,635
Excess (deficiency) of revenues over (under) expenditures	(2,607)	(381,047)	691	(147,682)	112,960	338,270	(362,354)	103,601	(338,168)
Other financing sources (uses):									
Capital leases	-	8,017	-	-	-	-	-	-	8,017
Transfers in	-	260,000	-	200,000	-	-	-	-	460,000
Transfers out	-	-	-	-	-	(358,270)	(51,828)	(30,000)	(440,098)
Total other financing sources (uses)	-	268,017	-	200,000	-	(358,270)	(51,828)	(30,000)	27,919
Net change in fund balances	(2,607)	(113,030)	691	52,318	112,960	(20,000)	(414,182)	73,601	(310,249)
FUND BALANCES (deficit), beginning of year	12,004	269,099	(430)	748,412	50,726	44,564	2,627,101	77,550	3,829,026
FUND BALANCES, end of year	$ 9,397	$ 156,069	$ 261	$ 800,730	$ 163,686	$ 24,564	$ 2,212,919	$ 151,151	$ 3,518,777

CITY OF DECATUR, GEORGIA
CONFISCATED DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ -	$ -	$ 2,225	2,225
Interest	10	10	4	$ (6)
Total revenue	10	10	2,229	2,219
EXPENDITURES				
Public safety	2,500	5,000	4,836	164
Net change in fund balances	(2,490)	(4,990)	(2,607)	2,383
FUND BALANCES, beginning of year	12,004	12,004	12,004	-
FUND BALANCES, end of year	$ 9,514	$ 7,014	$ 9,397	$ 2,383

CITY OF DECATUR, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 510,000	$ 510,000	$ 527,817	$ 17,817
EXPENDITURES				
Public safety	886,080	900,410	878,559	21,851
Debt service:				
Principal	28,600	28,600	25,721	2,879
Interest	-	-	4,584	(4,584)
Total expenditures	914,680	929,010	908,864	20,146
Deficiency of revenues over expenditures	(404,680)	(419,010)	(381,047)	37,963
OTHER FINANCING SOURCES				
Capital leases	-	-	8,017	8,017
Transfers in	260,000	260,000	260,000	-
Total other financing sources	260,000	260,000	268,017	8,017
Net change in fund balances	(144,680)	(159,010)	(113,030)	45,980
FUND BALANCES, beginning of year	269,099	269,099	269,099	-
FUND BALANCES, end of year	$ 124,419	$ 110,089	$ 156,069	$ 45,980

CITY OF DECATUR, GEORGIA
GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 690	$ 690	$ 691	$ 1
Net change in fund balances	690	690	691	1
FUND BALANCES (deficit), beginning of year	(430)	(430)	(430)	-
FUND BALANCES, end of year	$ 260	$ 260	$ 261	$ 1

CITY OF DECATUR, GEORGIA
CHILDREN AND YOUTH SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 1,100,000	$ 1,201,190	$ 1,256,167	$ 54,977
Intergovernmental	-	1,450	3,114	1,664
Contributions	111,870	111,870	113,171	1,301
Total revenue	1,211,870	1,314,510	1,372,452	57,942
EXPENDITURES				
Recreation	1,847,360	1,577,880	1,520,134	57,746
Debt service:				
Principal	9,800	9,800	-	9,800
Interest and fiscal charges	500	500	-	500
Total expenditures	1,857,660	1,588,180	1,520,134	68,046
Deficiency of revenues over expenditures	(645,790)	(273,670)	(147,682)	125,988
OTHER FINANCING SOURCES				
Transfer in	-	200,000	200,000	-
Net change in fund balances	(645,790)	(73,670)	52,318	125,988
FUND BALANCES, beginning of year	748,412	748,412	748,412	-
FUND BALANCES, end of year	$ 102,622	$ 674,742	$ 800,730	$ 125,988

CITY OF DECATUR, GEORGIA
ECONOMIC DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 10,000	$ 25,000	$ 119,030	$ 94,030
Miscellaneous	-	1,040	-	(1,040)
Total revenue	10,000	26,040	119,030	92,990
EXPENDITURES				
General government	2,000	2,000	6,070	(4,070)
Net change in fund balances	8,000	24,040	112,960	88,920
FUND BALANCES, beginning of year	50,726	50,726	50,726	-
FUND BALANCES, end of year	$ 58,726	$ 74,766	$ 163,686	$ 88,920

CITY OF DECATUR, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 465,000	$ 475,000	$ 501,638	$ 26,638
EXPENDITURES				
General government	152,900	155,750	163,368	(7,618)
Excess of revenues over expenditures	312,100	319,250	338,270	19,020
OTHER FINANCING USES				
Transfers out	(332,900)	(339,230)	(358,270)	(19,040)
Net change in fund balances	(20,800)	(19,980)	(20,000)	(20)
FUND BALANCES, beginning of year	44,564	44,564	44,564	-
FUND BALANCES, end of year	$ 23,764	$ 24,584	$ 24,564	$ (20)

CITY OF DECATUR, GEORGIA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,825,000	$ 1,815,000	$ 1,829,850	$ 14,850
Interest	5,000	500	573	73
Miscellaneous	108,300	108,300	108,300	-
Total revenues	1,938,300	1,923,800	1,938,723	14,923
EXPENDITURES				
General government	5,000	5,000	-	5,000
Debt service:				
Principal retirements	628,300	628,300	520,000	108,300
Interest and fiscal charges	1,381,550	1,381,550	1,490,020	(108,470)
Total expenditures	2,014,850	2,014,850	2,010,020	4,830
Net change in fund balances	(76,550)	(91,050)	(71,297)	19,753
FUND BALANCES, beginning of year	6,455,271	6,455,271	6,455,271	-
FUND BALANCES, end of year	$ 6,378,721	$ 6,364,221	$ 6,383,974	$ 19,753

CITY OF DECATUR, GEORGIA
2010 URA BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 310,740	$ 313,290	$ 313,297	$ 7
Interest	10,500	5,000	1,297	(3,703)
Total revenues	321,240	318,290	314,594	(3,696)
EXPENDITURES				
General government	-	20,500	34,445	(13,945)
Capital outlay	4,620,000	4,252,000	3,851,682	400,318
Debt service:				
Principal retirements	374,000	374,000	373,994	6
Interest and fiscal charges	814,270	814,270	814,255	15
Total expenditures	5,808,270	5,460,770	5,074,376	386,394
Deficiency of revenues over expenditures	(5,487,030)	(5,142,480)	(4,759,782)	382,698
OTHER FINANCING SOURCES (USES)				
Transfers in	2,683,430	3,174,695	2,769,096	(405,599)
Transfers out	-	(125,710)	(101,593)	24,117
Total other financing sources (uses)	2,683,430	3,048,985	2,667,503	(381,482)
Net change in fund balances	(2,803,600)	(2,093,495)	(2,092,279)	1,216
FUND BALANCES, beginning of year	2,093,497	2,093,497	2,093,497	-
FUND BALANCES, end of year	$ (710,103)	$ 2	$ 1,218	$ 1,216

CITY OF DECATUR, GEORGIA
2013 URA BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 142,400	$ 142,390	$ -	$ (142,390)
Interest	10,000	20,500	23,741	3,241
Total revenues	152,400	162,890	23,741	(139,149)
EXPENDITURES				
General government	7,044,000	-	-	-
Capital outlay	20,497,750	30,959,488	25,989,953	4,969,535
Debt service:				
Principal retirements	707,900	-	-	-
Interest and fiscal charges	142,400	850,490	850,470	20
Total expenditures	28,392,050	31,809,978	26,840,423	4,969,555
Deficiency of revenues over expenditures	(28,239,650)	(31,647,088)	(26,816,682)	4,830,406
OTHER FINANCING SOURCES				
Transfers in	6,797,900	6,797,900	6,797,900	-
Net change in fund balances	(21,441,750)	(24,849,188)	(20,018,782)	4,830,406
FUND BALANCES, beginning of year	26,849,188	26,849,188	26,849,188	-
FUND BALANCES, end of year	$ 5,407,438	$ 2,000,000	$ 6,830,406	$ 4,830,406

CITY OF DECATUR, GEORGIA
URA CALLAWAY BUILDING PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous	$ 180,770	$ 180,770	$ 226,613	$ 45,843
Total revenues	180,770	180,770	226,613	45,843
EXPENDITURES				
General government	-	-	217	(217)
Debt service:		-		
Interest and fiscal charges	44,890	44,890	44,881	9
Issuance costs	-	-	167,846	(167,846)
Total expenditures	44,890	44,890	212,944	(168,054)
Excess of revenues over expenditures	135,880	135,880	13,669	(122,211)
OTHER FINANCING SOURCES (USES)				
Issuance of revenue bonds	-	-	5,120,000	5,120,000
Transfers out	-	-	(62,854)	(62,854)
Total other financing sources (uses)	-	-	5,057,146	5,057,146
Net change in fund balances	135,880	135,880	5,070,815	4,934,935
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ 135,880	$ 135,880	$ 5,070,815	$ 4,934,935

CITY OF DECATUR, GEORGIA
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 4,135,000	$ 5,084,000	$ 5,134,428	$ 50,428
Intergovernmental	100,000	549,090	300,819	(248,271)
Interest	10,000	-	13,548	13,548
Miscellaneous	-	62,850	8,000	(54,850)
Total revenues	4,245,000	5,695,940	5,456,795	(239,145)
EXPENDITURES				
General government	743,300	804,280	671,283	132,997
Public safety	13,200	13,290	13,288	2
Capital outlay	2,732,900	2,109,350	1,907,986	201,364
Debt service:				
Principal retirements	535,490	560,000	447,785	112,215
Interest expenditures	116,200	96,290	92,791	3,499
Total expenditures	4,141,090	3,583,210	3,133,133	450,077
Excess of revenues over expenditures	103,910	2,112,730	2,323,662	210,932
OTHER FINANCING SOURCES (USES)				
Capital lease	1,700,000	1,307,400	1,022,184	(285,216)
Transfers in	18,000	18,000	80,854	62,854
Transfers out	(6,481,240)	(6,558,900)	(6,566,996)	(8,096)
Total other financing sources (uses)	(4,763,240)	(5,233,500)	(5,463,958)	(230,458)
Net change in fund balances	(4,659,330)	(3,120,770)	(3,140,296)	(19,526)
FUND BALANCES, beginning of year	7,578,162	7,578,162	7,578,162	-
FUND BALANCES, end of year	$ 2,918,832	$ 4,457,392	$ 4,437,866	$ (19,526)

CITY OF DECATUR, GEORGIA
2007 BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 995,000	$ -	$ -	$ -
Interest	5,000	2,500	3,009	509
Total revenues	1,000,000	2,500	3,009	509
EXPENDITURES				
General government	54,700	7,600	12,287	(4,687)
Capital outlay	1,380,000	335,640	353,076	(17,436)
Total expenditures	1,434,700	343,240	365,363	(22,123)
Deficiency of revenues over expenditures	(434,700)	(340,740)	(362,354)	(21,614)
OTHER FINANCING USES				
Transfers out	-	(31,290)	(51,828)	(20,538)
Net change in fund balances	(434,700)	(372,030)	(414,182)	(42,152)
FUND BALANCES, beginning of year	2,627,101	2,627,101	2,627,101	-
FUND BALANCES, end of year	$ 2,192,401	$ 2,255,071	$ 2,212,919	$ (42,152)

CITY OF DECATUR, GEORGIA

CEMETERY CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ 10,900	$ 10,900	$ -
Miscellaneous	80,000	81,500	92,701	11,201
Total revenues	80,000	92,400	103,601	11,201
EXPENDITURES				
General government	40,000	40,000	-	40,000
Excess of revenues over expenditures	40,000	52,400	103,601	51,201
OTHER FINANCING USES				
Transfers out	(30,000)	(30,000)	(30,000)	-
Net change in fund balances	10,000	22,400	73,601	51,201
FUND BALANCES, beginning of year	77,550	77,550	77,550	-
FUND BALANCES, end of year	$ 87,550	$ 99,950	$ 151,151	$ 51,201

CITY OF DECATUR, GEORGIA

FIDUCIARY FUNDS

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

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

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

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

ASSETS	Municipal Court Fund	Board of Education Fund	Downtown Development Authority Fund	Totals
Cash	$ 173,984	$ 2,378,440	$ 41,370	$ 2,593,794
Uncollected taxes	-	603,116	-	603,116
Total assets	$ 173,984	$ 2,981,556	$ 41,370	$ 3,196,910
LIABILITIES				
Due to others	$ 173,984	$ 2,981,556	$ -	$ 3,155,540
Due to component unit	-	-	41,370	41,370
Total liabilities	$ 173,984	$ 2,981,556	$ 41,370	$ 3,196,910

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
MUNICIPAL COURT				
Assets - cash	$ 67,951	$ 1,766,880	$ 1,660,847	$ 173,984
Liabilities - due to others	$ 67,951	$ 1,766,880	$ 1,660,847	$ 173,984
BOARD OF EDUCATION				
Assets:				
Cash	$ 2,023,010	$ 25,760,875	$ 25,405,445	$ 2,378,440
Uncollected taxes	681,793	22,875,733	22,954,410	603,116
Total assets	$ 2,704,803	$ 48,636,608	$ 48,359,855	$ 2,981,556
Liabilities - due to others	$ 2,704,803	$ 48,636,608	$ 48,359,855	$ 2,981,556
DOWNTOWN DEVELOPMENT AUTHORITY				
Assets - cash	$ 34,789	$ 442,490	$ 435,909	$ 41,370
Liabilities - due to component unit	$ 34,789	$ 442,490	$ 435,909	$ 41,370
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 2,125,750	$ 27,970,245	$ 27,502,201	$ 2,593,794
Uncollected taxes	681,793	22,875,733	22,954,410	603,116
Total assets	$ 2,807,543	$ 50,845,978	$ 50,456,611	$ 3,196,910
Liabilities:				
Due to others	$ 2,772,754	$ 50,403,488	$ 50,020,702	$ 3,155,540
Due to component unit	34,789	442,490	435,909	41,370
Total liabilities	$ 2,807,543	$ 50,845,978	$ 50,456,611	$ 3,196,910

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2014

ASSETS	
Cash	$ 714,457
Taxes receivable	11,045
Other receivables	43,447
Due from primary government	184,738
Prepaids	47,698
Total assets	$ 1,001,385
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 21,317
Due to primary government	385,250
Total liabilities	406,567
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	3,018
Total deferred inflows of resources	3,018
FUND BALANCE	
Nonspendable - prepaids	47,698
Unassigned	544,102
Total fund balance	591,800
Total liabilities, deferred inflows of resources, and fund balance	$ 1,001,385

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

REVENUES	
Taxes	$ 586,879
Miscellaneous	664,545
Total revenues	1,251,424
EXPENDITURES	
Downtown development	1,066,205
Total expenditures	1,066,205
Net change in fund balance	185,219
FUND BALANCE, beginning of year	406,581
FUND BALANCE, end of year	$ 591,800

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DECATUR TOURISM BOARD
JUNE 30, 2014

ASSETS	
Cash	$ 93,913
Accounts receivable	160
Due from primary government	26,996
Total assets	$ 121,069
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accrued liabilities	$ 8,986
Total liabilities	8,986
FUND BALANCE	
Restricted for promotion of tourism	112,083
Total fund balance	112,083
Total liabilities and fund balance	$ 121,069

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DECATUR TOURISM BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

REVENUES		
Taxes	$	142,997
Intergovernmental		20,000
Interest		53
Other		19,061
Total revenues		182,111
EXPENDITURES		
Tourism		168,656
Total expenditures		168,656
Net change in fund balance		13,455
FUND BALANCE, beginning of year		98,628
FUND BALANCE, end of year	$	112,083

STATISTICAL SECTION

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

Page

Financial Trends **97**

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 **100**

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

Debt Capacity **108**

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

Demographic and Economic Information **112**

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 **115**

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

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

CITY OF DECATUR, GEORGIA

NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	2013	2012	2011	
Governmental activities					
Net investment in capital assets	**$ 20,161**	$ 14,725	$ 12,964	$ 12,718	(2)
Restricted	**310**	1,946	2,024	1,073	
Unrestricted	**(17,724)**	(13,403)	(12,067)	(11,007)	(2)
Total governmental activities net position	**$ 2,746**	$ 3,268	$ 2,921	$ 2,784	(2)
Business-type activities					
Net investment in capital assets	**$ 6,093**	$ 5,574	$ 5,269	$ 4,448	
Unrestricted	**(395)**	729	1,424	1,743	
Total business-type activities net position	**$ 5,699**	$ 6,303	$ 6,693	$ 6,191	
Primary government					
Net investment in capital assets	**$ 26,254**	$ 20,299	$ 18,233	$ 17,166	
Restricted	**310**	1,946	2,024	1,073	
Unrestricted	**(18,119)**	(12,674)	(10,643)	(9,264)	
Total primary government net position	**$ 8,445**	$ 9,571	$ 9,614	$ 8,975	

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

(2) In May 2011 the City of Decatur transferred title to all of the capital assets related to the schools to the City Schools of Decatur. This reduced the amount reported as net investment in capital assets and net position overall for governmental activities.

2010	2009	2008	2007	2006	2005
$ 52,582	$ 49,255	$ 33,445	$ 28,897 (1)	$ 46,046	$ 42,667
663	129	1,044	823	595	-
11,384	9,040	12,270	8,875	7,517	8,822
$ 64,629	$ 58,424	$ 46,759	$ 38,595	$ 54,158	$ 51,489
$ 4,754	$ 5,027	$ 4,661	$ 4,154	$ 3,387	$ 3,021
1,469	1,524	1,054	895	929	618
$ 6,223	$ 6,551	$ 5,715	$ 5,049	$ 4,316	$ 3,639
$ 57,336	$ 54,282	$ 38,106	$ 33,051	$ 49,433	$ 45,688
663	129	1,044	823	595	-
12,853	10,564	13,324	9,770	8,446	9,440
$ 70,852	$ 64,975	$ 52,474	$ 43,644	$ 58,474	$ 55,128

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2014	2013	2012	2011
Expenses				
Governmental activities:				
General government	**$ 9,244**	$ 8,572	$ 7,301	$ 6,951
Education	**-**	-	-	-
Public safety	**10,804**	9,960	9,828	9,648
Public works	**3,993**	3,941	3,935	3,731
Recreation	**3,934**	3,513	3,335	2,887
Community & economic development	**-**	-	-	-
Interest on long-term debt	**3,522**	2,546	2,422	1,869
Total governmental activities expenses	**31,497**	28,532	26,821	25,084
Business-type activities:				
Conference center	**485**	463	392	314
Stormwater	**909**	537	547	592
Solid waste	**2,170**	2,066	1,936	1,979
Total business-type activities expenses	**3,564**	3,066	2,875	2,885
Total primary government expenses	**$ 35,061**	$ 31,598	$ 29,696	$ 27,969
Program Revenues				
Governmental activities:				
Charges for services:				
General government	**$ 2,258**	$ 1,295	$ 1,232	$ 1,142
Education	**-**	-	-	36
Public safety	**2,371**	1,803	2,404	2,252
Public works	**102**	109	95	79
Recreation	**1,930**	1,694	1,510	1,399
Community & economic development	**-**	-	-	-
Operating grants and contributions	**456**	573	501	324
Capital grants and contributions	**393**	305	605	624
Total governmental activities program revenues	**7,510**	5,779	6,347	5,856
Business-type activities:				
Charges for services:				
Conference center	**-**	-	-	81
Stormwater	**975**	968	976	988
Solid waste	**2,327**	2,279	2,283	2,226
Total business-type activities program revenues	**3,302**	3,247	3,259	3,295
Total primary government program revenues	**$ 10,812**	$ 9,026	$ 9,606	$ 9,151

2010	2009	2008	2007	2006	2005
$ 6,804	$ 6,382	$ 5,406 (6)	$ 8,589 (6)	$ 8,729 (1)	$ 5,233
2,071	1,314	1,945	2,007	1,845	1,926
10,511	10,295 (9)	8,331	8,043	8,414	7,659
3,883	3,855	3,508	3,310	3,544	3,380
3,041	3,163	2,152	1,865	1,873	1,605
-	-	-	-	-	-
1,878	1,586	1,632 (7)	804 (7)	106	99
28,188	26,595	22,974	24,618	24,511	19,902
325	363 (10)	516	516	561	595
713	641	662	552	793	1,588
2,154	2,017	2,085	2,076	1,945	1,796
3,192	3,021	3,263	3,144	3,299	3,979
$ 31,380	$ 29,616	$ 26,237	$ 27,762	$ 27,810	$ 23,881
$ 842	$ 839	$ 1,229	$ 905	$ 773	$ 433
91	-	249	230	-	-
1,985	1,657	1,672	1,500	1,214	1,241
114	89	103	88	379	84
1,322	1,075	776	639	618	524
-	-	-	-	261	197
320	356	657	790	997	1,065
10,474	16,419 (11)	7,582 (8)	3,362 (8)	8,153 (1)	1,786
15,148	20,435	12,268	7,514	12,395	5,330
84	84	84	79	76	106
928	1,023	984	1,000	973	889
2,223	2,266	2,377	2,342	2,332	2,154
3,235	3,373	3,445	3,421	3,381	3,149
$ 18,383	$ 23,808	$ 15,713	$ 10,935	$ 15,776	$ 8,479

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2014	2013	2012	2011	
Net (expense)/revenue					
Governmental activities	**$ (23,986)**	$ (22,753)	$ (20,474)	$ (19,228)	
Business-type activities	**(262)**	181	384	409	
Total primary government net expense	**$ (24,248)**	$ (22,572)	$ (20,090)	$ (18,818)	
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	**$ 15,058**	$ 14,680	$ 14,634	$ 14,571	
Franchise taxes	**1,451**	1,486	1,509	1,466	
Sales taxes	**4,944**	4,580	3,706	694	
Other taxes	**1,500**	1,464	1,332	1,397	
Unrestricted investment earnings	**42**	33	37	55	
Gain on sale of capital assets	**3**	-	23	-	
Miscellaneous	**116**	278	67	-	
Transfers	**350**	580	(118)	442	
Special item	**-**	-	-	(61,242)	(12)
Total governmental activities	**23,464**	23,101	21,190	(42,617)	
Business-type activities:					
Other taxes	**-**	-	-	-	
Gain on sale of capital assets	**8**	9	-	-	
Transfers	**(350)**	(580)	118	(442)	
Total business-type activities	**(342)**	(571)	118	(442)	
Total primary government	**$ 23,122**	$ 22,530	$ 21,308	$ (43,059)	
Change in Net Position					
Governmental activities	**$ (522)**	$ 348	$ 716	$ (61,845)	
Business-type activities	**(604)**	(390)	502	(32)	
Total primary government	**$ (1,127)**	$ (42)	$ 1,218	$ (61,877)	

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

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

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

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

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

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

2010	2009	2008	2007	2006	2005
$ (12,840)	$ (10,706)	$ (10,706)	$ (17,104)	$ (12,116)	$ (14,572)
43	182	182	277	82	(830)
$ (12,797)	$ (10,524)	$ (10,524)	$ (16,827)	$ (12,034)	$ (15,402)
$ 15,135	$ 14,585	$ 14,852	$ 14,456 (3)	$ 11,847	$ 11,287
1,377	1,364	1,354	1,227	1,254	1,067
617	641	662	608	579	250
1,394	1,399	1,397	1,495	1,363	1,252
151	307	1,081	710 (4)	312	188
-	13	7	1	24	8
-	-	-	-	-	-
371	(484)	(483)	(456)	(595)	(116)
-	-	-	(16,500) (5)	-	-
19,045	17,825	18,870	1,541	14,784	13,936
-	-	-	-	-	275
-	-	-	-	-	835
(371)	484	483	456	595	116
(371)	484	483	456	595	1,226
$ 18,674	$ 18,309	$ 19,353	$ 1,997	$ 15,379	$ 15,162
$ 6,205	$ 11,665	$ 8,164	$ (15,563)	$ 2,668	$ (636)
(328)	836	665	733	677	396
$ 5,877	$ 12,501	$ 8,829	$ (14,830)	$ 3,345	$ (240)

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

(8) City Schools of Decatur contributed nearly $6 million of construction on City owned assets. The contributions vary year to year due to the projects being undertaken by the City's school system.

(9) 2009 was the first year which the City recorded the Other Post-Employment Benefits liability, and a majority of the costs are allocated to the public safety function.

(10) A large portion of the Conference Center assets were fully depreciated in FY 2008 and the debt was paid in full during FY 2009, thus incurring less in interest expense.

(11) In 2009 the City Schools of Decatur used the 2007 bond proceeds to begin large construction projects on City owned assets, which are reported as contributions from the School System.

(12) In May 2011 the City of Decatur transferred title to all of the capital assets related to the schools to the City Schools of Decatur. There was no compensation provided by the School District and therefore the City reports a loss for this activity.

CITY OF DECATUR, GEORGIA

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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
2005	$ 11,287	$ 1,067	$ 250	$ 844	$ 408	$ 13,856
2006	11,847	1,254	579	909	454	15,043
2007	14,456 (1)	1,227	608	951	544	17,786
2008	14,852	1,354	662	992	405	18,265
2009	14,585	1,364	641	1,016	383	17,989
2010	15,135	1,377	617	1,006	388	18,523
2011	14,571	1,466	694	977	420	18,129
2012	14,634	1,509	3,706 (2)	907	425	21,181
2013	14,680	1,486	4,580	963	501	22,210
2014	15,058	1,451	4,944	997	502	22,952

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

(2) The increase is the result of the fact that 2012 was the first fiscal year in which the City received payments of Homestead Option Sales Taxes (HOST) from DeKalb County.

CITY OF DECATUR, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2014	2013	2012	2011 (2)
General fund				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved	**-**	-	-	-
Nonspendable - prepaids	**15**	15	6	88
Assigned:				
Greenspace acquisition	**12**	12	12	12
Beacon School redevelopment	**-**	3,000	3,000	-
Next fiscal year operations	**-**	654	702	1,295
Unassigned	**5,475**	5,065	5,324	6,965
Total general fund	**$ 5,502**	$ 8,746	$ 9,044	$ 8,360
All other governmental funds				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	**-**	-	-	-
Capital projects funds	**-**	-	-	-
Nonspendable - prepaids				
Prepaids	**54**	150	42	1,157
Advances	**476**	334	395	343
Assets held for resale	**5,089**	-	-	-
Restricted:				
Capital construction	**11,038**	35,890 (3)	15,661	17,566
Equipment purchases	**495**	659	667	705
Debt service	**7,317**	6,862	3,189	3,949
Law enforcement	**10**	12	12	12
Public safety	**156**	269	278	331
Tourism	**25**	45	61	81
Committed:				
Tree preservation	**164**	51	62	40
Children and youth services	**796**	748	804	1,023
Assigned:				
Cemetery operations	**151**	78	55	41
Equipment purchases	**892**	1,707	255	1,425
Unassigned	**(420)**	-	-	-
Total all other governmental funds	**$ 26,243**	$ 46,805	$ 21,481	$ 26,672

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

(2) The City implemented GASB Statement 54 in fiscal year 2011.

(3) The increase from 2012 to 2013 is the result of the issuance of URA Bonds, Series 2013 which will be used to fund capital projects in future periods.

2010	2009	2008	2007	2006	2005
$ 23	$ 391	$ 11	$ 64	$ 10	$ -
7,670	6,300	7,203	6,224	5,524	5,689
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 7,693	$ 6,691	$ 7,214	$ 6,288	$ 5,534	$ 5,689
$ 14,985	$ 13,095	$ 17,131	$ 19,952 (1)	$ 1,193	$ 1,425
1,560	1,475	623	482	347	(1)
1,884	1,560	2,356	542	1,578	1,314
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 18,429	$ 16,130	$ 20,110	$ 20,976	$ 3,118	$ 2,738

CITY OF DECATUR, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2014	2013	2012	2011
Revenues				
Taxes	**$ 22,994**	$ 22,354	$ 21,317	$ 18,323
Licenses and permits	**1,482**	882	852	730
Intergovernmental	**1,014**	1,010	1,177	891
Fines and forfeitures	**1,171**	581	1,153	1,039
Charges for services	**3,328**	3,019	2,875	2,732
Interest income	**43**	33	37	55
Other revenues	**632**	565	358	465
Total revenues	**30,664**	28,444	27,769	24,235
Expenditures				
General government	**8,432**	7,253	6,759	6,523
Education	**-**	-	-	-
Public safety	**9,347**	8,990	8,675	8,406
Public works	**3,171**	3,232	3,223	3,171
Recreation	**3,093**	3,016	2,946	2,679
Non-departmental	**-**	-	-	-
Capital outlay	**32,103**	14,887	6,939	4,639
Debt service				
Principal retirements	**1,367**	2,532	2,310	2,198
Interest and fiscal charges	**3,297**	2,394	2,397	1,644
Cost of issuance	**168**	826	-	271
Total expenditures	**60,978**	43,130	33,250	29,530
Excess of revenues over (under) expenditures	**(30,315)**	(14,686)	(5,481)	(5,294)
Other financing sources (uses)				
Proceeds from capital leases	**1,030**	744	-	-
Issuance of long-term debt	**5,120**	34,705	-	13,760
Premium on bond issuance	**-**	3,673	-	-
Proceeds from sale of capital assets	**8**	10	27	3
Transfers in	**10,981**	3,101	2,554	9,936
Transfers out	**(10,631)**	(2,521)	(1,607)	(9,494)
Total other financing sources (uses)	**6,508**	39,712	974	14,206
Special item	**-**	-	-	-
Net change in fund balances	**$ (23,807)**	$ 25,026	$ (4,507)	$ 8,911
Debt service as a percentage of noncapital expenditures	**16.19%**	17.53%	18.00%	15.42%

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

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

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

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

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

2010	2009	2008	2007	2006	2005
$ 18,748	$ 17,912	$ 17,789	$ 17,796 (2)	$ 15,133	$ 13,845
481	440 (8)	758	603	721	354
784	448 (9)	2,323	3,179	3,693 (1)	1,701
767	512	485	575	653	523
2,682	2,312	2,264	1,867	1,542	1,321
110	307	1,081	710	312	188
318	452	391	287	1,155	190
23,890	22,383	25,091	25,017	23,209	18,122
5,836	5,804	5,327 (5)	8,353	8,518 (1)	4,733
-	10 (10)	561	751	693	777
8,430	8,667	8,074	7,793	7,736	7,585
3,139	3,080	2,976	2,663	2,839	2,821
2,745	2,827	2,035	1,752	1,656	1,525
-	-	-	-	-	-
3,502	4,182	4,023 (6)	1,373	3,597	692
1,546	259	323	316	262	189
1,623	1,592	1,472 (7)	543	108	101
140	-	-	-	-	-
26,961	26,421	24,791	23,544	25,409	18,423
(3,071)	(4,038)	300	1,473	(2,200)	(301)
-	-	235	596 (3)	186	210
5,900	-	-	33,245 (3)	2,810	-
101	-	-	253	-	-
-	18	7	1	24	8
1,446	2,268	830	722	1,338	1,018
(1,075)	(2,752)	(1,314)	(1,178)	(1,933)	(1,135)
6,372	(466)	(242)	33,639	2,425	101
-	-	-	(16,500) (4)	-	-
$ 3,301	$ (4,504)	$ 58	$ 18,613	$ 225	$ (200)
14.18% (11)	8.32%	8.64%	3.87%	1.70%	1.64%

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

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

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

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

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

(11) In 2010 the City issued new notes which increased the debt service expenditures without increasing expenditures as the proceeds were given to the component unit and recorded as a note receivable.

CITY OF DECATUR, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS

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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
2005	$ 11,276	$ 1,067	$ 250	$ 844	$ 408	$ 13,845
2006	11,937	1,254	579	909	454	15,133
2007	14,466 (1)	1,227	608	951	544	17,796
2008	14,376	1,354	662	992	405	17,789
2009	14,508	1,364	641	1,016	383	17,912
2010	15,360	1,377	617	1,006	388	18,748
2011	14,766	1,466	694	977	420	18,323
2012	14,769	1,510	3,706 (2)	907	425	21,317
2013	14,824	1,486	4,580	963	501	22,354
2014	15,100	1,451	4,944	997	502	22,994

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

(2) The increase is the result of the fact that 2012 was the first fiscal year in which the City received payments of Homestead Option Sales Taxes (HOST) from DeKalb County.

CITY OF DECATUR, GEORGIA

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

(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property	Public Utility	Motor Vehicle
	Residential	Commercial			
2005	$ 793,501	$ 136,194	$ 18,825	$ 13,856	$ 42,108
2006	875,442	168,160	19,274	14,737	43,698
2007	928,728	159,836	17,578	18,633	47,268
2008	964,144	159,731	18,346	16,893	49,015
2009	996,485	165,632	20,385	16,474	50,081
2010	1,000,018	162,993	20,649	15,989	46,120
2011	993,586	158,863	21,086	13,590	46,724
2012	1,000,689	167,430	22,174	14,299	49,311
2013	1,003,607	175,035	23,054	14,640	42,384
2014	1,104,202	190,813	21,507	15,153	47,331

Source: Dekalb County, Georgia Board of Tax Assessors

Source: City of Decatur Revenue Division

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 142,197	$ 862,287	1.166	$ 1,724,574	50.00%
164,790	956,521	1.264	1,913,042	50.00%
157,384	1,014,659	1.266	2,029,318	50.00%
157,384	1,050,745	1.266	2,101,490	50.00%
118,900	1,130,157	1.266	2,260,314	50.00%
122,579	1,123,190	1.266	2,246,380	50.00%
125,110	1,108,739	1.262	2,217,478	50.00%
126,914	1,126,989	1.262	2,253,978	50.00%
111,549	1,147,171	1.262	2,294,342	50.00%
98,373	1,280,633	1.262	2,561,266	50.00%

CITY OF DECATUR, GEORGIA

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

Calendar Year	City of Decatur, Georgia			Dekalb County	School District	Downtown Development Authority	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage		Operating Millage	Operating Millage		
2005	1.112	0.054	1.166	38.71	1.905	0.038	0.25	42.069
2006	1.110	0.154	1.264	38.71	1.895	0.038	0.25	42.157
2007	1.122	0.144	1.266	39.30	1.890	0.038	0.25	42.744
2008	1.122	0.144	1.266	39.30	1.990	0.038	0.25	42.594
2009	1.122	0.144	1.266	39.30	1.990	0.038	0.25	44.110
2010	1.122	0.144	1.266	40.09	1.990	0.038	0.25	44.900
2011	1.130	0.132	1.262	44.44	2.090	0.038	0.25	49.342
2012	1.120	0.142	1.262	45.39	2.090	0.038	0.25	50.292
2013	1.120	0.142	1.262	45.34	2.090	0.038	0.15	50.142
2014	1.120	0.142	1.262	45.19	2.050	0.038	0.10	49.902

Source: City of Decatur Tax Department and Dekalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

Taxpayer	2014 Taxable Assessed Value	2014 Rank	2014 Percentage of Taxable Assessed Value	2005 Taxable Assessed Value	2005 Rank	2005 Percentage of Taxable Assessed Value
DTC Partners LLC	$ 14,740,100	1	1.15 %	$ -	-	- %
N G One West Court LLC	11,470,550	2	0.90	-	-	-
RREF II DB DRI LLC	10,672,050	3	0.83	-	-	-
Noble I Decatur LLC	9,345,139	4	0.73	-	-	-
SNH Medical Office Properties	9,126,090	5	0.71	-	-	-
Parmenter Clairemont LLC	8,957,950	6	0.70	-	-	-
Bellsouth Telecom/AT&T Georgia	8,790,617	7	0.69	-	-	-
Georgia Power Company	6,153,921	8	0.48	-	-	-
Ashton Park Trace Apartments	4,529,800	9	0.35	4,427,500	8	0.51
RS Decatur LLC	4,425,000	10	0.35	-	-	-
Bell South Communications	-	-	-	13,788,931	1	1.60
Decatur TownCenter Association	-	-	-	9,055,200	2	1.05
APG Decatur, LLC	-	-	-	7,514,600	3	0.87
Ackerman Decatur LP	-	-	-	6,592,950	4	0.76
Decatur Plaza, LLC	-	-	-	6,330,800	5	0.73
Lexington Decatur, LLC	-	-	-	4,529,050	6	0.53
Deck-Decatur Court, LLC	-	-	-	4,525,000	7	0.52
Avery Properties	-	-	-	4,088,200	9	0.47
Decatur Professional Investors	-	-	-	3,560,550	10	0.41
	$ 88,211,217		6.89 %	$ 64,412,781		7.47 %

Source: City of Decatur Revenue Division

CITY OF DECATUR, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

(amounts expressed in thousands)

Tax Year*	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 25,960	$ 11,732	45.2%	$ 14,228	$ 25,960	100.00%
2005	26,397	12,335	46.7%	13,906	26,241	99.41%
2006	30,568	12,185	39.9%	18,337	30,522	99.85%
2007	31,135	11,274	36.2%	19,709	30,983	99.51%
2008	33,106	14,364	43.4%	18,678	33,042	99.81%
2009	35,153	15,442	43.9%	19,701	35,143	99.97%
2010	34,872	16,682	47.8%	18,190	34,872	100.00%
2011	35,855	16,759	46.7%	19,089	35,848	99.98%
2012	35,781	17,185	48.0%	18,583	35,768	99.96%
2013	36,499	17,139	47.0%	19,253	36,392	99.71%

NOTES: (1) Includes all taxes levied for the General Fund, Board of Education Fund, Debt Service Fund, Capital Projects Fund and the Decatur Downtown Development Authority Fund.

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

CITY OF DECATUR, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(amounts expressed in thousands, except per capita amount)

	Governmental Activities					Business-type Activities				
Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Note Payable	Capital Leases	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2005	$ -	$ -	$ 1,320	$ -	$ 345	$ 170	$ 2,811	$ 4,646	0.87%	$ 256
2006	-	-	4,090	-	308	62	2,165	6,625	1.24%	365
2007	33,245 (2)	-	3,995	-	682	-	1,484	39,406	7.40%	2,171
2008	33,245	-	3,900	-	690	-	892	38,727	7.27%	2,134
2009	33,245	-	3,800	-	530	-	98	37,673	7.07%	2,076
2010	32,970	-	3,695	4,900	364	-	66	41,995	7.55%	2,217
2011	32,615	13,760	3,585	3,300	231	-	34	53,525	7.46%	2,768
2012	32,175	13,743	3,470	1,700	93	-	-	51,181	6.72%	2,617
2013	31,898	46,418	3,350	5,660	618	-	-	87,944	10.32%	4,430
2014	31,370	51,039	3,225	5,590	1,299	-	-	92,523	11.06%	4,606

(1) See the Demographic and Economic Statistics for personal income and population data.
(2) The City issued general obligation bonds in fiscal year 2007.

CITY OF DECATUR, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2007	$ 33,245	$ 1,198	$ 32,047	1.58%	$ 1,766
2008	33,245	921	32,324	1.54%	1,781
2009	33,245	501	32,744	1.45%	1,804
2010	32,970	598	32,372	1.44%	1,709
2011	32,615	649	31,966	1.44%	1,653
2012	32,175	1,081	31,094	1.38%	1,590
2013	31,898	1,040	30,858	1.34%	1,554
2014	31,370	969	30,401	1.19%	1,514

(1) See the Schedule of Assessed Value and Estimated Actual Value - All Taxable Property for property value data.

(2) See the Demographic and Economic Statistics for population data.

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

CITY OF DECATUR, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2014
(amounts expressed in thousands)

	Net General Obligation Debt Outstanding	Percentage Applicable to City of Decatur (1)	Amount Applicable to City of Decatur
Overlapping General Obligation Debt:			
Dekalb County			
General obligation debt	$ 256,465	6.095%	$ 15,632
Certificates of participation	16,645	6.095%	1,015
Intergovernmental contracts	81,000	6.095%	4,937
Fulton Dekalb Hospital Authority	41,380	6.095%	2,522
Total overlapping debt	395,490		24,105
City direct debt:			
General obligation debt	31,370	100.000%	31,370
Revenue bonds	51,039	100.000%	51,039
Capital leases	1,299	100.000%	1,299
Notes payable	5,590	100.000%	5,590
Certificates of participation	3,225	100.000%	3,225
	92,523		92,523
Total direct and overlapping debt	$ 488,013		$ 116,628

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

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

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

CITY OF DECATUR, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 117,204	$ 120,813	$ 124,906	$ 124,437	$ 123,385	$ 125,390	$ 125,872	$ 137,901
Total net debt applicable to limit	32,047	32,324	32,744	32,372	31,966	31,093	30,858	30,401
Legal debt margin	$ 85,157	$ 88,489	$ 92,162	$ 92,065	$ 91,419	$ 94,297	$ 95,014	$ 107,500

Assessed Value	$ 1,280,633
Add back: exempt real property	98,373
Total assessed value	1,379,006
Debt limit (10% of total assessed value)	137,901
Debt applicable to limit:	
General obligation bonds	31,370
Less: Amount set aside for repayment of general obligation debt	(969)
Total net debt applicable to limit	30,401
Legal debt margin	$ 107,500
Total net debt applicable to the limit as a percentage of debt limit	22.05%

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

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

CITY OF DECATUR, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income (in thousands) (1)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater then 12 Years of Formal Schooling (3)	School Enrollment (2)	Unemployment Rate (4)
2005	18,147	$ 532,850	$ 29,363	36.0	75%	2,487	4.1%
2006	18,147	532,850	29,363	36.0	75%	2,514	4.1%
2007	18,147	532,850	29,363	36.0	75%	2,535	4.1%
2008	18,147	532,850	29,363	36.0	75%	2,656	4.1%
2009	18,147	532,850	29,363	36.0	75%	2,693	10.6% (5)
2010	18,942	556,194	29,363	36.0	88%	2,888	8.7%
2011	19,335	717,909	37,130	37.0	91%	3,246	10.7%
2012	19,555	762,097	38,972	37.0	92%	3,644	9.4%
2013	19,853	852,210	42,926	37.5	95%	3,991	8.6%
2014	20,086	836,220	41,632	38.0	84%	4,157	7.8%

(1) Source: U.S. Census (available every tenth year)

(2) Source: Provided by City of Decatur School Board

(3) Source: U.S. Census and Department of Community Affairs

(4) Source: U.S. Census and Department of Labor

(5) With the recent decline in the economy, unemployment rates across the county have seen significant increases.

CITY OF DECATUR, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND EIGHT YEARS AGO

	2014			2006		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dekalb County Government	1,637	1	N/A %	1,100	1	N/A %
The City Schools of Decatur (education)	673	2	N/A	481	2	N/A
Agnes Scott College (education)	396	3	N/A	400	3	N/A
DeKalb Medical - Decatur Hospital	229	4	N/A	178	6	N/A
City of Decatur	205	5	N/A	206	5	N/A
Emory University (satellite offices)	137	6	N/A	239	4	N/A
DeVry University	123	7	N/A	-	-	N/A
CCP Games	103	8	N/A	-	-	N/A
Columbia Theological Sem	93	9	N/A	116	8	N/A
Art Institute of Atlanta - Decatur	52	10	N/A	-	-	N/A
Allied Systems	-	-	N/A	175	7	N/A
McCurdy & Candler	-	-	N/A	74	9	N/A
Third Millennium	-	-	N/A	50	10	N/A
	3,648		N/A %	3,019		N/A %

Source: Various City departments

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

N/A - Information not available

CITY OF DECATUR, GEORGIA

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

	2014	2013	2012	2011	2010
Function					
General government	**27**	27	27	28	27
Public safety					
Police					
Officers	**42**	44	39	44	42
Civilians	**13**	13	13	14	13
Fire					
Firefighters and officers	**39**	39	39	40	39
Highways and streets					
Engineering	**17**	15	13	14	14
Maintenance	**29**	27	27	25	20
Sanitation	**14**	17	17	18	15
Culture and recreation	**20**	17	16	17	16
Total	**201**	199	191	200	186

Source: City of Decatur department records

Notes: (1) The decrease in 2007 represents position vacancies which occurred during fiscal year 2007, but were not filled until after year end.

2009	2008	2007		2006	2005
24	28	29		28	25
41	33	34	(1)	53	50
16	18	15	(1)	27	29
38	39	39		39	40
14	13	13	(1)	20	20
24	28	27	(1)	39	34
19	13	17		17	17
18	19	16		18	17
194	191	190		241	232

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010
Function					
Physical arrests	**1,252**	968	1,170	1,363	1,363
Parking violations (1)	**6,364**	9,897	10,497	14,186	14,186
Traffic violations (2)	**13,591**	6,884	10,583	13,112	13,112
Fire					
Number of calls answered	**3,331**	3,409	3,106	2,755	2,755
Inspections	**941**	1,408	506	764	764
Highways and streets					
Street resurfacing (miles)	**1.43**	1.15	1.16	0.80	0.80
Potholes repaired	**33**	26	30	92	92
Sanitation					
Refuse collected (tons/day)	**20.01**	20.12	23.20	27.80	27.80
Recyclables collected (tons/day)	**20.07**	20.00	21.90	22.53	22.53
Culture and recreation					
Athletic field permits issued	**248**	26 **	195	185	185
Community center admissions (3)	**37,236**	16,252	27,628	20,190	20,190

Source: City of Decatur Departments

N/A - Information not available

(1) During 2008, the City hired four additional PAL employees and implemented new electronic ticketing equipment; during 2010 additional employees were hired to increase monitoring of parking violations.

(2) Fluctuations experienced in traffic violations from year to year result from changing numbers of officers on street patrol during these periods.

(3) Operations have increased over the past few years due to new programs resulting in increased admissions.

** The number of permits issued decreased due to construction at athletic field facilities.

2009		2008	2007	2006	2005
1,054		1,179	1,308	1,874	1,655
9,554		11,411	4,230	5,699	4,126
6,820		5,563	8,454	8,011	8,195
2,975		2,927	2,552	2,430	2,353
1,023		971	884	370	427
0.71		-	-	-	0.65
38		35	40	48	24
28.00		36.70	42.28	46.43	46.91
18.25		13.67	10.58	11.92	10.40
169	**	209	542	608	642
13,008		14,409	5,081	6,135	6,268

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010
Function					
Public safety					
Police					
Stations	**1**	1	1	1	1
Patrol units	**41**	43	40	37	37
Fire stations	**2**	2	2	2	2
Sanitation					
Collection trucks	**10**	10	10	10	10
Highways and streets					
Streets (miles)	**62**	62	62	62	62
Culture and recreation					
Parks acreage	**56.5**	56.5	56.5	66.7	66.7
Parks	**14**	14	14	14	14
Swimming pools	**3**	3	3	3	3
Tennis courts	**9**	9	9	9	9
Community centers	**2**	2	3	3	3

Source: Various City departments

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

2009	2008	2007	2006	2005
1	1	1	1	1
37	37	35	35	40
2	1	2	2	2
9	9	8	7	7
62	62	62	62	62
66.7	64.7	56.5	56.5	56.5
14	13	13	13	13
3	3	3	3	3
9	9	11	11	11
3	3	2	2	2