CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Prepared By:
Administrative Services Department

Janet Kindelberger
City Clerk

CITY OF DECATUR, GEORGIA

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JUNE 30, 2015

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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

December 4, 2015

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, 2015.

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, 2015 are free from 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, 2015, 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, capital projects 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 4.4 square miles and serves an estimated population of 20,380. 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 2015 real estate property digest shows a growth rate of approximately 20% compared to the 2014 digest. Approximately one-third of this increase is due to growth from new construction value and two-third's of the increase is attributable to revaluation of existing properties. The increase was consistent with local real estate sales reports and permitting activity. In response to the growth in the digest, the City Commission was able to reduce the City's overall millage rate from 13 mills to 12 mills.

Actual real estate market sales data for 2015 indicates that property values continue to increase. The average sales price of a single-family home increased from $512,000 in November, 2014 to $572,000 in November, 2015 - a 12% increase. In addition, the number of days a home was on the market decreased from 40 days in 2014 to 38 days in 2015. The number of units sold increased from 268 in 2014 to 290 in 2015, indicating a continued demand for single-family residences and reflecting the desirability of the community.

Residential Activity

The residential housing market continues to be vigorous. Several single-family developments are under 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 2014 the City issued permits for 111 new single-family dwellings while issuing 63 demolition permits for existing dwellings. It is anticipated that by the end of calendar year 2015, the City will issue permits for at least 60 new single-family dwellings, 19 new detached townhouses and the demolition of 44 existing dwellings. Overall, permit and inspection fees decreased from

$1,297,085 in fiscal year 2014 to $1,268,561 in fiscal year 2015, a 2% decrease; however, three large mixed use and multi-family developments were permitted in 2014 and compared to 2013 fees of $710,600, 2015 permit and inspection fees showed a 79% increase.

Phase I of a 24-unit townhouse development at the corner of East Howard Avenue and Hillyer Place has been completed and dwellings are being occupied. Phase II is under construction and should be completed in 2016. A 15-unit townhouse development at 712 Oakview Road has been completed and sales have been strong. A 30-unit townhouse community is being developed off of DeKalb Industrial Boulevard on property formerly occupied by DeVry Institute. Site work is completed and the first phase of six homes is under construction.

A 20-unit detached townhouse development on Hibernia Avenue is substantially complete and occupied. A seven-unit detached residential development behind 1004 Clairemont Avenue is under construction and homes are being occupied.

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 6%, much lower than the 14% vacancy rate in surrounding office market areas. Interest in restaurant activity continues to be strong in downtown Decatur while activity in other commercial districts 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. Tenants have remained stable and interior renovations for a new restaurant are underway with an anticipated opening in mid-2016.

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, 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 which 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 233-unit apartment building and 10,000 square feet of commercial space has been completed at 315 West Ponce de Leon Avenue. The occupancy rate for the apartment units is consistent with management expectations as interest and demand remain strong. Build out of the commercial spaces, which include restaurant, bakery and fitness center uses has begun.

Construction of 173 units of rental apartments has begun on the Fidelity Building surface parking lot adjacent to Commerce Drive. The project is almost complete with occupancy beginning in early 2016.

A private developer has assembled several pieces of property at the end of the block bordered by East Trinity Place and East Howard Avenue. Redevelopment of the 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. Columbia Ventures was successful in obtaining tax credits for a planned affordable senior independent living component of the project. It is anticipated that construction will begin in 2016 with occupancy in 2017.

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 has completed the majority of a $30 million construction program; however, increasing student enrollment continues to put pressure on the capacity of existing facilities. To address increasing enrollments, the City Schools have developed a capital master plan. 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) and construction of Phase I is underway. General bonded debt of

$75 million was approved in a referendum that was part of the November 3, 2015 municipal elections. The bonds are scheduled to be sold in late January, 2016. Construction could be underway by late 2016.

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 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 in 2015 and for 2016. Construction is underway.

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 ten year period.

In November 2014, the City Commission approved a new Unified Development Ordinance (UDO) that consolidated all development, zoning and environmental regulations into one document. The UDO updated outdated and conflicting provisions and provided graphic and design illustrations to make the regulations more user friendly.

In February, 2014 Google announced that Atlanta was among nine US metropolitan areas that had been selected for study in 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 eight cities in the metropolitan Atlanta area selected by Google for possible service. In January, 2015 Google announced plans to bring service to four metropolitan areas, including Atlanta (and Decatur). Google continues to make progress and we hope construction of facilities will begin in 2016. In April, 2015 AT&T announced that they were also bringing giga-byte service to cities within the metropolitan Atlanta area, including Decatur.

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 March 2015, the City restructured the general obligation debt through an advanced refunding in order to reduce the interest rate. The interest rate on the new bonds averages 3.54% compared to 4.41% interest rate on the initial bonds. At the time of the refunding, 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 early 2016.

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 the 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 $12,793,800 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. Funding for the $38,300,000 project came from a combination of bond proceeds, a transfer from the general fund, and HOST proceeds. The debt will be repaid using proceeds of the Homestead Option Sales Tax (HOST).

Part of the redevelopment of the Beacon Municipal Center included construction of a one million cubic foot regional stormwater retention facility. The facility was designed to manage the stormwater from the downtown Decatur drainage basin and provides an option for private developers to purchase capacity in the retention facility in lieu of building individual facilities when properties are redeveloped. Currently two redevelopment projects have purchased stormwater capacity in the facility.

In conjunction with private and institutional construction projects in the central business district, the City has financed substantial capital improvements through the stormwater utility over the past several years. It is anticipated that a final improvement to the main downtown drainage system will occur in 2016 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. An update to the stormwater master plan is included in the current fiscal year budget.

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 management firm 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 2016.

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 41%, 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 almost 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 625 tons or 1,252,000 pounds of electronic equipment to be recycled. In addition, the City has added a paper shredding event which resulted in approximately 17,200 pounds of recycled paper being collected in 2015.

In 2015, the City's ISO Fire Rating was renewed at the Class 2 level, a rating that is obtained by just 4.4% of all the Fire Departments in Georgia. The Police Department is certified through the Georgia Association of Chiefs of Police. The City has implemented a Smart 911 system to assist residents and businesses with voluntarily providing additional information to emergency services staff. The system also includes a reverse emergency notification 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.

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.

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 2014-2015 fiscal year was approximately $4,620,720. Due to DeKalb County restructuring the millage rates to incorporated cities, we are expecting revenues in the current fiscal year to be reduced to an estimated $3,400,000. HOST revenues are required to be used for capital expenditures. Future challenges to HOST distributions include the incorporation of additional municipalities and the possibility of DeKalb County adopting a restructured HOST and adding a Special Purpose Local Option Sales Tax (SPLOST).

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's) 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 (net of investment expenses) 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; and,
- 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 7.80 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.

The Board of Trustees of the City of Decatur Employees' Retirement System has reviewed an actuarial experience study that assesses actual plan performance against plan assumptions over the past seven years. The plan actuary made a number of recommendations to adjust the actuarial assumptions to more accurately reflect actual plan experience. These include lowering over a five year period, the long term anticipated rate of return on plan assets from 7.5% to 7%; updating the mortality assumptions from the RP-2000 projected to 2020 (Scale AA) to the static RP 2014 table; lowering the rate of anticipated salary increases; and, modifying the anticipated employee retirement rates. The actuaries estimate that these changes should result in a .06% increase in the employer contribution in the initial year up to a 1.83% increase in the employer contribution in year five.

In December 2014, the City Commission 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. Unfortunately, local legislation that would have approved a referendum on the homestead exemptions was defeated by the Georgia House of Representatives. The City Commission has indicated that additional efforts will be made during the 2016 General Assembly session to approve the proposed homestead exemptions. The City Commission has also indicated its support of the City Schools of Decatur Board of Education effort to provide a homestead exemption from all school taxes for any resident homeowner over the age of 65. If passed by the Georgia General Assembly during the 2016 session, there would be a referendum in either July 2016 or November 2016. If the referendum is approved, the homestead exemption changes would go into effect in 2017.

Since 2006, the City has used the National Research Center to conduct a citizen survey every other year. One of the questions asked was what impact the responder thinks the economy would 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 and City Schools of Decatur 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 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 adopted a resolution in support of the plan. A modified version that included a part of the AMP was approved by the Georgia House of Representatives; however, the legislation stalled in the Georgia Senate. It is anticipated that the City Commission will review annexation in early 2016 to determine what actions, if any, they want to pursue.

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 in 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, 2014



Executive Director/CEO

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2015

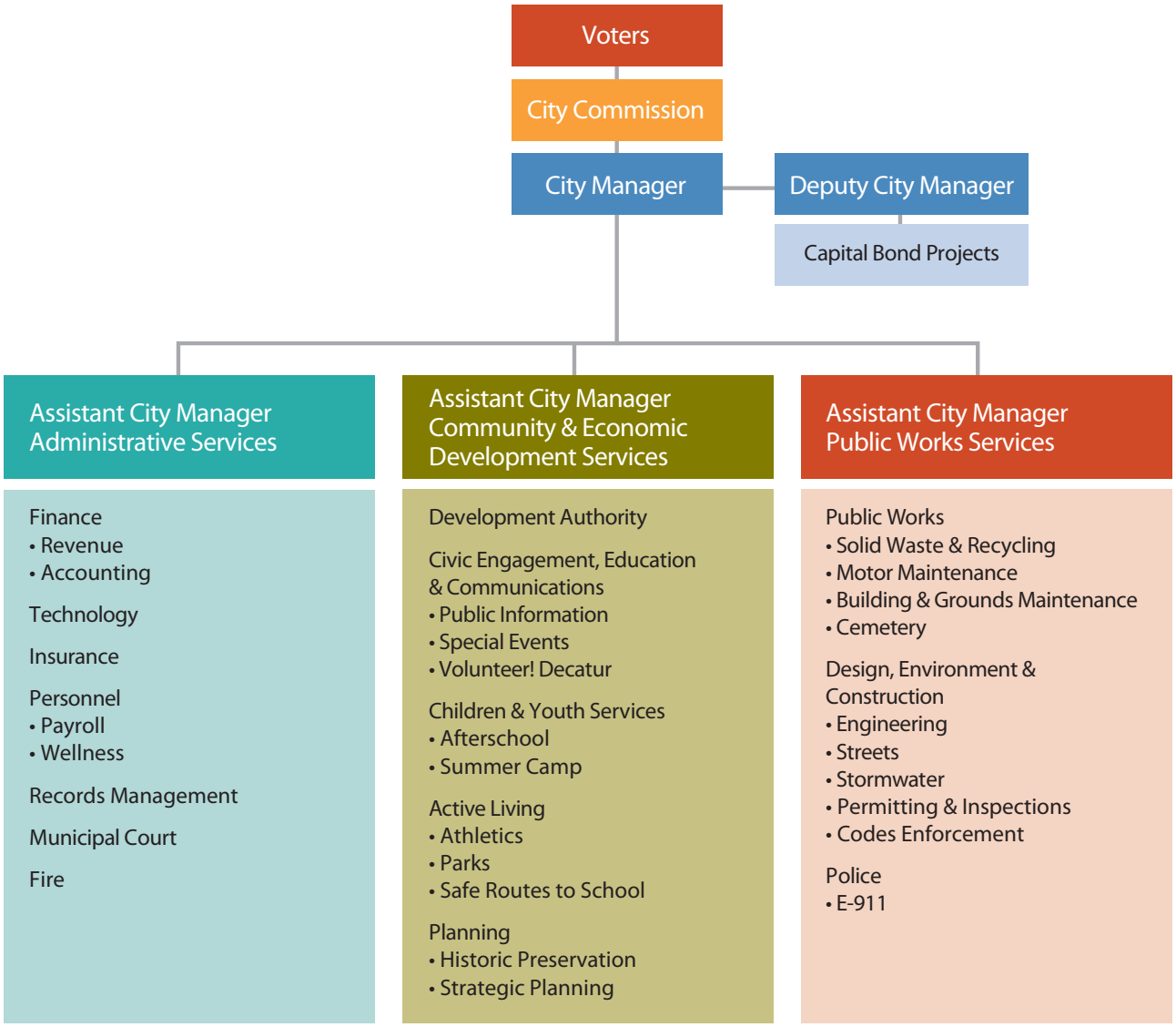
CITY COMMISSION

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, 2015, 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, 2015, 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 Notes 9 and 18, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. 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 postemployment benefit information (on pages 75 through 78) 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 and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 December 4, 2015 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
December 4, 2015

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, 2015. 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 $6,034,888 (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 the current fiscal year, approximately $2,520,000 was spent on City capital bond projects from the 2007 bonds, most of which funded streetscapes capital projects. In April 2015, the City closed on an advance refunding of the 2007 general obligation bonds to take advantage of favorable interest rates. The advance refunding is estimated to produce net present value savings of over $2,600,000.

- 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 the current fiscal year approximately $6,600,000 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 has vacated the building. The full principal amount is due November 2016.

- The City had $32,894,813 in expenses related to governmental activities and $8,772,409 or 27% of these expenses were offset by program specific charges for services, grants or contributions. General revenues were $26,739,164 and $17,719,637 or 66% 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 $27,075,110, a decrease of $4,669,550 in comparison with the prior year. The decrease is due to capital projects expenditures including the Beacon municipal center and streetscapes projects. At the end of the current fiscal year, unassigned fund balance for the general fund was $7,137,056 or 33% 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, increased by $1,707,681 to $7,209,285. The increase in the fiscal year 2014-2015 fund balance resulted from actual expenditures that were lower than budgeted expenditures in all departments. The fund balance remains at its lowest point since fiscal year 2009-2010.

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 25 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 74 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 $6,034,888, an increase of $2,503,466 from the prior year restated amount. As discussed in Notes 9 and 18, the City was required to implement the provision of GASB Statement No. 68 in the current year which significantly changed the City's accounting for its net pension liability and related amounts. As part of the implementation of this new standard, the City was required to restate beginning net position for both its governmental and business-type activities. The impact of this restatement is summarized in the table found on the following page. In general, the assets and liabilities remained fairly stable. An increase of about $1,800,000 in the net OPEB liability influenced the increase in total liabilities. More information on the net OPEB liability can be found in Note 10 of the financial statements.

The table that follows on the next page 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	
	Restated 2014	2015	Restated 2014	2015	Restated 2014	2015
Assets						
Current assets	$ 31,872	26,498	$ 2,293	2,816	$ 34,165	$ 29,314
Capital assets	76,739	73,428	6,093	15,399	82,832	88,827
Other non-current assets	5,399	5,454	-	-	5,399	5,454
Total assets	114,010	105,380	8,386	18,215	122,396	123,595
Deferred outflows of resources	-	2,723	-	58	-	2,781
Liabilities & deferred inflows of resources						
Long-term liabilities	108,576	111,029	1,355	1,782	109,931	112,811
Other liabilities & deferred inflows of resources	7,193	6,034	1,741	1,496	8,934	7,530
Total liabilities and deferred inflows of resources	115,769	117,063	3,096	3,278	118,865	120,341
Net Position	(1,759)					
Net investment in capital assets	20,161	8,347	6,093	15,399	26,254	23,746
Restricted	309	5,233	-	-	309	5,233
Unrestricted	(22,229)	(22,540)	(803)	(404)	(23,032)	(22,944)
Total net position	$ (1,759)	$ (8,960)	$ 5,290	$ 14,995	$ 3,531	$ 6,035

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 ($5,232,716) or unrestricted deficit ($18,644,202). 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 a deficit in the unrestricted portion of net position and a deficit in the overall net position for governmental activities. The net investment in capital assets for governmental activities decreased by over $11,000,000. This decrease is the result of a transfer of a completed stormwater project to the City's business-type activities.

Changes in Net Position

At the conclusion of fiscal year 2015 the City's net position increased by $2,503,466 from the prior year (restated).

The schedule on the following page presents a summary of changes in net position for the fiscal year ending June 30, 2015 (in thousands).

City of Decatur Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Revenues						
Program revenues:						
Charges for services	$ 6,661	7,341	$ 3,302	$ 3,368	$ 9,963	$ 10,709
Operating grants & contributions	456	440	-	-	456	440
Capital grants & contributions	394	991	-	-	394	991
General revenues:						
Property taxes	15,058	17,720	-	-	15,058	17,720
Franchise taxes	1,451	1,564	-	-	1,451	1,564
Sales taxes	4,944	5,675	-	-	4,944	5,675
Other taxes	1,500	1,561	-	-	1,500	1,561
Investment earnings	42	21	-	-	42	21
Gain on sale of capital assets	3	21	8	-	11	21
Miscellaneous	116	178	-	-	116	178
Total revenues	30,625	35,512	3,310	3,368	33,935	38,880
Expenses						
General government	9,244	10,642	-	-	9,244	10,642
Public safety	10,804	10,959	-	-	10,804	10,959
Public works	3,993	4,007	-	-	3,993	4,007
Recreation	3,934	4,248	-	-	3,934	4,248
Interest on long-term debt	3,522	3,038	-	-	3,522	3,038
Conference center	-		485	491	485	491
Stormwater	-		909	838	909	838
Sanitation	-		2,170	2,153	2,170	2,153
Total expenses	31,497	32,894	3,564	3,482	35,061	36,376
Income (Loss) before transfers	(872)	2,618	(254)	(114)	(1,126)	2,504
Transfers	350	(9,819)	(350)	9,819	-	-
Change in net position	(522)	(7,201)	(604)	9,705	(1,126)	2,504
Net position beginning of year, as previously reported	3,268	(1,759)	6,303	5,290	9,571	3,531
Impact of restatement for GASB Statement No. 68	(4,505)	-	(409)	-	(4,914)	-
Net position beginning of year, restated	(1,237)	(1,759)	5,894	5,290	4,657	3,531
Net position end of year	$ (1,759)	$ (8,960)	$ 5,290	$ 14,995	$ 3,531	$ 6,035

Revenues

Governmental charges for services increased by approximately $680,000 or 10% from the previous fiscal year. Within that category, general government charges for services remained flat. Public safety related fines and forfeitures increased fifteen percent over fiscal year 2013-2014 which included the addition of the school bus stop arm camera enforcement. Recreation charges for services increased fifteen 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 Ebster gym and Ebster Recreation Center. Operating grants and contributions were slightly lower partly due to the reimbursement the City receives from the U.S. Department of Treasury on its recovery zone economic development bonds. The amount of the reimbursement received by the City correlates to the interest payments due on the bonds and as the interest payments were slightly lower this year than in the past, the reimbursement received was lower. Capital grants and contributions increased by $597,000 primarily due to funding from the Georgia Department of Transportation's Transportation Enhancement Program for the Oakhurst and Downtown Decatur Phase V streetscapes projects. Property taxes, including real estate and personal property, increased $2,662,000 or almost 18% from the prior year. This increase occurred as a result of a 20% increase in the 2015 real property digest which is consistent with the overall improvement of the local economy. Franchise taxes increased $113,000 or almost 8% due in large part to an increase in the electric franchise fees from Georgia Power. At $990,000, these fees are only now approaching the electric franchise fee revenue from fiscal year 2011-2012. Sales taxes increased $731,000 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).

Charges for services for business-type activities increased approximately $66,000. The majority of the increase is due to the first payment into the regional stormwater management facility by a private developer.

Expenses

General Government expenses increased $1,398,000 or 15%. Public Safety expenses increased $155,000 or 1.4%; Public Works expenses increased $14,000 or less than 1%; Recreation expenses increased $314,000 or 8%. Interest on long-term debt decreased by $484,000. Increases in general operating expenses were largely in personnel-related areas, professional services, contractual services and electricity while increases in capital expenses resulted from capital project activity.

Expenses for business-type activities decreased $82,000. Conference Center expenses increased $6,000. Sanitation expenses decreased $17,000. There were increases in personnel-related expenses but reductions in other areas including indirect costs that contributed to the overall reduction in expenses. Stormwater expenses decreased $71,000 primarily due a reduction in professional services.

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 $27,075,110, a decrease of $4,669,550 in comparison with the prior year. Approximately twenty-two percent of the total amount, $5,974,025, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($21,101,085) is within the following classifications: $5,522,859 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; $13,062,193 is restricted which means that it is legally restricted for specific purposes. Specifically, this fund balance is restricted for 1) capital construction ($5,108,136); 2) equipment purchases ($265,353); 3) debt service ($7,495,605); 4) law enforcement ($13,767), 5) Public Safety-E911 ($174,769); and 6) tourism ($4,563). $1,095,710 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 ($142,930) and 2) Children and Youth Services ($952,780). $1,420,323 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 ($11,502); 2) development activities ($192,934); 3) cemetery operations ($166,673); and 4) equipment purchases ($1,049,214).

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 $7,209,285, while the total fund balance for all governmental funds was $27,075,110. 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 thirty-three percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2014 and 2015 (in thousands).

	2014	2015	$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	$ 15,528	$ 17,860	$ 2,332	% 15
Licenses & permits	1,482	1,429	(53)	(4)
Intergovernmental	385	437	52	14
Fines & forfeitures	1,169	1,337	168	14
Charges for services	1,425	1,522	97	7
Interest income	1	-	(1)	(100)
Other revenues	83	183	100	120
Total revenues	20,073	22,768	2,695	13
Expenditures				
General government	7,544	8,035	491	7
Public safety	8,451	8,496	45	1
Public works	3,171	3,013	(158)	(5)
Recreation	1,573	1,762	189	12
Total expenditures	20,739	21,306	567	3
Excess of revenues over expenditures	(666)	1,462	2,128	320
Other financing sources (uses)				
Proceeds from sale of capital assets	9	9	-	-
Transfers in	873	740	(133)	(15)
Transfers out	(3,460)	(504)	2,956	85
Total other financing sources (uses)	(2,578)	245	2,823	110
Net change in fund balances	(3,244)	1,707	4,951	153
Fund balances, beginning of year	8,746	5,502	(3,244)	(37)
Fund balances, end of year	$ 5,502	$ 7,209	$ 1,707	% 31

General Fund Revenues

Revenue from all taxes increased approximately $2,332,000 or fifteen percent more than the prior year as the real property digest increased by 20%. The largest single source of revenue for the City's general fund operations is real property tax which totals over $12,600,000. Other, non-real estate taxes also contributed to the increase in tax revenues. Specifically, public utility taxes increased 29%, property transfer taxes increased 10%, franchise taxes increased 8%, alcohol sales taxes increased 6%, insurance premium taxes increased 5%, and the intangibles tax increased 5%. The intangibles tax, which is essentially a tax on the value of real estate mortgages in the city, had an unexpected decrease in the prior fiscal year. Other tax categories decreased. Motor vehicle taxes decreased slightly by $3,889 and business personal property decreased by $7,484. Other tax revenues remained stable. Licenses and permits decreased $53,000 or 4% as a result of less revenue from alcohol-related licenses and permits.

Fines and forfeitures increased $168,000 to $1,337,140. Part of the increase may be attributed to the school bus stop arm camera program that was implemented at the request of the school system. The revenue from these fines is distributed between the City, City Schools of Decatur and the camera equipment vendor. Charges for services increased $97,000 or 7% as a result of increased recreation program activities and facility rentals which reflect the opening of the expanded Ebster Recreation Center and Ebster gym in March 2015. Intergovernmental revenues increased $100,000 or 120% 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 $567,000 or just under 3% from the prior year and remained well within the overall budget. About 30% of the increase is in personnel services due to a 3% market adjustment for all positions, new and reclassified positions, a 2.5% merit increase for most regular, full-time employees and fewer vacancies. Health insurance costs decreased 10% or about $200,000 from the prior year as a result of moving from a fully-insured plan to a partially self-insured health insurance plan in this fiscal year. Professional services increased over $350,000 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 and was completed in the current fiscal year. A construction-related lawsuit resulted in additional professional services expenditures for legal services. As the insurance company's assigned attorneys take a more active role in the lawsuit, the City Attorney's time on the lawsuit will decrease. The only other line item that experienced a significant increase was electricity which has increased as a result of new and expanded city facilities. General Government expenditures increased $491,000 or 7% due to increases in personnel-related expenditures, outsourced development services, consulting services, legal services fees and utilities. Public Safety increased $45,000 or less than 1% due to personnel-related expenses and unanticipated vehicle repairs. Public Works expenditures dropped $158,000 of which half of the decrease can be attributed to a drop in gasoline prices and much of the remainder is due to the savings from the self-insured health insurance program. Recreation expenditures increased $189,000 or 12% which reflects the increases in personnel-related expenditures due to the merit increases and new active living positions. A part-time program supervisor position was transitioned to full-time for active adult program planning. An additional program supervisor position was added to handle facilities management responsibilities which have expanded with the opening of the Ebster Recreation Center and gym.

Transfers from other funds decreased from $873,000 to $740,000 which reflects a decrease of $133,000 as a result of a decrease in the Solid Waste and Stormwater funds' overhead costs. Transfers to other funds decreased by $2,956,000 because the prior fiscal year included a budgeted transfer of $3,000,000 of fund balance for construction of the Beacon municipal center. Before accounting for transfers, revenues exceeded expenditures by $1,462,746. After accounting for transfers in and out, the addition to fund balance was $1,707,681, resulting in an end of year fund balance of $7,209,285 which is $894,530 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 increased by $604 to $1,822. These funds have financed major improvements to fire station #1, Decatur recreation center and the public works facility, all of which have been completed. There were no capital expenditures in this fund in fiscal year 2014-2015. Rather, the fund accounted for the debt service related to the bond issuance.

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 ($244,573) 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 $5,282,234 because the purchase of the Callaway building is categorized as an asset held for resale on the balance sheet in addition to the lease payments received by the tenant.

Capital Improvement Fund. The Capital Improvement Fund's fund balance increased by $1,539,262 to $5,977,128. Overall revenues were about $717,000 higher than the prior year. HOST revenues grew by $652,000 and tax revenue was about $184,000 higher than the prior year. Intergovernmental revenue was $103,000 lower 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 2015 included the design of pedestrian and bike improvements at Clairemont Avenue and Commerce Drive and Church Street and Commerce Drive, streets paving, traffic calming projects, rights-of-way acquisition, design of streetscapes and railroad crossing improvements, and lease payments for a variety of vehicles and other equipment. The capital improvement fund transferred about $2,349,000 to other funds for debt service and capital construction projects.

Debt Service Fund. The Debt Service Fund's fund balance increased by $191,351 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 City's general obligation bonds. The fund balance of $6,575,325 is comprised of $1,123,434 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. The tax revenue was $154,250 higher than the amount required for the City's debt service payments. It is anticipated that a reduction in the debt service millage rate may prevent the accumulation of fund balance for this fund.

The activities of other non-major governmental funds can be found on pages 79 and 80.

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 $157,829 and placed in a reserve account with the DDA. This was approximately $14,000 higher than the prior year. The financial statements include this amount in 'cost of sales and services' in addition to the $33,808 in planned maintenance and repairs to the conference center's parking deck. Depreciation expenses remained flat. This fund ended the year with $58,368 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 increased by $10,003,348 to $13,903,365. This increase is the result of the City's construction of a regional stormwater management facility. Revenue from annual stormwater fees decreased slightly by $7,746. However, overall stormwater fees increased $99,914 as a result of fees paid into the regional stormwater facility by a private developer. Operating expenses decreased $70,791 or 8% due to lower capital project related expenses. The fund transferred $218,571 to the general fund for indirect costs. The regional stormwater facility is included in the Beacon municipal center construction project. This fund ended the year with over $1,051,000 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 decreased $47,701 or 2% from the prior year. Part of the decrease can be attributed to delinquent collections and the sale of assets in the previous fiscal year. In March 2015, the City Commission increased the single-family residential fee from $237 to $240 and increased rates for the 95 gallon carts and 3 cubic yard containers. Operating expenses decreased $17,706 or 1% with reductions in depreciation, OPEB costs, disposal fees and capital outlay. The transfer to the general fund for indirect costs decreased from $236,450 to $104,510. Total net position improved by $30,442 which decreased the fund deficit to ($396,800). By June 30, 2015 the commercial sanitation collection rate for the 2015 service year was 92%. Nonetheless, the collection rate should reach over 99% within 10 months of billing. The solid waste fund ended with a positive cash position with cash balances at June 30, 2015 of $2,163,691. 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 $1,418,425 to net position during fiscal year 2014-2015 reflecting the continued 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 addition to fund balance to increase total fund balance after spending over $3,000,000 in the prior fiscal year. Actual revenues were $14,172 more than the final budgeted amounts. There were no significant variations from budgeted revenue line items because the final budget was adopted after the end of the fiscal year. A post-fiscal year budget adoption had not been done in recent history at the City. This practice was used to address overages in specific line items but did not change the total amount approved for expenditures. Actual general fund expenditures were $970,783 less than the final budget. Personnel related services were $500,000 less than budgeted. Specifically, full- and part-time salaries were almost $200,000 less than budgeted and group insurance costs were over $200,000 less than budgeted. There were significant savings in other line items including professional services, contractual services, gasoline, vehicle and equipment supplies, vehicle maintenance, specialized supplies and telecommunications expenses. The budget anticipated adding $813,151 to fund balance. Higher revenues and much lower than budgeted expenditures resulted in an addition to fund balance of $1,707,681. This is $894,530 more than anticipated and resulted in an ending fund balance of $7,209,285.

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, 2015, amounts to $88,826,545 (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 $82,832,291 to $88,826,545 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 51 through 53 of this report. The following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Land	$ 3,863	$ 3,863	$ 280	$ 280	$ 4,143	$ 4,143
Construction in progress	33,492	3,974	-	-	33,492	3,974
Land improvements	2,782	2,708	-	-	2,782	2,708
Infrastructure	9,268	8,701	3,782	13,511	13,050	22,212
Building & improvements	24,172	50,088	1,405	1,131	25,577	51,219
Machinery & equipment	1,798	3,088	-	-	1,798	3,088
Vehicles	1,363	1,006	-	-	1,363	1,006
Furniture, fixtures, & equipment	-	-	627	477	627	477
Total	$ 76,738	$ 73,428	$ 6,094	$ 15,399	$ 82,832	$ 88,827

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 $83,355,737 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 2015 is $1,648,185,000 with a current debt limitation for the City of $164,818,500, not including current debt outstanding. Current debt that is applied to the debt limit totals $32,342,000 which leaves the City with a legal debt margin of $132,477,000. The ratio of the City's outstanding general obligation bond debt to assessed valuation is 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, 2015 was $1,766,326 and there has been $449,224 of accumulated depreciation as of year-end.

At June 30, 2015, the City had long-term debt in the amount of $112,524,852 which was comprised of $83,355,737 in bonds payable, $27,673,665 in capital leases, notes payable, certificates of participation, claims and judgments, net OPEB obligation, net pension liability and compensated absences in the governmental activities and $1,495,450 in net OPEB obligation, net pension liability and compensated absences in the business-type activities. The long-term debt in governmental activities includes $5,520,653 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 and refinanced in April 2015, 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 financed approximately $16,500,000 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 financed 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. In February 2015, the City negotiated a reduction in the interest rate on the Series 2005 certificates of participation from 3.91% to 2.6%. This reduction will result in a net present value savings of $132,200 over the remaining term of the certificates of participation. The April 2013 bond issuance funded the construction of the Beacon municipal center which includes the police department, E911 operation, Ebster recreation center and gym, 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 54 through 60 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 the annually determined contribution to the retirement system as determined by the actuary. The City contributed $904,872 or approximately $43,000 more than the actuarially determined contribution for the fiscal year ending June 30, 2015.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 67 went into effect on July 1, 2013. This statement related to the pension plan accounting and resulted in significant changes to the actuarial reporting and financial report footnotes. The provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, were effective July 1, 2014 and significantly changed the City's accounting for pension amounts. GASB asserts that the new standard will improve accounting and financial reporting by state and local governments for pensions.

GASB Statement No. 68 relates to employer accounting and results in changes to the City's accounting and financial reporting for its net pension liability and related amounts. Readers of the financial report will see the addition of the net pension liability to the government-wide financial statements. The net pension liability is the difference between the Total Pension Liability and Plan Fiduciary Net Position. Essentially, the net pension liability is the plan's unfunded pension obligation which GASB has determined meets the definition of a liability and should be recognized in the basic financial statements.

It is important to note that the GASB statements refer to plan accounting, not funding. The City continues to use the actuarially determined contribution (ARC) to determine appropriate funding of the pension plan.

At June 30, 2015, City's total pension liability was $42,414,334. The plan fiduciary net position was $37,798,563 resulting in the City's net pension liability of $4,615,771. The plan fiduciary net position as a percentage of the total pension liability was 89.1%.

The plan's funded ratio, an indicator of funding status, increased from 84% to 86.4%. 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 July 1, 2014, the most recent actuarial dates, 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 liability for these benefits as a result of funding the plan on a "pay as you go" basis (or net OPEB obligation) was $13,593,958. This amount was accounted for as a liability on the City's statement of net position. The City does not have a contract nor agreement with retirees to provide these benefits. Rather, the continuation of these benefits is contingent upon annual budget approval by the City Commission.

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 2015 certified real property digest is 20% higher than the final 2014 digest. It is anticipated that the original 2015 digest will drop slightly once it has been adjusted for appeals. Twenty-five percent of the increase in the digest is due to added new value and the remaining seventy-five percent 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 in the downtown business district are in various phases of construction. A mixed-use development on West Ponce de Leon Avenue has been completed. This 233 unit apartment component is over 65% leased and all of the street-level retail spaces are leased. The Alexan development, located on Commerce Drive, is nearing completion and just began leasing. This project includes 173 residential units. The Trinity Triangle project, now called the Arlo, is a mixed use development on E. Trinity Place that includes 210 apartment units and 15,000 square feet of street level retail. This project is expected to start leasing by Spring 2016 and the retail spaces will be turned over for tenant build out beginning in January 2016. All three of these projects bring much-needed rental apartments to the central business district, increasing downtown pedestrian counts and a younger client base for the retail and restaurant businesses. A conservative construction value for these three projects indicates at least $75 million in new property value in the downtown commercial district.

Additional growth is anticipated for 2016 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. 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.

During the 2015 General Assembly session, the City had two major legislative efforts that were not successful. The City Commission requested legislation that would increase homestead exemptions for all property owners but especially lower income senior homeowners. The legislation was defeated by the Georgia House of Representatives. It is anticipated that the legislation will be reintroduced during the 2016 session so that some targeted tax relief can be offered in 2017. The other legislative priority was a request to adopt an annexation master plan and allow voters in the potential annexed areas to participate in a referendum on the issue. Legislation passed the Georgia House of Representatives but did not move forward in the Senate. Further efforts to pursue annexation may be considered before the 2016 General Assembly session. Annexation studies indicate that the City would financially benefit from the modest annexation proposed in the annexation master plan.

The City currently receives a distribution from the capital improvement portion of the county-wide Homestead Option Sales Tax (HOST). The distribution is calculated based on a formula that shares the proceeds among all cities in DeKalb County. The new city of Tucker was approved by referendum in November 2015. However, the referendum for the larger city of LaVista Hills failed. The addition of new cities within the County could have a negative impact on the City's HOST revenue.

The unemployment rate for DeKalb County is currently 6.3%, down from 7.8% 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% as compared to the greater Atlanta area that averages an 86% 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.

In November 2015, voters approved a $75 million general obligation bond issue for the City Schools of Decatur capital facility needs related to increasing enrollment. It is anticipated that the bonds will be issued in January 2016. The school enrollment is currently over 4,600 students and the system has projected an additional 2,000 students within the next five years. In 2015, the combined City and City Schools of Decatur millage rate decreased 2.84 mills or 8.5%. An increase in the millage rate will likely be necessary in the near future to cover the debt service payments associated with the 2016 general obligation bond issue.

Next Year's Budget

At June 30, 2015, unassigned fund balance in the general fund was $7,137,056. The City has estimated that $271,800 will be added to fund balance in the 2016 fiscal year budget bringing the total fund balance to $7,408,856 or 32% 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 assumes a reduction in the overall millage rate from 13 mills to 12 mills. The budget includes funding for a 2.5% merit increase for employees who are still below the maximum in their salary range, but no overall salary range adjustment. The 2016 fiscal year budget includes the reorganization of some functions and the addition of five new, full-time positions to address increasing service delivery demands. The 2016 budget maintains the partially self-insured model for group health benefits and expands the wellness program to include health coaching through the DeKalb Medical Center. 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 capital improvements fund, 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, 2015

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board
Cash and cash equivalents	$ 14,298,947	$ 3,273,913	$ 17,572,860	$ 627,497	$ 134,483
Taxes receivable	479,039	-	479,039	15,729	-
Other receivables	628,938	-	628,938	-	-
Accounts receivable, net of allowances	-	110,905	110,905	8,872	3,243
Due from primary government	-	-	-	215,827	14,394
Due from other governments	5,433,050	-	5,433,050	-	-
Due from component units	50,000	-	50,000	-	-
Internal balances	570,309	(570,309)	-	-	-
Prepaid items	96,134	1,134	97,268	24,827	-
Restricted:					
Cash equivalents	4,669,318	-	4,669,318	-	-
Investments	265,353	-	265,353	-	-
Other current assets	6,500	-	6,500	-	-
Lease receivable	-	-	-	868,773	-
Land held for resale	5,089,300	-	5,089,300	695,000	-
Fair market value of derivative	365,060	-	365,060	-	-
Capital assets:					
Non-depreciable	7,837,022	280,065	8,117,087	1,056,290	-
Depreciable, net of accumulated depreciation	65,590,786	15,118,672	80,709,458	1,357,583	-
Total assets	105,379,756	18,214,380	123,594,136	4,870,398	152,120
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on bond refunding	2,089,055	-	2,089,055	-	-
Pension related items	634,140	58,325	692,465	-	-
Total deferred outflows of resources	2,723,195	58,325	2,781,520	-	-
LIABILITIES					
Accounts payable	914,960	292,225	1,207,185	79,745	-
Accrued liabilities	3,994,917	28,802	4,023,719	-	196
Unearned revenue	580,958	1,302,242	1,883,200	-	-
Due to component unit	14,394	157,829	172,223	-	-
Due to primary government	-	-	-	50,000	-
Certificates of participation due within one year	130,000	-	130,000	-	-
Certificates of participation due in more than one year	2,965,000	-	2,965,000	-	-
Claims and judgments payable due within one year	35,750	-	35,750	-	-
Claims and judgments payable due in more than one year	55,718	-	55,718	-	-
Compensated absences due within one year	1,064,445	90,811	1,155,256	-	-
Compensated absences due in more than one year	118,270	16,026	134,296	-	-
Capital leases due within one year	343,483	-	343,483	-	-
Capital leases due in more than one year	619,230	-	619,230	-	-
Notes payable due within one year	1,770,000	-	1,770,000	-	-
Notes payable due in more than one year	3,750,653	-	3,750,653	590,750	-
Bonds payable due within one year	1,626,341	-	1,626,341	65,000	-
Bonds payable due in more than one year	81,729,396	-	81,729,396	1,720,000	-
Net pension liability due in more than one year	4,226,996	388,775	4,615,771	-	-
Net OPEB obligation due in more than one year	12,594,120	999,838	13,593,958	-	-
Total liabilities	116,534,631	3,276,548	119,811,179	2,505,495	196
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - intergovernmental	153,463	-	153,463	-	-
Accumulated increase in fair value of hedging derivative	365,060	-	365,060	-	-
Pension related items	10,134	932	11,066	-	-
Deferred service concession arrangement receipts	-	-	-	1,710,750	-
Total deferred inflows of resources	528,657	932	529,589	1,710,750	-
NET POSITION					
Net investment in capital assets	8,346,985	15,398,737	23,745,722	796,255	-
Restricted for capital construction	4,299,348	-	4,299,348	-	-
Restricted for debt service	740,269	-	740,269	-	-
Restricted for law enforcement	13,767	-	13,767	-	-
Restricted for public safety	174,769	-	174,769	-	-
Restricted for tourism	4,563	-	4,563	-	151,924
Unrestricted	(22,540,038)	(403,512)	(22,943,550)	(142,102)	-
Total net position	$ (8,960,337)	$ 14,995,225	$ 6,034,888	$ 654,153	$ 151,924

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, 2015

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	$ 10,641,880	$ 2,257,885	$ 9,566	$ -
Public safety	10,958,839	2,723,610	3,500	-
Public works	4,007,209	92,040	-	991,392
Recreation	4,248,514	2,267,798	114,672	-
Interest on long-term debt	3,038,371	-	311,946	-
Total governmental activities	32,894,813	7,341,333	439,684	991,392
Business-type activities:				
Solid waste	2,152,567	2,287,519	-	-
Stormwater	838,056	1,076,196	-	-
Conference center & parking deck	491,426	5,040	-	-
Total business-type activities	3,482,049	3,368,755	-	-
Total primary government	$ 36,376,862	$ 10,710,088	$ 439,684	$ 991,392
Component units:				
Downtown Development Authority	$ 1,320,514	$ -	$ -	$ -
Decatur Tourism Board	164,569	-	20,000	-
Total component units	$ 1,485,083	$ -	$ 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, restated				
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
$ (8,374,429)	$ -	$ (8,374,429)	$ -	$ -
(8,231,729)	-	(8,231,729)	-	-
(2,923,777)	-	(2,923,777)	-	-
(1,866,044)	-	(1,866,044)	-	-
(2,726,425)	-	(2,726,425)	-	-
(24,122,404)	-	(24,122,404)	-	-
-	134,952	134,952	-	-
-	238,140	238,140	-	-
-	(486,386)	(486,386)	-	-
-	(113,294)	(113,294)	-	-
(24,122,404)	(113,294)	(24,235,698)	-	-
-	-	-	(1,320,514)	-
-	-	-	-	(144,569)
$ -	$ -	$ -	$ (1,320,514)	$ (144,569)
$ 17,719,637	$ -	$ 17,719,637	$ 673,360	$ -
1,563,926	-	1,563,926	-	-
5,675,074	-	5,675,074	-	-
1,560,525	-	1,560,525	-	158,201
21,424	-	21,424	-	74
177,841	-	177,841	602,319	26,135
20,737	-	20,737	-	-
(9,818,527)	9,818,527	-	-	-
16,920,637	9,818,527	26,739,164	1,275,679	184,410
(7,201,767)	9,705,233	2,503,466	(44,835)	39,841
(1,758,570)	5,289,992	3,531,422	698,988	112,083
$ (8,960,337)	$ 14,995,225	$ 6,034,888	$ 654,153	$ 151,924

CITY OF DECATUR, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

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	$ 7,322,864	$ -	$ -	$ -	$ 3,911,423	$ 1,091,358	$ 1,973,302	$ 14,298,947
Taxes receivable	322,198	-	-	-	58,840	49,577	48,424	479,039
Other receivables	305,199	-	-	-	-	-	323,739	628,938
Due from other funds	611,597	-	-	25,000	1,394,254	34,549	8,829	2,074,229
Due from component units	-	-	-	-	50,000	-	-	50,000
Due from other governments	-	-	-	-	-	5,415,000	-	5,415,000
Restricted:								
Cash equivalents	-	881,147	2,446,734	295,546	-	-	1,045,891	4,669,318
Investments	-	-	-	-	265,353	-	-	265,353
Advances to other funds	-	-	-	-	337,425	-	-	337,425
Prepaid expenditures	60,727	-	-	-	25,788	-	9,619	96,134
Other current assets	6,500	-	-	-	-	-	-	6,500
Assets held for resale	-	-	-	5,089,300	-	-	-	5,089,300
Total assets	$ 8,629,085	$ 881,147	$ 2,446,734	$ 5,409,846	$ 6,043,083	$ 6,590,484	$ 3,409,804	$ 33,410,183
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 548,255	$ -	$ -	$ -	$ -	$ -	$ 366,705	$ 914,960
Accrued liabilities	757,951	-	1,603,238	102,612	43,884	-	131,737	2,639,422
Unearned revenue	-	-	555,958	25,000	-	-	-	580,958
Due to component unit	-	-	-	-	-	-	14,394	14,394
Due to other funds	16,273	725,862	532,111	-	4,788	-	542,767	1,821,801
Advances from other funds	-	-	-	-	-	-	19,544	19,544
Total liabilities	1,322,479	725,862	2,691,307	127,612	48,672	-	1,075,147	5,991,079
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	97,321	-	-	-	17,283	15,159	-	129,763
Unavailable revenue - intergovernmental	-	-	-	-	-	-	60,768	60,768
Unearned revenue - intergovernmental	-	153,463	-	-	-	-	-	153,463
Total deferred inflows of resources	97,321	153,463	-	-	17,283	15,159	60,768	343,994
FUND BALANCES								
Fund balances:								
Nonspendable:								
Prepaids	60,727	-	-	-	25,788	-	9,619	96,134
Advances	-	-	-	-	337,425	-	-	337,425
Assets held for resale	-	-	-	5,089,300	-	-	-	5,089,300
Restricted:								
Capital construction	-	-	-	-	4,299,348	-	808,788	5,108,136
Equipment purchases	-	-	-	-	265,353	-	-	265,353
Debt service	-	395,667	524,613	-	-	6,575,325	-	7,495,605
Law enforcement	-	-	-	-	-	-	13,767	13,767
E911 services	-	-	-	-	-	-	174,769	174,769
Tourism	-	-	-	-	-	-	4,563	4,563
Committed:								
Tree preservation	-	-	-	-	-	-	142,930	142,930
Children and youth services	-	-	-	-	-	-	952,780	952,780
Assigned:								
Greenspace acquisition	11,502	-	-	-	-	-	-	11,502
Development activities	-	-	-	192,934	-	-	-	192,934
Cemetery operations	-	-	-	-	-	-	166,673	166,673
Equipment purchases	-	-	-	-	1,049,214	-	-	1,049,214
Unassigned	7,137,056	(393,845)	(769,186)	-	-	-	-	5,974,025
Total fund balances	7,209,285	1,822	(244,573)	5,282,234	5,977,128	6,575,325	2,273,889	27,075,110
Total liabilities, deferred inflows of resources, and fund balances	$ 8,629,085	$ 881,147	$ 2,446,734	$ 5,409,846	$ 6,043,083	$ 6,590,484	$ 3,409,804	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	73,427,808
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	190,531
Interest receivable of governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.	18,050
The fair market value of an effective hedging instrument is not a current financial resource used in governmental activities and therefore is not reported in the governmental funds.	365,060
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(106,068,846)
Revenues from an effective hedging instrument are not recognized until the hedge is used by the holder, and therefore are deferred in governmental activities.	(365,060)
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds.	(3,602,990)
Net position of governmental activities	$ (8,960,337)

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, 2015

	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	$ 17,859,640	$ -	$ -	$ -	$ 5,970,800	$ 2,117,107	$ 552,236	$ 26,499,783
Licenses and permits	1,428,792	-	-	-	-	-	-	1,428,792
Intergovernmental	437,421	311,946	-	-	185,384	-	686,009	1,620,760
Fines and forfeitures	1,337,140	-	-	-	-	-	3,373	1,340,513
Charges for services	1,522,117	-	-	-	-	-	2,139,096	3,661,213
Interest income	-	-	7,303	-	11,382	-	2,739	21,424
Contributions	10,019	-	-	-	-	-	112,000	122,019
Other revenues	173,394	-	-	300,000	69,541	108,300	64,950	716,185
Total revenues	22,768,523	311,946	7,303	300,000	6,237,107	2,225,407	3,560,403	35,410,689
Expenditures								
Current:								
General government	8,035,081	-	-	8,197	1,026,767	-	243,239	9,313,284
Public safety	8,495,737	-	-	-	-	-	882,751	9,378,488
Public works	3,013,097	-	-	-	-	-	-	3,013,097
Recreation	1,761,862	-	-	-	-	-	1,651,355	3,413,217
Capital outlay	-	-	6,662,407	-	810,759	-	1,901,909	9,375,075
Debt service:								
Principal retirements	-	380,133	620,000	-	439,706	565,000	27,041	2,031,880
Interest expenditures	-	804,169	1,275,389	80,384	101,139	1,469,056	3,684	3,733,821
Debt issuance costs	-	-	-	-	-	-	608,170	608,170
Total expenditures	21,305,777	1,184,302	8,557,796	88,581	2,378,371	2,034,056	5,318,149	40,867,032
Excess (deficiency) of revenues over expenditures	1,462,746	(872,356)	(8,550,493)	211,419	3,858,736	191,351	(1,757,746)	(5,456,343)
Other financing sources (uses):								
Issuance of refunding bonds	-	-	-	-	-	-	29,895,000	29,895,000
Original issue premium	-	-	-	-	-	-	2,336,966	2,336,966
Proceeds from sale of capital assets	9,195	-	-	-	-	-	16,176	25,371
Transfers in	739,715	872,960	1,475,514	-	29,000	-	503,975	3,621,164
Refunding deposit with escrow agent	-	-	-	-	-	-	(31,623,796)	(31,623,796)
Transfers out	(503,975)	-	-	-	(2,348,474)	-	(615,463)	(3,467,912)
Total other financing sources (uses)	244,935	872,960	1,475,514	-	(2,319,474)	-	512,858	786,793
Net change in fund balances	1,707,681	604	(7,074,979)	211,419	1,539,262	191,351	(1,244,888)	(4,669,550)
Fund balances, beginning 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
Fund balances (deficit), end of year	$ 7,209,285	$ 1,822	$ (244,573)	$ 5,282,234	$ 5,977,128	$ 6,575,325	$ 2,273,889	$ 27,075,110

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, 2015

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

Net change in fund balances - total governmental funds	$	(4,669,550)
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.		6,665,326
In the statement of activities, only the gain or loss on the disposal 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 disposed.		(9,976,413)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		80,147
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.		1,679,297
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.		(980,574)
Change in net position - governmental activities	$	(7,201,767)

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 17,677,600	$ 17,836,510	$ 17,859,640	$ 23,130
Licenses and permits	1,201,000	1,449,970	1,428,792	(21,178)
Fines and forfeitures	1,115,000	1,337,120	1,337,140	20
Interest	500	-	-	-
Charges for services	1,611,400	1,572,121	1,522,117	(50,004)
Intergovernmental	464,300	428,020	437,421	9,401
Contributions	20,000	10,910	10,019	(891)
Miscellaneous	114,900	119,700	173,394	53,694
Total revenues	22,204,700	22,754,351	22,768,523	14,172
Expenditures				
Current:				
General government:				
Commission	203,000	193,900	207,357	(13,457)
Manager	714,320	736,290	707,491	28,799
Administrative services	2,234,860	2,273,040	2,189,418	83,622
Attorney	160,000	320,000	317,129	2,871
Community & economic development	1,510,850	1,433,280	1,356,970	76,310
Development and inspection	1,549,980	2,057,790	1,896,245	161,545
Accounting, collection and records	1,439,420	1,424,550	1,360,471	64,079
Total general government	7,812,430	8,438,850	8,035,081	403,769
Public safety:				
General management	1,220,970	1,228,840	1,190,811	38,029
Fire	3,607,720	3,623,020	3,581,510	41,510
Police	3,956,880	3,837,060	3,609,223	227,837
Police capital outlay	118,800	114,200	114,193	7
Total public safety	8,904,370	8,803,120	8,495,737	307,383
Public works:				
Engineering	494,290	500,770	476,924	23,846
Motor maintenance	707,900	690,690	599,459	91,231
Buildings and grounds maintenance	1,722,500	1,676,550	1,587,695	88,855
Cemetery	442,430	396,470	349,019	47,451
Total public works	3,367,120	3,264,480	3,013,097	251,383
Recreation	1,747,020	1,770,110	1,761,862	8,248
Total expenditures	21,830,940	22,276,560	21,305,777	970,783
Excess of revenues over expenditures	373,760	477,791	1,462,746	984,955
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	9,190	9,195	5
Transfers out	(500,000)	(501,040)	(503,975)	(2,935)
Transfers in	886,170	827,210	739,715	(87,495)
Total other financing sources (uses)	396,170	335,360	244,935	(90,425)
Net change in fund balances	769,930	813,151	1,707,681	894,530
Fund balances, beginning of year	5,501,604	5,501,604	5,501,604	-
Fund balances, end of year	$ 6,271,534	$ 6,314,755	$ 7,209,285	$ 894,530

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds			
ASSETS	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund Conference & Parking Deck Fund	Totals
CURRENT ASSETS				
Cash	$ 2,163,691	$ 1,051,854	$ 58,368	$ 3,273,913
Accounts receivable, net of allowances	58,259	52,646	-	110,905
Prepaid items	-	1,134	-	1,134
Due from other funds	12,608	-	157,829	170,437
Total current assets	2,234,558	1,105,634	216,197	3,556,389
NONCURRENT ASSETS				
Land	-	85,205	194,860	280,065
Infrastructure	-	16,291,182	-	16,291,182
Buildings	-	-	8,605,815	8,605,815
Furniture, fixtures and equipment	1,982,723	229,539	340,382	2,552,644
	1,982,723	16,605,926	9,141,057	27,729,706
Accumulated depreciation	(1,641,161)	(2,984,206)	(7,705,602)	(12,330,969)
Total capital assets	341,562	13,621,720	1,435,455	15,398,737
Total assets	2,576,120	14,727,354	1,651,652	18,955,126
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	44,885	13,440	-	58,325
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	229,491	57,571	5,163	292,225
Accrued liabilities	22,554	6,248	-	28,802
Compensated absences payable	78,521	12,290	-	90,811
Due to other funds	377,883	44,982	-	422,865
Due to component unit	-	-	157,829	157,829
Unearned revenue	907,618	394,624	-	1,302,242
Total current liabilities	1,616,067	515,715	162,992	2,294,774
NONCURRENT LIABILITIES				
Compensated absences - long term	13,857	2,169	-	16,026
Net pension liability	299,191	89,584	-	388,775
Net OPEB obligation	793,188	206,650	-	999,838
Advances from other funds	294,785	23,096	-	317,881
Total noncurrent liabilities	1,401,021	321,499	-	1,722,520
Total liabilities	3,017,088	837,214	162,992	4,017,294
DEFERRED INFLOWS OF RESOURCES				
Pension related items	717	215	-	932
NET POSITION (DEFICIT)				
Investment in capital assets	341,562	13,621,720	1,435,455	15,398,737
Unrestricted	(738,362)	281,645	53,205	(403,512)
Total net position (deficit)	$ (396,800)	$ 13,903,365	$ 1,488,660	$ 14,995,225

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, 2015

	Business-type Activities - Enterprise Funds			
	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund: Conference & Parking Deck Fund	Totals
OPERATING REVENUE				
Storm water fees	$ -	$ 1,074,406	$ -	$ 1,074,406
Sanitation fees	2,225,141	-	-	2,225,141
Miscellaneous	62,378	1,790	5,040	69,208
Total operating revenues	2,287,519	1,076,196	5,040	3,368,755
OPERATING EXPENSES				
Cost of sales and services	2,009,091	588,595	191,637	2,789,323
Depreciation	143,476	249,461	299,789	692,726
Total operating expenses	2,152,567	838,056	491,426	3,482,049
Net income (loss) before transfers and capital contributions	134,952	238,140	(486,386)	(113,294)
Transfers in	-	12,000	157,829	169,829
Capital contributions	-	9,971,779	-	9,971,779
Transfers out	(104,510)	(218,571)	-	(323,081)
Total transfers and capital contributions	(104,510)	9,765,208	157,829	9,818,527
Change in net position	30,442	10,003,348	(328,557)	9,705,233
Total net position (deficit), beginning, restated	(427,242)	3,900,017	1,817,217	5,289,992
Total net position (deficit), ending	$ (396,800)	$ 13,903,365	$ 1,488,660	$ 14,995,225

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, 2015

	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	$ 2,406,728	$ 1,121,944	$ 5,040	$ 3,533,712
Payments to suppliers	(794,298)	(308,383)	(180,078)	(1,282,759)
Payments to employees	(966,884)	(260,599)	-	(1,227,483)
Net cash provided by (used in) operating activities	645,546	552,962	(175,038)	1,023,470
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	12,000	143,368	155,368
Transfers out to other funds	(104,510)	(218,571)	-	(323,081)
Receipt (repayment) of advances from other funds	(152,125)	23,096	-	(129,029)
Net cash provided by (used in) non-capital financing activities	(256,635)	(183,475)	143,368	(296,742)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	(174,624)	-	(174,624)
Net cash used in capital and related financing activities	-	(174,624)	-	(174,624)
Net increase (decrease) in cash	388,911	194,863	(31,670)	552,104
Cash, beginning of year	1,774,780	856,991	90,038	2,721,809
Cash, end of year	$ 2,163,691	$ 1,051,854	$ 58,368	$ 3,273,913
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 134,952	$ 238,140	$ (486,386)	$ (113,294)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	143,476	249,461	299,789	692,726
Change in assets and liabilities:				
Decrease in fees receivable	45,550	16,801	-	62,351
Increase in prepaid items	-	(1,134)	-	(1,134)
Increase in due from other funds	(12,608)	-	-	(12,608)
Increase in deferred outflows for pension items	(44,885)	(13,440)	-	(58,325)
Increase (decrease) in accounts payable	151,417	55,395	(2,337)	204,475
Increase in accrued liabilities	22,554	6,248	-	28,802
Increase in compensated absences payable	6,607	2,724	-	9,331
Increase in net OPEB obligation	77,564	28,068	-	105,632
Decrease in unearned revenue	(48,011)	(12,484)	-	(60,495)
Increase in due to component unit	-	-	14,461	14,461
Increase (decrease) in due to other funds	148,295	(22,996)	(565)	124,734
Increase in net pension liability	19,918	5,964	-	25,882
Increase in deferred inflows for pension items	717	215	-	932
Net cash provided by (used in) operating activities	$ 645,546	$ 552,962	$ (175,038)	$ 1,023,470
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets	$ -	$ 9,971,779	$ -	$ 9,971,779

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

ASSETS	Pension Trust Fund	Agency Funds
Cash	$ 1,112,112	$ 3,488,529
Uncollected taxes	-	735,319
Investments:		
Corporate obligations	5,913,625	-
Mutual funds	18,526,370	-
U.S. government and government agency obligations	12,216,511	-
Benefits receivable	73,831	-
Total assets	37,842,449	4,223,848
LIABILITIES		
Due to others	43,886	4,165,850
Due to component unit	-	57,998
Total liabilities	43,886	4,223,848
NET POSITION		
Net position restricted for pension benefits	$ 37,798,563	$ -

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

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ADDITIONS	
Contributions	
Plan member contributions	$ 974,037
Employer contributions	904,872
Total contributions	1,878,909
Investment earnings	
Net appreciation in fair value of investments	1,306,368
Interest and dividends	590,254
Total investment earnings	1,896,622
Less investment expense	116,300
Net investment earnings	1,780,322
Total additions	3,659,231
DEDUCTIONS	
Benefit payments	1,942,626
Refunds paid to Plan members and beneficiaries	251,191
Administrative fees	46,989
Total deductions	2,240,806
Change in net position	1,418,425
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	36,380,138
End of year	$ 37,798,563

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, 2015, 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 Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City's deferred charge on refunding qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows / Inflows of Resources (Continued)

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.

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, 2015 will be recognized as revenue on a straight-line basis and increase net position over the remaining life of the contract.

The City also reports as deferred inflows of resources items that 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 and intergovernmental revenue 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.

Finally, the City also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity (Continued)

Fund balance classifications (continued):

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.

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 deferred outflows of resources, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pensions

The City of Decatur Employees' Retirement System uses a single fiduciary fund to maintain its financial records. The fiduciary fund is accounted for on a flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized at the time they are incurred. Employer contributions are recognized when due and employee contributions are recognized when due as deductions from the employees' payroll. Benefit payments are recognized when due and payable in accordance with the terms of the Plan. Contribution refunds are recognized when due and payable in accordance with the terms of the Plan and City procedures for termination.

O. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 $106,068,846 difference are as follows:

Capital leases payable	$	(962,713)
Certificates of participation		(3,095,000)
Claims and judgments payable		(91,468)
Accrued interest payable		(1,355,495)
Net OPEB obligation		(12,594,120)
Notes payable		(5,520,653)
Bonds payable		(83,355,737)
Deferred charges from bond refunding		2,089,055
Compensated absences		(1,182,715)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(106,068,846)

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

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

Another element of that reconciliation explains that "the deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds." The details of this $3,602,990 difference are as follows:

Deferred outflows of resources - pension related items	$	634,140
Net pension liability		(4,226,996)
Deferred inflows of resources - pension related items		(10,134)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(3,602,990)

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 estimated useful lives and reported as depreciation expense." The details of this $6,665,326 difference are as follows:

Capital outlay	$	9,494,630
Depreciation expense		(2,829,304)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	6,665,326

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

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

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $1,679,297 difference are as follows:

Issuance of refunding bond	$	(29,895,000)
Original issue premium		(2,336,966)
Principal retirements		2,031,880
Refunding deposit with escrow agent		31,623,796
Amortization of premiums		255,587
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	1,679,297

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 $980,574 difference are as follows:

Compensated absences	$	(32,726)
Claims and judgments		(24,489)
Net other postemployment benefits (OPEB) obligation		(1,705,825)
Accrued interest		439,863
Net pension liability and related deferred outflows and deferred inflows of resources		342,603
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(980,574)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

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

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

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2015:

Grant Fund	$	3,944
Hotel / Motel Tax Fund		29
Debt Service Fund		6
General Fund departments:		
General government - commission		13,457

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, 2015:

Investment	Maturities	Fair Value
Deposits with Financial Institutions	---	$ 22,762,564
Guaranteed Investment Contract	June 1, 2028	265,353
Georgia Fund 1 - cash equivalents	56 days	2,968,143
Total		$ 25,996,060
As reported in the Statement of Net Position:		
Cash and cash equivalents		$ 17,572,860
Restricted:		
Cash and cash equivalents		4,669,318
Investments		265,353
Cash and cash equivalents - Agency Funds		3,488,529
Total		$ 25,996,060

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. The investments in Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value. As of June 30, 2015, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Credit risk (continued): The City's guaranteed contract with GMA was not rated as of June 30, 2015. 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, 2015, the City did not have any deposits where were uninsured or under collateralized, as defined by State statutes.

Interest rate risk: With regard to its investments (aside from those held in the Pension Trust Fund), the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

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NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Pension Trust Fund (Continued)

As of June 30, 2015, the Pension Trust Fund had $36,656,506 invested in the following types of investments as categorized by credit risk (ratings by Moody's):

Investment		Fair Value	Credit Quality
Corporate obligations	$	65,560	AAA
Corporate obligations		659,151	AA1
Corporate obligations		231,201	AA2
Corporate obligations		1,005,655	AA3
Corporate obligations		1,418,526	A1
Corporate obligations		986,400	A2
Corporate obligations		519,397	A3
Corporate obligations		245,397	BAA1
Corporate obligations		149,285	BAA2
Corporate obligations		124,299	BAA3
Corporate obligations		508,754	not rated
U.S. government and agency bonds		6,627,402	AAA
U.S. government and agency bonds		5,589,109	not rated
Mutual funds invested in equities		18,526,370	not rated
Total	$	36,656,506	

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).

Concentration: On June 30, 2015, 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.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2015, the Pension Trust Fund had $36,656,506 invested in the following investments as categorized by interest rate risk:

Investment		Fair Value	Weighted Average Maturity (Years)
Corporate obligations	$	5,913,625	5.45
U.S. government and agency bonds		12,216,511	6.31
Mutual funds invested in equities		18,526,370	---
Total	$	36,656,506	

Rate of Return: For the year ended June 30, 2015, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 4.63%. 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, 2015, 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.

NOTE 5. RECEIVABLES (Continued)

Receivables at June 30, 2015, 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	$ 341,850	$ 60,322	$ 52,266	$ 48,424	$ 502,862
Other	305,199	-	-	323,739	628,938
Less allowance for uncollectible	(19,652)	(1,482)	(2,689)	-	(23,823)
Net total receivable	$ 627,397	$ 58,840	$ 49,577	$ 372,163	$ 1,107,977

	Stormwater	Solid Waste	Proprietary Funds Total
Receivables:			
Accounts	$ 82,702	$ 99,965	$ 182,667
Less allowance for uncollectible	(30,056)	(41,706)	(71,762)
Net total receivable	$ 52,646	$ 58,259	$ 110,905

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, 2015, 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, 2015, 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	33,491,612	1,976,121	(9,212,499)	(22,281,238)	3,973,996
Total	37,354,638	1,976,121	(9,212,499)	(22,281,238)	7,837,022
Capital assets, being depreciated:					
Land improvements	3,700,280	-	-	-	3,700,280
Infrastructure	25,412,050	803,596	(759,280)	-	25,456,366
Buildings and improvements	29,918,548	5,081,297	-	22,281,238	57,281,083
Machinery and equipment	5,296,199	1,633,616	-	-	6,929,815
Vehicles	5,256,893	-	(137,842)	-	5,119,051
Total	69,583,970	7,518,509	(897,122)	22,281,238	98,486,595
Less accumulated depreciation for:					
Land improvements	(917,809)	(74,561)	-	-	(992,370)
Infrastructure	(16,143,755)	(612,039)	-	-	(16,755,794)
Buildings and improvements	(5,746,471)	(1,446,619)	-	-	(7,193,090)
Machinery and equipment	(3,497,808)	(344,229)	-	-	(3,842,037)
Vehicles	(3,893,870)	(351,856)	133,208	-	(4,112,518)
Total	(30,199,713)	(2,829,304)	133,208	-	(32,895,809)
Total capital assets, being depreciated, net	39,384,257	4,689,205	(763,914)	22,281,238	65,590,786
Governmental activities capital assets, net	$ 76,738,895	$ 6,665,326	$ (9,976,413)	$ -	$ 73,427,808

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

Governmental activities:	
General government	$ 372,064
Public safety	1,032,985
Public works	921,277
Recreation	502,978
Total depreciation expense - governmental activities	$ 2,829,304

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 280,065	$ -	$ -	$ 280,065
Total	280,065	-	-	280,065
Capital assets, being depreciated:				
Infrastructure	6,319,403	9,971,779	-	16,291,182
Buildings	8,605,815	-	-	8,605,815
Furniture, fixtures, and equipment	2,526,356	26,288	-	2,552,644
Total	17,451,574	9,998,067	-	27,449,641
Less accumulated depreciation for:				
Infrastructure	(2,537,828)	(242,065)	-	(2,779,893)
Buildings	(7,200,679)	(274,241)	-	(7,474,920)
Furniture, fixtures, and equipment	(1,899,736)	(176,420)	-	(2,076,156)
Total	(11,638,243)	(692,726)	-	(12,330,969)
Total capital assets, being depreciated, net	5,813,331	9,305,341	-	15,118,672
Business-type activities capital assets, net	$ 6,093,396	$ 9,305,341	$ -	$ 15,398,737

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

Business-type activities:	
Solid Waste	$ 143,476
Stormwater	249,461
Conference Center and Parking Deck	299,789
Total depreciation expense - business-type activities	$ 692,726

NOTE 6. CAPITAL ASSETS (CONTINUED)

Component Unit

Capital asset activity for the Decatur Downtown Development Authority for the fiscal year ended June 30, 2015, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land	$ -	$ 1,056,290	$ -	$ 1,056,290
Total	-	1,056,290	-	1,056,290
Capital assets, being depreciated:				
Buildings	-	379,210	-	379,210
Leasehold Improvements	1,139,834	-	-	1,139,834
Total	1,139,834	379,210	-	1,519,044
Less accumulated depreciation for:				
Buildings	-	(6,320)	-	(6,320)
Leasehold Improvements	(107,648)	(47,493)	-	(155,141)
Total	(107,648)	(53,813)	-	(161,461)
Total capital assets, being depreciated, net	1,032,186	325,397	-	1,357,583
Decatur Downtown Development Authority capital assets, net	$ 1,032,186	$ 1,381,687	$ -	$ 2,413,873

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NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 31,180,000	$ 29,895,000	$ (29,910,000)	$ 31,165,000	$ 610,000
Revenue bonds	47,761,183	-	(1,000,133)	46,761,050	1,016,341
Plus issuance premium	3,468,215	2,336,966	(375,494)	5,429,687	-
Total bonds payable	82,409,398	32,231,966	(31,285,627)	83,355,737	1,626,341
Capital leases	1,299,460	-	(336,747)	962,713	343,483
Notes payable	5,415,000	-	-	5,415,000	1,770,000
Plus issuance premium	175,487	-	(69,834)	105,653	-
Total notes payable	5,590,487	-	(69,834)	5,520,653	1,770,000
Certificates of participation	3,225,000	-	(130,000)	3,095,000	130,000
Claims and judgments	66,979	50,672	(26,183)	91,468	35,750
Net OPEB obligation	10,888,295	2,256,256	(550,431)	12,594,120	-
Net pension liability	3,945,593	3,644,360	(3,362,957)	4,226,996	-
Compensated absences	1,149,989	1,088,722	(1,055,996)	1,182,715	1,064,445
Governmental activity Long-term liabilities	$ 108,575,201	$ 39,271,976	$ (36,817,775)	$ 111,029,402	$ 4,970,019

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Net OPEB obligation	$ 894,206	$ 149,330	$ (43,698)	$ 999,838	$ -
Net pension liability	362,893	335,066	(309,184)	388,775	-
Compensated absences	97,506	63,980	(54,649)	106,837	90,811
Business-type activity Long-term liabilities	$ 1,354,605	$ 548,376	$ (407,531)	$ 1,495,450	$ 90,811

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

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, 2015 is $1,766,326 and there has been $449,224 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,	
2016	$ 362,367
2017	323,695
2018	313,036
Total minimum lease payments	999,098
Less amount representing interest	36,385
Present value of future minimum lease payments	$ 962,713

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:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
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	$ 163,850	$ 5,578,850

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation. In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City's participation totaling $1,320,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal 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.

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.

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation (continued). 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, 2015, the floating rate being paid by the City is 0.38% and the market value of this agreement is $365,060, an increase of $55,150 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, 2015 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. In February 2015, the City negotiated an interest rate reduction from 3.91% to 2.60%. This rate reduction did not change the outstanding balance of the certificates of participation or the future maturities with regard to principal payments.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	$ 130,000	$ 111,563	$ 241,563
2017	135,000	105,470	240,470
2018	145,000	101,960	246,960
2019	150,000	98,190	248,190
2020	155,000	94,290	249,290
2021-2025	865,000	408,010	1,273,010
2026-2028	1,515,000	193,170	1,708,170
Total	$ 3,095,000	$ 1,112,653	$ 4,207,653

General Obligation Bonds. In January 2007 the City issued $33,245,000 of Various Purpose Series 2007 General Obligation Bonds. 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. In April 2015, the City issued $29,895,000 of City of Decatur 2015 Obligation Refunding Bonds. The proceeds from the bonds were used to refund $29,345,000 of the Series 2007 Bonds and to pay the costs of issuance. The bonds bear interest at rates ranging from 2% – 3.25% and mature on January 1, 2037. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

NOTE 7. LONG-TERM DEBT (Continued)

General Obligation Bonds (continued). The refunding transaction undertaken by the City in April 2015 resulted in aggregate debt service savings of $3,415,064 and an economic gain (net present value of the aggregate debt service savings) of $2,665,325.

As part of the refunding mentioned above, the City defeased certain outstanding general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2015, the outstanding amount of General Obligation Bonds, Series 2007 considered defeased is $29,345,000.

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.

The City's total debt service requirements to maturity on all of its outstanding bond issues are shown in the table on the following page.

NOTE 7. LONG-TERM DEBT (Continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	$ 1,626,341	$ 2,943,359	$ 4,569,700
2017	6,822,622	3,130,530	9,953,152
2018	1,893,979	3,028,493	4,922,472
2019	1,965,418	2,973,841	4,939,259
2020	2,046,943	2,909,488	4,956,431
2021-2025	11,635,992	13,479,059	25,115,051
2026-2030	15,140,445	10,408,726	25,549,171
2031-2035	19,023,314	6,436,346	25,459,660
2036-2040	12,465,996	2,531,636	14,997,632
2041-2044	5,305,000	616,563	5,921,563
Total	$ 77,926,050	$ 48,458,041	$ 126,384,091

Decatur Downtown Development Authority

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Decatur DDA:					
Bonds payable	$ -	$ 1,785,000	$ -	$ 1,785,000	$ 65,000
Note payable	-	590,750	-	590,750	-
Decatur DDA Long-term liabilities	$ -	$ 2,375,750	$ -	$ 2,375,750	$ 65,000

Bonds Payable. In December 2014, the Decatur DDA issued $1,785,000 in City of Decatur SRS 2014 Sinking Bond (Scottish Rite Project) bonds. Principal and interest payments begin July 1, 2015 through January 1, 2030 at an interest rate of 4.6%. The bonds will be paid back from rental income to be received by the Decatur DDA from the tenant currently occupying the building acquired with the proceeds from the bonds. Debt service requirements to maturity on the bonds payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	$ 65,000	$ 85,075	$ 150,075
2017	70,000	79,120	149,120
2018	80,000	75,900	155,900
2019	85,000	72,220	157,220
2020	90,000	68,310	158,310
2021-2025	580,000	271,630	851,630
2026-2030	815,000	117,760	932,760
Total	$ 1,785,000	$ 770,015	$ 2,555,015

NOTE 7. LONG-TERM DEBT (Continued)

Decatur Downtown Development Authority (Continued)

Note Payable. In August 2014, the Decatur DDA issued a note payable to a local financial institution in the amount of $590,750 for the purpose of acquiring property held for resale in the City of Decatur. Interest accrues on the note at a fixed rate of 4.25% and interest only payments commenced in September 2014 and will continue until principal and interest come due beginning in September 2016. At that time, monthly payments of principal and interest shall be paid until the maturity date of July 27, 2017. The principal and interest payments commencing in September 2016 will be computed by the lender as the amount necessary to amortize the original principal of the note at an interest rate of 4.25% over an amortization period of two hundred forty (240) months. On July 27, 2017, the remaining balance of the note will be due in full.

Debt service requirements to maturity on the note payable are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2016	$ -	$ 25,525	$ 25,525
2017	15,883	24,954	40,837
2018	574,867	2,036	576,903
Total	$ 590,750	$ 52,515	$ 643,265

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	$ 14,394
Component unit - Downtown Development Authority	Primary government - Nonmajor enterprise funds	157,829
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	57,998
Primary government - Capital Improvement Fund	Component unit - Downtown Development Authority	50,000
		$ 280,221

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

The composition of interfund balances as of June 30, 2015, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 323,219
General Fund	Stormwater Utility Fund	23,471
General Fund	2010 URA Bonds Fund	263,285
General Fund	Capital Improvement Fund	424
General Fund	2013 URA Bonds Fund	1,198
URA Callaway Building Project Fund	2010 URA Bonds Fund	25,000
Capital Improvement Fund	Solid Waste Fund	377,083
Capital Improvement Fund	2013 URA Bonds Fund	530,913
Capital Improvement Fund	Nonmajor governmental funds	61,719
Capital Improvement Fund	Stormwater Utility Fund	21,511
Capital Improvement Fund	2010 URA Bonds Fund	403,028
Debt Service Fund	2010 URA Bonds Fund	34,549
Nonmajor governmental funds	General Fund	3,665
Nonmajor governmental funds	Capital Improvement Fund	4,364
Nonmajor governmental funds	Solid Waste Fund	800
Solid Waste Fund	General Fund	12,608
Nonmajor enterprise funds	Nonmajor governmental funds	157,829
Total		$ 2,244,666

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	$ 294,785
Capital Improvement Fund	Stormwater Utility Fund	23,096
Capital Improvement Fund	Nonmajor governmental funds	19,544
		$ 337,425

The amounts payable from the Solid Waste Fund, the Stormwater Utility 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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Solid Waste Fund	$ 104,510
General Fund	Nonmajor governmental funds	427,634
General Fund	Stormwater Utility Fund	207,571
		$ 739,715
2010 URA Bonds Fund	Capital Improvement Fund	$ 872,960
2013 URA Bonds Fund	Capital Improvement Fund	$ 1,475,514
Capital Improvement Fund	Nonmajor governmental funds	$ 18,000
Capital Improvement Fund	Stormwater Utility Fund	11,000
		$ 29,000
Nonmajor governmental funds	General Fund	$ 503,975
Nonmajor enterprise funds	Nonmajor governmental funds	$ 157,829
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, 2015, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	94
Terminated vested participants not yet receiving benefits	4
Active participants	193
	291

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	14% 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, 2015, the City's contribution rate was 8.16% of covered payroll.

Net Pension Liability of the City

Effective July 1, 2014, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0% for inflation plus merit increases of 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, 2015 valuation were based on the results of the most recent experience study which was completed in August 2015 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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, 2015 are: Domestic fixed income equities securities – 1.7% and Domestic equities – 7.3%.

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.

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	$ 40,688,624	$ 36,380,138	$ 4,308,486
Changes for the year:			
Service cost	895,868	-	895,868
Interest	3,036,569	-	3,036,569
Differences between expected and actual experience	(12,910)	-	(12,910)
Contributions—employer	-	904,872	(904,872)
Contributions—employee	-	974,037	(974,037)
Net investment income	-	1,780,322	(1,780,322)
Benefit payments, including refunds of employee contributions	(2,193,817)	(2,193,817)	-
Administrative expense	-	(46,989)	46,989
Net changes	1,725,710	1,418,425	307,285
Balances at 6/30/15	$ 42,414,334	$ 37,798,563	$ 4,615,771

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.

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%)
$ 9,281,348	$ 4,615,771	$ 412,549

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, 2015 and the current sharing pattern of costs between employer and employee.

NOTE 9. PENSION PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2015, the City recognized pension expense of $530,758. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 11,066
Net difference between projected and actual earnings on pension plan investments	692,465	-
Total	$ 692,465	$ 11,066

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	$ 171,272
2017	171,272
2018	171,272
2019	171,272
2020	(1,845)
Thereafter	(1,844)
Total	$ 681,399

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.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

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 and the actuarial assumptions from the most recent valuation date (July 1, 2014) with actuarial roll-forward techniques used to calculate the below as of the interim valuation date (July 1, 2015):

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)
7/1/2015	-	$ 33,265,095	$ 33,265,095	0.0%	$ 9,860,654	337.4%

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 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, 2015, is as follows:

Annual required contribution	$ 2,459,496
Interest on net OPEB obligation	412,388
Adjustments to annual required contribution	(466,298)
Annual OPEB cost	2,405,586
Contributions made	(594,129)
Increase in net OPEB obligation	1,811,457
Net OPEB obligation, beginning of year	11,782,501
Net OPEB obligation, end of year	$ 13,593,958

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost (Continued)

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, 2015	$ 2,405,586	$ 594,129	25%	$ 13,593,958
June 30, 2014	2,587,187	553,192	21%	11,782,501
June 30, 2013	1,966,295	365,181	19%	9,748,506

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, 2015, there were 54 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, 2015, were $69,482 and $124,887, 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, 2015, there were 5 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2015, were $22,099.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2015, the City's 2013 URA Bonds Fund had a deficit fund balance of $244,573. This deficit in fund balance is related to the unearned revenue reported by the fund of $555,958 which will be recognized as revenue when a transaction between the City and the City Schools of Decatur is completed.

For the year ended June 30, 2015, the City's Solid Waste Fund had a deficit net position of $396,800. 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
2015	$ 66,979	$ 50,672	$ 26,183	$ 91,468
2014	29,104	50,131	12,256	66,979

Health Insurance

Beginning in fiscal year 2015, the City is now partially self-insured for employee medical claims. The City pays approximately 80% of the premium equivalent rates for each employee. The annual out-of-pocket maximum for employees is $3,000 per individual; $6,000 per family for in-network services. Each employee's portion of the medical premium cost is deducted from that employee's paycheck. Employees may opt out of the group health insurance coverage if they certify that that have alternate coverage.

The City is responsible for aggregate claims equivalent to $9,924 per year per participating employee or roughly $2,381,600. If the total claims reach this amount, a private insurance carrier will pay the remaining claims. In addition to the aggregate limit, the City's self-insurance is limited to $75,000 per individual per plan year. After an individual's claims reach this amount, the private insurance carrier will pay any additional medical claims. This activity is recorded in the General Fund and the ending claims payable liability is included in the accrued liabilities reported by the General Fund as June 30, 2015.

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
2015	$ -	$ 1,816,833	$ 1,647,005	$ 169,828

NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)

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. There is presently one (1) case pending where it is possible the City will incur a loss to settle the matter; however, a range for the loss cannot be reasonably estimated at this time.

Contractual Commitments:

For the fiscal year ended June 30, 2015, contractual commitments on uncompleted contracts were $1,207,215.

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 $552,236 for the year ended June 30, 2015. 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.

NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 9 above, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* effective July 1, 2014. This new standard significantly changed the City's accounting for pension amounts. As a result of this change in accounting principle, the City was required to restate beginning net position for governmental activities as shown below:

Net position, governmental activities, as previously reported	$ 2,746,003
Remove net pension asset, as reported under GASB 27	(558,980)
Net pension liability, beginning balance	(3,945,593)
Beginning net position, governmental activities, restated	$ (1,758,570)

NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

In addition to the restatement to Governmental Activities, the City is also required to restate the beginning net position of the Solid Waste Fund, the Stormwater Utility Fund, and Business-type Activities overall for their share of the net pension liability. The restatements to the above mentioned opinion units are shown below:

Net position (deficit), Solid Waste Fund, as previously reported	$ (111,230)
Remove net pension asset, as reported under GASB 27	(36,739)
Net pension liability, beginning balance	(279,273)
Beginning net position (deficit), Solid Waste Fund, restated	$ (427,242)

Net position, Stormwater Utility Fund, as previously reported	$ 3,992,805
Remove net pension asset, as reported under GASB 27	(9,168)
Net pension liability, beginning balance	(83,620)
Beginning net position, Stormwater Utility Fund, restated	$ 3,900,017

Net position, business-type activities, as previously reported	$ 5,698,792
Restatement to beginning net position, Solid Waste Fund	(316,012)
Restatement to beginning net position, Stormwater Utility Fund	(92,788)
Beginning net position, business-type activities, restated	$ 5,289,992

REQUIRED SUPPLEMENTARY INFORMATION

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)
7/1/2015	(3)	-	$ 33,265,095	$ 33,265,095	0.0%	$ 9,860,654	337.4%
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.

(3) The valuation performed as of 7/1/2015 is an interim valuation performed using the same assumptions as the 7/1/2014 valuation with actuarial roll-forward techniques used to calculate the actuarial accrued liability as of the interim valuation date.

CITY OF DECATUR, GEORGIA

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

	2015	2014
Total pension liability		
Service cost	$ 895,868	$ 889,392
Interest on total pension liability	3,036,569	2,861,732
Differences between expected and actual experience	(12,910)	611,982
Benefit payments, including refunds of employee contributions	(2,193,817)	(1,883,023)
Net change in total pension liability	1,725,710	2,480,083
Total pension liability - beginning	40,688,624	38,208,541
Total pension liability - ending (a)	$ 42,414,334	$ 40,688,624
Plan fiduciary net position		
Contributions - employer	$ 904,872	$ 892,161
Contributions - employee	974,037	970,477
Net investment income	1,780,322	5,379,030
Benefit payments, including refunds of member contributions	(2,193,817)	(1,883,023)
Administrative expenses	(46,989)	(47,909)
Net change in plan fiduciary net position	1,418,425	5,310,736
Plan fiduciary net position - beginning	36,380,138	31,069,402
Plan fiduciary net position - ending (b)	$ 37,798,563	$ 36,380,138
City's net pension liability - ending (a) - (b)	$ 4,615,771	$ 4,308,486
Plan fiduciary net position as a percentage of the total pension liability	89.12%	89.41%
Covered-employee payroll	$ 10,315,075	$ 10,159,477
City's net pension liability as a percentage of covered-employee payroll	44.75%	42.41%

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

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 861,769	$ 839,456	$ 824,767	$ 794,420	$ 843,607
Contributions in relation to the actuarially determined contribution	904,872	892,161	846,745	799,121	798,184
Contribution deficiency (excess)	$ (43,103)	$ (52,705)	$ (21,978)	$ (4,701)	$ 45,423
Covered employee payroll	$ 10,315,075	$ 10,159,477	$ 10,012,057	$ 9,918,986	$ 10,237,604
Contributions as a percentage of covered-employee payroll	8.77%	8.78%	8.46%	8.06%	7.80%

	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 781,383	$ 733,779	$ 729,462	$ 770,443	$ 790,460
Contributions in relation to the actuarially determined contribution	826,543	763,973	749,274	783,658	790,460
Contribution deficiency (excess)	$ (45,160)	$ (30,194)	$ (19,812)	$ (13,215)	$ -
Covered employee payroll	$ 9,999,934	$ 10,518,679	$ 9,424,366	$ 8,305,214	$ 7,909,378
Contributions as a percentage of covered-employee payroll	8.27%	7.26%	7.95%	9.44%	9.99%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2015
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

	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	4.6%	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, 2015

	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	$ 12,075	$ 264,080	$ 4,692	$ 1,199,215	$ 148,065	$ 179,843	$ -	$ 165,332	$ 1,973,302
Taxes receivable	-	-	-	-	-	48,424	-	-	48,424
Other receivables	-	54,069	-	315	2,700	-	266,655	-	323,739
Due from other funds	-	-	-	-	165	-	4,364	4,300	8,829
Prepaid items	-	-	-	9,619	-	-	-	-	9,619
Restricted cash	-	-	-	-	-	-	1,045,891	-	1,045,891
		-		-					
Total assets	$ 12,075	$ 318,149	$ 4,692	$ 1,209,149	$ 150,930	$ 228,267	$ 1,316,910	$ 169,632	$ 3,409,804
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ 48,140	$ -	$ 13,510	$ 8,000	$ -	$ 297,055	$ -	$ 366,705
Accrued expenditures	-	-	-	32,015	-	-	96,763	2,959	131,737
Due to component unit	-	-	-	-	-	14,394	-	-	14,394
Due to other funds	-	95,240	3,000	181,681	-	209,310	53,536	-	542,767
Advances from other funds	-	-	-	19,544	-	-	-	-	19,544
Total liabilities	-	143,380	3,000	246,750	8,000	223,704	447,354	2,959	1,075,147
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - intergovernmental	-	-	-	-	-	-	60,768	-	60,768
FUND BALANCES									
Nonspendable:									
Prepaid items	-	-	-	9,619	-	-	-	-	9,619
Restricted:									
Law enforcement	12,075	-	1,692	-	-	-	-	-	13,767
E911 services	-	174,769	-	-	-	-	-	-	174,769
Tourism	-	-	-	-	-	4,563	-	-	4,563
Capital construction	-	-	-	-	-	-	808,788	-	808,788
Committed:									
Tree preservation	-	-	-	-	142,930	-	-	-	142,930
Children and youth services	-	-	-	952,780	-	-	-	-	952,780
Assigned:									
Cemetery operations	-	-	-	-	-	-	-	166,673	166,673
Total fund balance	12,075	174,769	1,692	962,399	142,930	4,563	808,788	166,673	2,273,889
Total liabilities, deferred inflows of resources and fund balances	$ 12,075	$ 318,149	$ 4,692	$ 1,209,149	$ 150,930	$ 228,267	$ 1,316,910	$ 169,632	$ 3,409,804

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2015

	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	$ -	$ -	$ -	$ -	$ -	$ 552,236	$ -	$ -	$ 552,236
Charges for services	-	575,432	-	1,548,805	14,859	-	-	-	2,139,096
Intergovernmental	-	-	3,500	2,219	-	-	680,290	-	686,009
Fines and forfeitures	3,373	-	-	-	-	-	-	-	3,373
Interest	5	-	-	-	-	-	2,734	-	2,739
Miscellaneous	-	-	-	-	-	-	-	64,950	64,950
Contributions	-	-	-	112,000	-	-	-	-	112,000
Total revenues	3,378	575,432	3,500	1,663,024	14,859	552,236	683,024	64,950	3,560,403
EXPENDITURES									
Current:									
General government	-	-	-	-	35,615	177,829	10,367	19,428	243,239
Public safety	700	876,007	6,044	-	-	-	-	-	882,751
Culture and recreation	-	-	-	1,651,355	-	-	-	-	1,651,355
Capital outlay	-	-	-	-	-	-	1,901,909	-	1,901,909
Debt service:									
Principal	-	27,041	-	-	-	-	-	-	27,041
Interest	-	3,684	-	-	-	-	-	-	3,684
Bond issuance costs	-	-	-	-	-	-	608,170	-	608,170
Total expenditures	700	906,732	6,044	1,651,355	35,615	177,829	2,520,446	19,428	5,318,149
Excess (deficiency) of revenues over expenditures	2,678	(331,300)	(2,544)	11,669	(20,756)	374,407	(1,837,422)	45,522	(1,757,746)
Other financing sources (uses):									
Issuance of refunding bonds	-	-	-	-	-	-	29,895,000	-	29,895,000
Original issue premium	-	-	-	-	-	-	2,336,966	-	2,336,966
Proceeds from the sale of capital assets	-	-	-	-	-	-	16,176	-	16,176
Transfers in	-	350,000	3,975	150,000	-	-	-	-	503,975
Refunding deposit with escrow agent	-	-	-	-	-	-	(31,623,796)	-	(31,623,796)
Transfers out	-	-	-	-	-	(394,408)	(191,055)	(30,000)	(615,463)
Total other financing sources (uses)	-	350,000	3,975	150,000	-	(394,408)	433,291	(30,000)	512,858
Net change in fund balances	2,678	18,700	1,431	161,669	(20,756)	(20,001)	(1,404,131)	15,522	(1,244,888)
FUND BALANCES, beginning of year	9,397	156,069	261	800,730	163,686	24,564	2,212,919	151,151	3,518,777
FUND BALANCES, end of year	$ 12,075	$ 174,769	$ 1,692	$ 962,399	$ 142,930	$ 4,563	$ 808,788	$ 166,673	$ 2,273,889

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ -	$ 3,370	$ 3,373	3
Interest	10	-	5	$ 5
Total revenue	10	3,370	3,378	8
EXPENDITURES				
Public safety	2,500	700	700	-
Net change in fund balances	(2,490)	2,670	2,678	8
FUND BALANCES, beginning of year	9,397	9,397	9,397	-
FUND BALANCES, end of year	$ 6,907	$ 12,067	$ 12,075	$ 8

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 510,000	$ 573,410	$ 575,432	$ 2,022
EXPENDITURES				
Public safety	911,400	917,770	876,007	41,763
Debt service:				
Principal retirements	38,600	28,600	27,041	1,559
Interest and fiscal charges	-	-	3,684	(3,684)
Total expenditures	950,000	946,370	906,732	39,638
Deficiency of revenues over expenditures	(440,000)	(372,960)	(331,300)	41,660
OTHER FINANCING SOURCES				
Capital leases	30,000	30,000	-	(30,000)
Transfers in	300,000	350,000	350,000	-
Total other financing sources	330,000	380,000	350,000	(30,000)
Net change in fund balances	(110,000)	7,040	18,700	11,660
FUND BALANCES, beginning of year	156,069	156,069	156,069	-
FUND BALANCES, end of year	$ 46,069	$ 163,109	$ 174,769	$ 11,660

CITY OF DECATUR, GEORGIA
GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 3,500	$ 3,500	$ 3,500	$ -
EXPENDITURES				
Public safety	2,100	2,100	6,044	(3,944)
Excess (deficiency) of revenues over expenditures	1,400	1,400	(2,544)	(3,944)
OTHER FINANCING SOURCES				
Transfer in	-	-	3,975	3,975
Net change in fund balances	1,400	1,400	1,431	31
FUND BALANCES, beginning of year	261	261	261	-
FUND BALANCES, end of year	$ 1,661	$ 1,661	$ 1,692	$ 31

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 1,331,840	$ 1,545,000	$ 1,548,805	$ 3,805
Intergovernmental	-	2,210	2,219	9
Contributions	111,870	112,000	112,000	-
Total revenue	1,443,710	1,659,210	1,663,024	3,814
EXPENDITURES				
Recreation	1,936,570	1,836,220	1,651,355	184,865
Debt service:				
Principal retirements	9,800	9,800	-	9,800
Interest and fiscal charges	500	500	-	500
Total expenditures	1,946,870	1,846,520	1,651,355	195,165
Excess (deficiency) of revenues over expenditures	(503,160)	(187,310)	11,669	198,979
OTHER FINANCING SOURCES				
Transfer in	200,000	150,000	150,000	-
Net change in fund balances	(303,160)	(37,310)	161,669	198,979
FUND BALANCES, beginning of year	800,730	800,730	800,730	-
FUND BALANCES, end of year	$ 497,570	$ 763,420	$ 962,399	$ 198,979

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 15,000	$ 55,000	$ 14,859	$ (40,141)
EXPENDITURES				
General government	10,000	80,000	35,615	44,385
Excess (deficiency) of revenues over expenditures	5,000	(25,000)	(20,756)	4,244
OTHER FINANCING SOURCES				
Transfer in	-	1,040	-	(1,040)
Net change in fund balances	5,000	(23,960)	(20,756)	3,204
FUND BALANCES, beginning of year	163,686	163,686	163,686	-
FUND BALANCES, end of year	$ 168,686	$ 139,726	$ 142,930	$ 3,204

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 475,000	$ 552,000	$ 552,236	$ 236
EXPENDITURES				
General government	155,750	177,800	177,829	(29)
Excess of revenues over expenditures	319,250	374,200	374,407	207
OTHER FINANCING USES				
Transfers out	(339,250)	(394,370)	(394,408)	(38)
Net change in fund balances	(20,000)	(20,170)	(20,001)	169
FUND BALANCES, beginning of year	24,564	24,564	24,564	-
FUND BALANCES, end of year	$ 4,564	$ 4,394	$ 4,563	$ 169

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 2,100,000	$ 2,080,000	$ 2,117,107	$ 37,107
Interest	500	-	-	-
Miscellaneous	108,300	108,300	108,300	-
Total revenues	2,208,800	2,188,300	2,225,407	37,107
EXPENDITURES				
General government	5,000	-	-	-
Debt service:				
Principal retirements	565,000	565,000	565,000	-
Interest and fiscal charges	1,469,050	1,469,050	1,469,056	(6)
Total expenditures	2,039,050	2,034,050	2,034,056	(6)
Net change in fund balances	169,750	154,250	191,351	37,101
FUND BALANCES, beginning of year	6,383,974	6,383,974	6,383,974	-
FUND BALANCES, end of year	$ 6,553,724	$ 6,538,224	$ 6,575,325	$ 37,101

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 309,320	$ 311,940	$ 311,946	$ 6
Total revenues	309,320	311,940	311,946	6
EXPENDITURES				
Debt service:				
Principal retirements	380,140	380,140	380,133	7
Interest and fiscal charges	804,180	804,180	804,169	11
Total expenditures	1,184,320	1,184,320	1,184,302	18
Deficiency of revenues over expenditures	(875,000)	(872,380)	(872,356)	24
OTHER FINANCING SOURCES				
Transfers in	875,000	873,000	872,960	(40)
Total other financing sources	875,000	873,000	872,960	(40)
Net change in fund balances	-	620	604	(16)
FUND BALANCES, beginning of year	1,218	1,218	1,218	-
FUND BALANCES, end of year	$ 1,218	$ 1,838	$ 1,822	$ (16)

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 413,580	$ -	$ -	$ -
Interest	-	7,220	7,303	83
Miscellaneous	-	1,616,990	-	(1,616,990)
Total revenues	413,580	1,624,210	7,303	(1,616,907)
EXPENDITURES				
Capital outlay	2,000,000	6,662,410	6,662,407	3
Debt service:				
Principal retirements	620,000	620,000	620,000	-
Interest and fiscal charges	1,275,410	1,275,410	1,275,389	21
Total expenditures	3,895,410	8,557,820	8,557,796	24
Deficiency of revenues over expenditures	(3,481,830)	(6,933,610)	(8,550,493)	(1,616,883)
OTHER FINANCING SOURCES				
Transfers in	1,481,830	1,551,830	1,475,514	(76,316)
Net change in fund balances	(2,000,000)	(5,381,780)	(7,074,979)	(1,693,199)
FUND BALANCES, beginning of year	6,830,406	6,830,406	6,830,406	-
FUND BALANCES (deficit), end of year	$ 4,830,406	$ 1,448,626	$ (244,573)	$ (1,693,199)

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous	$ 250,000	$ 300,000	$ 300,000	$ -
Total revenues	250,000	300,000	300,000	-
EXPENDITURES				
General government	-	8,500	8,197	303
Debt service:				
Interest and fiscal charges	80,390	80,390	80,384	6
Total expenditures	80,390	88,890	88,581	309
Net change in fund balances	169,610	211,110	211,419	309
FUND BALANCES, beginning of year	5,070,815	5,070,815	5,070,815	-
FUND BALANCES, end of year	$ 5,240,425	$ 5,281,925	$ 5,282,234	$ 309

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 4,370,000	$ 5,970,700	$ 5,970,800	$ 100
Intergovernmental	1,136,330	197,550	185,384	(12,166)
Interest	-	11,380	11,382	2
Miscellaneous	-	67,550	69,541	1,991
Total revenues	5,506,330	6,247,180	6,237,107	(10,073)
EXPENDITURES				
General government	1,518,050	1,054,640	1,026,767	27,873
Public safety	25,500	-	-	-
Capital outlay	2,785,880	800,630	810,759	(10,129)
Debt service:				
Principal retirements	807,000	440,000	439,706	294
Interest and fiscal charges	109,550	100,160	101,139	(979)
Total expenditures	5,245,980	2,395,430	2,378,371	17,059
Excess of revenues over expenditures	260,350	3,851,750	3,858,736	6,986
OTHER FINANCING SOURCES (USES)				
Capital lease	1,081,000	-	-	-
Transfers in	379,000	29,000	29,000	-
Transfers out	(2,356,830)	(2,425,830)	(2,348,474)	77,356
Total other financing sources (uses)	(896,830)	(2,396,830)	(2,319,474)	77,356
Net change in fund balances	(636,480)	1,454,920	1,539,262	84,342
FUND BALANCES, beginning of year	4,437,866	4,437,866	4,437,866	-
FUND BALANCES, end of year	$ 3,801,386	$ 5,892,786	$ 5,977,128	$ 84,342

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 1,644,000	$ 674,100	$ 680,290	$ 6,190
Interest	500	2,730	2,734	4
Miscellaneous	-	16,170	-	(16,170)
Total revenues	1,644,500	693,000	683,024	(9,976)
EXPENDITURES				
General government	3,000	10,400	10,367	33
Capital outlay	3,544,000	1,902,500	1,901,909	591
Debt service:				
Bond issuance costs	-	608,160	608,170	(10)
Total expenditures	3,547,000	2,521,060	2,520,446	614
Deficiency of revenues over expenditures	(1,902,500)	(1,828,060)	(1,837,422)	(9,362)
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	29,895,000	29,895,000	-
Original issue premium	-	2,336,960	2,336,966	6
Proceeds from the sale of capital assets	-	-	16,176	16,176
Refunding deposit with escrow agent	-	(31,623,800)	(31,623,796)	4
Transfers out	(164,000)	(191,100)	(191,055)	45
Total other financing sources (uses)	(164,000)	417,060	433,291	16,231
Net change in fund balances	(2,066,500)	(1,411,000)	(1,404,131)	6,869
FUND BALANCES, beginning of year	2,212,919	2,212,919	2,212,919	-
FUND BALANCES, end of year	$ 146,419	$ 801,919	$ 808,788	$ 6,869

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous	$ 64,950	$ 60,000	$ 64,950	$ 4,950
Total revenues	64,950	60,000	64,950	4,950
EXPENDITURES				
General government	20,000	30,000	19,428	10,572
Excess of revenues over expenditures	44,950	30,000	45,522	15,522
OTHER FINANCING USES				
Transfers out	(30,000)	(30,000)	(30,000)	-
Net change in fund balances	14,950	-	15,522	15,522
FUND BALANCES, beginning of year	151,151	151,151	151,151	-
FUND BALANCES, end of year	$ 166,101	$ 151,151	$ 166,673	$ 15,522

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, 2015

ASSETS	Municipal Court Fund	Board of Education Fund	Downtown Development Authority Fund	Totals
Cash	$ 104,411	$ 3,326,120	$ 57,998	$ 3,488,529
Uncollected taxes	-	735,319	-	735,319
Total assets	$ 104,411	$ 4,061,439	$ 57,998	$ 4,223,848
LIABILITIES				
Due to others	$ 104,411	$ 4,061,439	$ -	$ 4,165,850
Due to component unit	-	-	57,998	57,998
Total liabilities	$ 104,411	$ 4,061,439	$ 57,998	$ 4,223,848

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
MUNICIPAL COURT				
Assets - cash	$ 173,984	$ 1,840,838	$ 1,910,411	$ 104,411
Liabilities - due to others	$ 173,984	$ 1,840,838	$ 1,910,411	$ 104,411
BOARD OF EDUCATION				
Assets:				
Cash	$ 2,378,440	$ 32,298,205	$ 31,350,525	$ 3,326,120
Uncollected taxes	603,116	25,315,958	25,183,755	735,319
Total assets	$ 2,981,556	$ 57,614,163	$ 56,534,280	$ 4,061,439
Liabilities - due to others	$ 2,981,556	$ 57,614,163	$ 56,534,280	$ 4,061,439
DOWNTOWN DEVELOPMENT AUTHORITY				
Assets - cash	$ 41,370	$ 568,852	$ 552,224	$ 57,998
Liabilities - due to component unit	$ 41,370	$ 568,852	$ 552,224	$ 57,998
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 2,593,794	$ 34,707,895	$ 33,813,160	$ 3,488,529
Uncollected taxes	603,116	25,315,958	25,183,755	735,319
Total assets	$ 3,196,910	$ 60,023,853	$ 58,996,915	$ 4,223,848
Liabilities:				
Due to others	$ 3,155,540	$ 59,455,001	$ 58,444,691	$ 4,165,850
Due to component unit	41,370	568,852	552,224	57,998
Total liabilities	$ 3,196,910	$ 60,023,853	$ 58,996,915	$ 4,223,848

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2015

ASSETS	
Cash	$ 627,497
Taxes receivable	15,729
Other receivables	8,872
Due from primary government	215,827
Prepaids	89,827
Land held for resale	695,000
Total assets	$ 1,652,752
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 79,745
Due to primary government	50,000
Total liabilities	129,745
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	6,091
Total deferred inflows of resources	6,091
FUND BALANCE	
Nonspendable - prepaids	89,827
Nonspendable - land held for resale	695,000
Unassigned	732,089
Total fund balance	1,516,916
Total liabilities, deferred inflows of resources, and fund balance	$ 1,652,752

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, 2015

REVENUES	
Taxes	$ 670,287
Miscellaneous	516,280
Total revenues	1,186,567
EXPENDITURES	
Downtown development	2,447,970
Debt service:	
Issuance costs	189,231
Total expenditures	2,637,201
Deficiency of revenues over expenditures	(1,450,634)
OTHER FINANCING SOURCES	
Proceeds from issuance of revenue bonds	1,785,000
Proceeds from issuance of note payable	590,750
Total other financing sources	2,375,750
Net change in fund balance	925,116
FUND BALANCE, beginning of year	591,800
FUND BALANCE, end of year	$ 1,516,916

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DECATUR TOURISM BOARD
JUNE 30, 2015

ASSETS		
Cash	$	134,483
Accounts receivable		3,243
Due from primary government		14,394
Total assets	$	152,120
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued liabilities	$	196
Total liabilities		196
FUND BALANCE		
Restricted for promotion of tourism		151,924
Total fund balance		151,924
Total liabilities and fund balance	$	152,120

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, 2015

REVENUES		
Taxes	$	158,201
Intergovernmental		20,000
Interest		74
Other		26,135
Total revenues		204,410
EXPENDITURES		
Tourism		164,569
Total expenditures		164,569
Net change in fund balance		39,841
FUND BALANCE, beginning of year		112,083
FUND BALANCE, end of year	$	151,924

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 **100**

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 **103**

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

Debt Capacity **111**

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 **115**

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 **118**

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)

	2015	2014	2013	2012
Governmental activities				
Net investment in capital assets	**$ 8,347** (3)	$ 20,161	$ 14,725	$ 12,964
Restricted	**5,233**	310	1,946	2,024
Unrestricted	**(22,540)**	(17,724)	(13,403)	(12,067)
Total governmental activities net position	**$ (8,960)**	$ 2,746	$ 3,268	$ 2,921
Business-type activities				
Net investment in capital assets	**$ 15,399** (3)	$ 6,093	$ 5,574	$ 5,269
Unrestricted	**(404)**	(395)	729	1,424
Total business-type activities net position	**$ 14,995**	$ 5,699	$ 6,303	$ 6,693
Primary government				
Net investment in capital assets	**$ 23,746**	$ 26,254	$ 20,299	$ 18,233
Restricted	**5,233**	310	1,946	2,024
Unrestricted	**(22,944)**	(18,119)	(12,674)	(10,643)
Total primary government net position	**$ 6,035**	$ 8,445	$ 9,571	$ 9,614

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.

(3) During 2015, capital assets were transferred from governmental to business-type activities.

2011	2010	2009	2008	2007	2006
$ 12,718 (2)	$ 52,582	$ 49,255	$ 33,445	$ 28,897 (1)	$ 46,046
1,073	663	129	1,044	823	595
(11,007) (2)	11,384	9,040	12,270	8,875	7,517
$ 2,784 (2)	$ 64,629	$ 58,424	$ 46,759	$ 38,595	$ 54,158
$ 4,448	$ 4,754	$ 5,027	$ 4,661	$ 4,154	$ 3,387
1,743	1,469	1,524	1,054	895	929
$ 6,191	$ 6,223	$ 6,551	$ 5,715	$ 5,049	$ 4,316
$ 17,166	$ 57,336	$ 54,282	$ 38,106	$ 33,051	$ 49,433
1,073	663	129	1,044	823	595
(9,264)	12,853	10,564	13,324	9,770	8,446
$ 8,975	$ 70,852	$ 64,975	$ 52,474	$ 43,644	$ 58,474

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2015	2014	2013	2012
Expenses				
Governmental activities:				
General government	**$ 10,642**	$ 9,244	$ 8,572	$ 7,301
Education	**-**	-	-	-
Public safety	**10,959**	10,804	9,960	9,828
Public works	**4,007**	3,993	3,941	3,935
Recreation	**4,248**	3,934	3,513	3,335
Community & economic development	**-**	-	-	-
Interest on long-term debt	**3,038**	3,522	2,546	2,422
Total governmental activities expenses	**32,894**	31,497	28,532	26,821
Business-type activities:				
Conference center	**491**	485	463	392
Stormwater	**838**	909	537	547
Solid waste	**2,153**	2,170	2,066	1,936
Total business-type activities expenses	**3,482**	3,564	3,066	2,875
Total primary government expenses	**$ 36,376**	$ 35,061	$ 31,598	$ 29,696
Program Revenues				
Governmental activities:				
Charges for services:				
General government	**$ 2,258**	$ 2,258	$ 1,295	$ 1,232
Education	**-**	-	-	-
Public safety	**2,724**	2,371	1,803	2,404
Public works	**92**	102	109	95
Recreation	**2,267**	1,930	1,694	1,510
Community & economic development	**-**	-	-	-
Operating grants and contributions	**440**	456	573	501
Capital grants and contributions	**991**	393	305	605
Total governmental activities program revenues	**8,772**	7,510	5,779	6,347
Business-type activities:				
Charges for services:				
Conference center	**5**	-	-	-
Stormwater	**1,076**	975	968	976
Solid waste	**2,287**	2,327	2,279	2,283
Total business-type activities program revenues	**3,368**	3,302	3,247	3,259
Total primary government program revenues	**$ 12,140**	$ 10,812	$ 9,026	$ 9,606

2011	2010	2009	2008	2007	2006
$ 6,951	$ 6,804	$ 6,382	$ 5,406 (4)	$ 8,589 (4)	$ 8,729
-	2,071	1,314	1,945	2,007	1,845
9,648	10,511	10,295 (7)	8,331	8,043	8,414
3,731	3,883	3,855	3,508	3,310	3,544
2,887	3,041	3,163	2,152	1,865	1,873
-	-	-	-	-	-
1,869	1,878	1,586	1,632 (5)	804 (5)	106
25,084	28,188	26,595	22,974	24,618	24,511
314	325	363 (8)	516	516	561
592	713	641	662	552	793
1,979	2,154	2,017	2,085	2,076	1,945
2,885	3,192	3,021	3,263	3,144	3,299
$ 27,969	$ 31,380	$ 29,616	$ 26,237	$ 27,762	$ 27,810
$ 1,142	$ 842	$ 839	$ 1,229	$ 905	$ 773
36	91	-	249	230	-
2,252	1,985	1,657	1,672	1,500	1,214
79	114	89	103	88	379
1,399	1,322	1,075	776	639	618
-	-	-	-	-	261
324	320	356	657	790	997
624	10,474	16,419 (9)	7,582 (6)	3,362 (6)	8,153
5,856	15,148	20,435	12,268	7,514	12,395
81	84	84	84	79	76
988	928	1,023	984	1,000	973
2,226	2,223	2,266	2,377	2,342	2,332
3,295	3,235	3,373	3,445	3,421	3,381
$ 9,151	$ 18,383	$ 23,808	$ 15,713	$ 10,935	$ 15,776

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2015		2014	2013	2012	
Net (expense)/revenue						
Governmental activities	**$ (24,122)**		$ (23,986)	$ (22,753)	$ (20,474)	
Business-type activities	**(114)**		(262)	181	384	
Total primary government net expense	**$ (24,236)**		$ (24,248)	$ (22,572)	$ (20,090)	
General Revenues and Other Changes in Net Position						
Governmental activities:						
Property taxes	**$ 17,720**		$ 15,058	$ 14,680	$ 14,634	
Franchise taxes	**1,564**		1,451	1,486	1,509	
Sales taxes	**5,675**		4,944	4,580	3,706	
Other taxes	**1,560**		1,500	1,464	1,332	
Unrestricted investment earnings	**21.42**		42	33	37	
Gain on sale of capital assets	**21**		3	-	23	
Miscellaneous	**178**		116	278	67	
Transfers	**(9,819)**	(11)	350	580	(118)	
Special item	**-**		-	-	-	(10)
Total governmental activities	**16,920**		23,464	23,101	21,190	
Business-type activities:						
Other taxes	**-**		-	-	-	
Gain on sale of capital assets	**-**		8	9	-	
Transfers	**9,819**	(11)	(350)	(580)	118	
Total business-type activities	**9,819**		(342)	(571)	118	
Total primary government	**$ 26,739**		$ 23,122	$ 22,530	$ 21,308	
Change in Net Position						
Governmental activities	**$ (7,202)**		$ (522)	$ 348	$ 716	
Business-type activities	**9,705**		(604)	(390)	502	
Total primary government	**$ 2,503**		$ (1,126)	$ (42)	$ 1,218	

NOTES: (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 to growth in the City.

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

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

(4) 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.

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

(6) 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.

2011	2010	2009	2008	2007	2006
$ (19,228)	$ (12,840)	$ (6,160)	$ (10,706)	$ (17,104)	$ (12,116)
409	43	352	182	277	82
$ (18,818)	$ (12,797)	$ (5,808)	$ (10,524)	$ (16,827)	$ (12,034)
$ 14,571	$ 15,135	$ 14,585	$ 14,852	$ 14,456 (1)	$ 11,847
1,466	1,377	1,364	1,354	1,227	1,254
694	617	641	662	608	579
1,397	1,394	1,399	1,397	1,495	1,363
55	151	307	1,081	710 (2)	312
-	-	13	7	1	24
-	-	-	-	-	-
442	371	(484)	(483)	(456)	(595)
(61,242) (10)	-	-	-	(16,500) (3)	-
(42,617)	19,045	17,825	18,870	1,541	14,784
-	-	-	-	-	-
-	-	-	-	-	-
(442)	(371)	484	483	456	595
(442)	(371)	484	483	456	595
$ (43,059)	$ 18,674	$ 18,309	$ 19,353	$ 1,997	$ 15,379
$ (61,845)	$ 6,205	$ 11,665	$ 8,164	$ (15,563)	$ 2,668
(32)	(328)	836	665	733	677
$ (61,877)	$ 5,877	$ 12,501	$ 8,829	$ (14,830)	$ 3,345

(7) 2009 was the first year which the City recorded the Other Postemployment Benefits liability, and a majority of the costs are allocated to the public safety function.

(8) 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.

(9) 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.

(10) 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.

(11) During 2015, capital assets were transferred from governmental to business-type activities.

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
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	18,128
2012	14,634	1,509	3,706 (2)	907	425	21,182
2013	14,680	1,486	4,580	963	501	22,210
2014	15,058	1,451	4,944	997	502	22,952
2015	17,720	1,564	5,675	1,046	513	26,518

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)

	2015	2014	2013	2012
General fund				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved	**-**	-	-	-
Nonspendable - prepaids	**60**	15	15	6
Assigned:				
Greenspace acquisition	**12**	12	12	12
Beacon School redevelopment	**-**	-	3,000	3,000
Next fiscal year operations	**-**	-	654	702
Unassigned	**7,137**	5,475	5,065	5,324
Total general fund	**$ 7,209**	$ 5,502	$ 8,746	$ 9,044
All other governmental funds				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	**-**	-	-	-
Capital projects funds	**-**	-	-	-
Nonspendable - prepaids				
Prepaids	**35**	54	150	42
Advances	**337**	476	334	395
Assets held for resale	**5,089**	5,089	-	-
Restricted:				
Capital construction	**5,108**	11,038	35,890 (3)	15,661
Equipment purchases	**265**	495	659	667
Debt service	**7,496**	7,317	6,862	3,189
Law enforcement	**14**	10	12	12
Public safety	**175**	156	269	278
Tourism	**5**	25	45	61
Committed:				
Tree preservation	**143**	164	51	62
Children and youth services	**953**	796	748	804
Assigned:				
Development activities	**193**	-	-	-
Cemetery operations	**167**	151	78	55
Equipment purchases	**1,049**	892	1,707	255
Unassigned	**(1,163)**	(420)	-	-
Total all other governmental funds	**$ 19,866**	$ 26,243	$ 46,805	$ 21,481

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.

2011	(2)	2010	2009	2008	2007	2006
$ -		$ 23	$ 391	$ 11	$ 64	$ 10
-		7,670	6,300	7,203	6,224	5,524
88		-	-	-	-	-
12		-	-	-	-	-
-		-	-	-	-	-
1,295		-	-	-	-	-
6,965		-	-	-	-	-
$ 8,360		$ 7,693	$ 6,691	$ 7,214	$ 6,288	$ 5,534
$ -		$ 14,985	$ 13,095	$ 17,131	$ 19,952	(1) $ 1,193
-		1,560	1,475	623	482	347
-		1,884	1,560	2,356	542	1,578
1,157		-	-	-	-	-
343		-	-	-	-	-
-		-	-	-	-	-
17,566		-	-	-	-	-
705		-	-	-	-	-
3,949		-	-	-	-	-
12		-	-	-	-	-
331		-	-	-	-	-
81		-	-	-	-	-
40		-	-	-	-	-
1,023		-	-	-	-	-
-		-	-	-	-	-
41		-	-	-	-	-
1,425		-	-	-	-	-
-		-	-	-	-	-
$ 26,672		$ 18,429	$ 16,130	$ 20,110	$ 20,976	$ 3,118

CITY OF DECATUR, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2015	2014	2013	2012
Revenues				
Taxes	**$ 26,500**	$ 22,994	$ 22,354	$ 21,317
Licenses and permits	**1,429**	1,482	882	852
Intergovernmental	**1,621**	1,014	1,010	1,177
Fines and forfeitures	**1,341**	1,171	581	1,153
Charges for services	**3,661**	3,328	3,019	2,875
Interest income	**21**	43	33	37
Other revenues	**838**	632	565	358
Total revenues	**35,411**	30,664	28,444	27,769
Expenditures				
General government	**9,313**	8,432	7,253	6,759
Education	**-**	-	-	-
Public safety	**9,379.49**	9,347	8,990	8,675
Public works	**3,013**	3,171	3,232	3,223
Recreation	**3,413**	3,093	3,016	2,946
Capital outlay	**9,375**	32,103	14,887	6,939
Debt service				
Principal retirements	**2,031.88**	1,367	2,532	2,310
Interest and fiscal charges	**3,734**	3,297	2,394	2,397
Cost of issuance	**608**	168	826	-
Total expenditures	**40,867**	60,978	43,130	33,250
Excess of revenues over (under) expenditures	**(5,456)**	(30,315)	(14,686)	(5,481)
Other financing sources (uses)				
Proceeds from capital leases	**-**	1,030	744	-
Issuance of long-term debt	**29,895**	5,120	34,705	-
Premium on bond issuance	**2,337**	-	3,673	-
Refunding deposit with escrow agent	**(31,624)**	-	-	-
Proceeds from sale of capital assets	**25**	8	10	27
Transfers in	**3,621**	10,981	3,101	2,554
Transfers out	**(3,467)**	(10,631)	(2,521)	(1,607)
Total other financing sources (uses)	**787**	6,508	39,712	974
Special item	**-**	-	-	-
Net change in fund balances	**$ (4,669)**	$ (23,807)	$ 25,026	$ (4,507)
Debt service as a percentage of noncapital expenditures	**18.38%**	16.19%	17.53%	18.00%

NOTE: (1) 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.

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

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

(4) 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.

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

2011	2010	2009	2008	2007	2006
$ 18,323	$ 18,748	$ 17,912	$ 17,789	$ 17,796 (1)	$ 15,133
730	481	440 (7)	758	603	721
891	784	448 (8)	2,323	3,179	3,693
1,039	767	512	485	575	653
2,732	2,682	2,312	2,264	1,867	1,542
55	110	307	1,081	710	312
465	318	452	391	287	1,155
24,235	23,890	22,383	25,091	25,017	23,209
6,523	5,836	5,804	5,327 (4)	8,353	8,518
-	-	10 (9)	561	751	693
8,406	8,430	8,667	8,074	7,793	7,736
3,171	3,139	3,080	2,976	2,663	2,839
2,679	2,745	2,827	2,035	1,752	1,656
4,639	3,502	4,182	4,023 (5)	1,373	3,597
2,198	1,546	259	323	316	262
1,644	1,623	1,592	1,472 (6)	543	108
271	140	-	-	-	-
29,530	26,961	26,421	24,791	23,544	25,409
(5,294)	(3,071)	(4,038)	300	1,473	(2,200)
-	-	-	235	596 (2)	186
13,760	5,900	-	-	33,245 (2)	2,810
-	101	-	-	253	-
-	-	-	-	-	-
3	-	18	7	1	24
9,936	1,446	2,268	830	722	1,338
(9,494)	(1,075)	(2,752)	(1,314)	(1,178)	(1,933)
14,206	6,372	(466)	(242)	33,639	2,425
-	-	-	-	(16,500) (3)	-
$ 8,911	$ 3,301	$ (4,504)	$ 58	$ 18,613	$ 225
15.42% (10)	14.18% (10)	8.32%	8.64%	3.87%	1.70%

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

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

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

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

(10) 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
2006	$ 11,937	$ 1,254	$ 579	$ 909	$ 454	$ 15,133
2007	14,466	1,227	608	951	544	17,796
2008	14,376 (1)	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
2015	17,701	1,564	5,675	1,046	514	26,500

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			
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
2015	1,370,510	210,898	23,124	15,236	28,417

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
$ 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%
131,095	1,517,090	1.162	3,034,180	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		
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
2015	1.070	0.092	1.162	42.63	1.866	0.038	0.05	46.908

Source: City of Decatur Tax Department and Dekalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

Taxpayer	2015 Taxable Assessed Value	2015 Rank	2015 Percentage of Taxable Assessed Value	2006 Taxable Assessed Value	2006 Rank	2006 Percentage of Taxable Assessed Value
DTC Partners LLC	$ 14,798,400	1	0.98 %	$ -	-	- %
RS Decatur Office LLC	11,470,550	2	0.76	-	-	-
Ashton Park Trace Apartments	11,145,650	3	0.73	-	-	-
GH and P Acquisition Entity	9,408,586	4	0.62	-	-	-
Commerce Plaza Office Partners	9,226,689	5	0.61	-	-	-
RREF II DB DRI LLC	9,085,579	6	0.60	-	-	-
G and E Healthcare Reit	8,505,276	7	0.56	-	-	-
AT&T Georgia DBA Bellsouth	8,477,012	8	0.56	13,295,000	1	1.39
Decatur Properties LLC	8,021,050	9	0.53	-	-	-
Georgia Power	6,508,212	10	0.43	3,694,000	6	0.39
First Union Bank	-	-	-	6,204,000	2	0.65
Decatur TownCenter Association	-	-	-	6,095,000	3	0.64
Delos	-	-	-	4,499,000	4	0.47
NationsBank of Georgia	-	-	-	4,128,000	5	0.43
Prime Bank	-	-	-	3,832,000	7	0.40
Park Trace Properties, LTD	-	-	-	3,369,000	8	0.35
Gwinnett Industries	-	-	-	3,102,000	9	0.32
Decatur Professional Investors	-	-	-	2,557,000	10	0.27
	$ 96,647,003		6.37 %	$ 50,775,000		5.31 %

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
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%	19,092	35,851	99.99%
2012	35,781	17,185	48.0%	18,593	35,778	99.99%
2013	36,499	17,139	47.0%	19,356	36,495	99.99%
2014	40,749	17,539	43.0%	23,076	40,615	99.67%

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)

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Note Payable	Capital Leases	Notes Payable	Capital Leases			
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
2015	33,502	49,854	3,095	5,520	963	-	-	92,934	10.49%	4,560

(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 NINE 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	32,175	649	31,526	1.42%	1,631
2012	31,898	1,081	30,817	1.37%	1,576
2013	31,370	1,040	30,330	1.32%	1,528
2014	31,370	969	30,401	1.19%	1,514
2015	33,502	1,160	32,342	1.07%	1,587

(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, 2015
(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	$ 235,695	6.769%	$ 15,954
Certificates of participation	15,730	6.769%	1,065
Intergovernmental contracts	77,680	6.769%	5,258
Fulton Dekalb Hospital Authority	41,380	6.769%	2,801
Total overlapping debt	370,485		25,078
City direct debt:			
General obligation debt	33,502	100.000%	33,502
Revenue bonds	49,854	100.000%	49,854
Capital leases	963	100.000%	963
Notes payable	5,520	100.000%	5,520
Certificates of participation	3,095	100.000%	3,095
	92,934		92,934
Total direct and overlapping debt	$ 463,419		$ 118,012

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 NINE FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	$ 117,204	$ 120,813	$ 124,906	$ 124,437	$ 123,385	$ 125,390	$ 125,872	$ 137,901	$ 164,819
Total net debt applicable to limit	32,047	32,324	32,744	32,372	31,966	31,093	30,858	30,401	32,342
Legal debt margin	$ 85,157	$ 88,489	$ 92,162	$ 92,065	$ 91,419	$ 94,297	$ 95,014	$ 107,500	$ 132,477

Assessed Value	$ 1,517,090
Add back: exempt real property	131,095
Total assessed value	1,648,185
Debt limit (10% of total assessed value)	164,819
Debt applicable to limit:	
General obligation bonds	33,502
Less: Amount set aside for repayment of general obligation debt	(1,160)
Total net debt applicable to limit	32,342
Legal debt margin	$ 132,477
Total net debt applicable to the limit as a percentage of debt limit	19.62%

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)
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	95%	4,157	7.8%
2015	20,380	886,061	43,477	37.6	96%	4,521	6.0%

(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 NINE YEARS AGO

	2015			2006		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dekalb County Government	1,684	1	N/A %	1,100	1	N/A %
Emory University Health Systems	818	2	N/A	239	4	N/A
The City Schools of Decatur (education)	702	3	N/A	481	2	N/A
Agnes Scott College (education)	280	4	N/A	400	3	N/A
DeKalb Medical - Decatur Hospital	216	5	N/A	178	6	N/A
US Postal Service	200	6	N/A	-		N/A
City of Decatur	192	7	N/A	206	5	N/A
Task Force for Global Health	89	8	N/A	-		N/A
Columbia Theological Sem	86	9	N/A	116	8	N/A
DeVry University	72	10	N/A	-	-	N/A
Allied Systems	-	-		175	7	N/A
McCurdy & Candler	-	-		74	9	N/A
Third Millennium	-	-		50	10	N/A
	4,339		N/A %	3,019		N/A %

Source: Various City departments
N/A - Information not available

CITY OF DECATUR, GEORGIA

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

	2015	2014	2013	2012	2011
Function					
General government	**31**	31	27	27	28
Public safety					
Police					
Officers	**42**	42	44	39	44
Civilians	**11**	13	13	13	14
Fire					
Firefighters and officers	**39**	39	39	39	40
Highways and streets					
Engineering	**18**	17	15	13	14
Maintenance	**27**	29	27	27	25
Sanitation	**14**	14	17	17	18
Culture and recreation	**21**	20	17	16	17
Total	**203**	205	199	191	200

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.

2010	2009	2008	2007		2006
27	24	28	29		28
42	41	33	34	(1)	53
13	16	18	15	(1)	27
39	38	39	39		39
14	14	13	13	(1)	20
20	24	28	27	(1)	39
15	19	13	17		17
16	18	19	16		18
186	194	191	190		241

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011
Function					
Physical arrests	**1,132**	1,252	968	1,170	1,363
Parking violations (1)	**4,915**	6,364	9,897	10,497	14,186
Traffic violations (2)	**9,070**	13,591	6,884	10,583	13,112
Fire					
Number of calls answered	**3,483**	3,331	3,409	3,106	2,755
Inspections	**896**	941	1,408	506	764
Highways and streets					
Street resurfacing (miles)	**2.55**	1.43	1.15	1.16	0.80
Potholes repaired	**30**	33	26	30	92
Sanitation					
Refuse collected (tons/day)	**20.13**	20.01	20.12	23.20	27.80
Recyclables collected (tons/day)	**19.70**	20.07	20.00	21.90	22.53
Culture and recreation					
Athletic field permits issued	**280**	248	26 **	195	185
Community center admissions (3)	**47,549**	37,236	16,252	27,628	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.

2010	2009		2008	2007	2006
1,363	1,054		1,179	1,308	1,874
14,186	9,554		11,411	4,230	5,699
13,112	6,820		5,563	8,454	8,011
2,755	2,975		2,927	2,552	2,430
764	1,023		971	884	370
0.80	0.71		-	-	-
92	38		35	40	48
27.80	28.00		36.70	42.28	46.43
22.53	18.25		13.67	10.58	11.92
185	169	**	209	542	608
20,190	13,008		14,409	5,081	6,135

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011
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

2010	2009	2008	2007	2006
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