CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Prepared By:
Administrative Services Department

Janet Kindelberger
City Clerk

CITY OF DECATUR, GEORGIA

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JUNE 30, 2017

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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 13, 2017

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, 2017.

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, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Decatur's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

The City currently occupies a land area of approximately 4.4 square miles and serves an estimated population of 22,800. 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 27 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 2017 real estate property digest shows a growth rate of approximately 8.4% compared to the 2016 digest. Approximately 46% of this increase is due to growth from new construction value with 54% of the increase attributable to revaluation of existing properties. The increase was consistent with local real estate sales reports and permitting activity. The 2017 total millage rate was increased from 13.17 mills to 13.49 mills, with the increase solely for general obligation bond debt service. The operating funds millage rates remained the same in spite of having to absorb funding for increased homestead exemptions that were approved in a November 2016 referendum and applied to the 2017 tax billing in April, 2017.

Actual real estate market sales data for 2017 indicates that property values continue to increase but at a more moderate pace than in previous years. The average sales price of a single-family home increased from $616,000 in November, 2016 to $643,000 in November, 2017, a 4.4% increase. The number of days a home was on the market decreased from 38 days in 2016 to 32 days in 2017. The number of dwellings sold remained stable, decreasing slightly from 293 in 2016 to 286 in 2017, indicating on-going 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 2016, the City issued permits for 60 new detached single-family dwellings and for 67 attached townhouse dwellings while issuing 53 demolition permits for existing dwellings. It is anticipated that by the end of calendar year 2017, the City will issue permits for at least 60 new single-family dwellings, 20 new attached townhouses and demolition permits for 50 existing dwellings. Overall, permit and inspection fees more than doubled increasing from $741,730 in fiscal year 2016 to $1,527,050 in fiscal year 2017. While this is a large increase on an annual basis, permit fees collected this year included two large mixed-use and multi-family projects.

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 early 2018. A 30-unit townhouse community is being developed off of DeKalb Industrial Boulevard on property formerly occupied by DeVry Institute. Phase I has been completed and dwellings are being occupied. Phase II is currently

under construction and should be completed in early 2018. A seven-unit detached residential development behind 1004 Clairemont Avenue has been completed and dwellings are being occupied. A 32-unit attached townhouse development is under construction on the corner of Church Street and Forkner Drive with initial occupancy expected in early 2018 and completion of all phases in late 2018. A 25-unit detached residential subdivision, named Clarke Hill, on Midway near the corner of S. Candler Street is under construction, more than half of the units already occupied, and should be completed in mid-2018. Nearby, a 10-unit detached residential subdivision, named Overlook Park, at the corner of S. Candler Street and Midway Road has been completed and dwellings are being occupied. Both Overlook Park and Clarke Hill subdivisions preserve significant woodland and riparian environmental areas. A 10-unit attached townhouse development is under construction on Northern Avenue near the corner of W. Ponce De Leon Avenue with initial occupancy expected in mid-2018 and completion of all phases in late 2018. A 59-unit attached (27) and detached (32) residential subdivision is to begin construction in early 2018 with initial occupancy expected in early 2019 and completion of all phases in early 2020.

In December, 2015, the City Commission approved an intergovernmental contract between the City and the Decatur Downtown Development Authority (DDDA) to facilitate development of a cottage court pilot project adjacent to the downtown commercial district. A cottage court is a development of smaller single-family homes that share common green space to provide a more affordable housing option for young professionals, empty nesters and service-sector employees in a targeted income range. The cottage court development is one of the new affordable housing options that is allowed by the Unified Development Ordinance and specifically addresses Principle D, Goal 15 “Expand the Variety of High Quality Housing Options to Meet the Needs of a Diverse Community” of the 2010 Strategic Plan.

The DDDA is facilitating the development of this pilot project to prove that a market exists for smaller house options in the City of Decatur and to encourage private sector developers to consider cottage court developments. A parcel of land within walking distance of downtown Decatur was identified and purchased. The DDDA worked with a designer to create a site plan and architectural design options in cooperation with the Historic Preservation Commission and the adjacent neighborhood. The plan has six dwellings with floor areas ranging from 470 square feet to 1,100 square feet. Significant interest in purchasing the residences has already been shown. A construction loan has been secured and construction bids are being evaluated. Construction of this prototype project should begin in 2018.

Commercial Activity

In addition to government-related employers, mainly DeKalb County, the City’s employment base continues to be driven by the professional and service sector industries. The vacancy rate for available office space in the City of Decatur is approximately 15%, slightly higher than the 14% vacancy rate for metropolitan Atlanta office market areas. The vacancy rate increased in the past year due primarily to the closing of the Atlanta Art Institute’s Decatur campus and the reduction of the Devry Institute’s physical campus. Both of these tenants were located in a building adjacent to the Courthouse Square that was recently purchased by an Atlanta area developer. The new owner has submitted plans to renovate the interior and exterior of the building and adjacent parking deck and is aggressively marketing the space. It is expected that the available space will be absorbed within the next 6-8 months. Interest in restaurant activity continues to be strong in downtown Decatur while activity in other commercial districts remains stable. Retail interest has increased and remains a targeted sector for additional activity. The Callaway site mixed-use development currently under construction includes a 35,000 sf office building adding a much needed new office option to downtown Decatur.

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. Tenant occupancy has remained stable at the historic Scottish Rite Hospital property, where a new restaurant completed substantial renovations and has opened.

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.

Construction of a 134 room Hampton Inn is underway in the downtown Decatur district adjacent to the Marriott and the city-owned conference center. The addition of this new hotel will provide much-needed hotel room inventory allowing the conference center to host larger, regional meetings. The new hotel will begin leasing rooms in the first quarter of 2019. The addition of this new hotel will also increase the City's hotel/motel tax revenue.

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. The American Planning Association (APA) recognized Downtown Decatur as a "Top 10 Great Neighborhood" in October, 2013 citing its emphasis on sustainability, transit and a well-designed pedestrian environment as well as for community engagement efforts and a long-term commitment to downtown revitalization.

The City's 2010 strategic plan calls for a mixture of housing types; and the availability of rental apartments has consistently been identified as an underserved market. With the rebounding economy and the availability of financing, three developments containing apartment dwellings were completed between 2016 and 2017. All three show occupancy rates exceeding 90%, exceeding marketing projections and demand remains strong.

The City's Urban Redevelopment Agency purchased the Callaway Building site from DeKalb County in 2013. The County vacated the property in April, 2016 and the property sold to a private developer in August, 2016 for redevelopment as a mid-rise, mixed-use project. The development includes 329 rental apartments, 18,000 square feet of retail space and 34,000 square feet of office space built around a 721-space parking deck. Site work is underway and it is anticipated that that the project will be completed in early 2019.

The Bank of America site in downtown Decatur received plan approval for a new mixed-use project that will break ground in 2018. This site represents one of the last large redevelopment properties available in the downtown Decatur district and is a key gateway into the district. Currently the site is the location of a one-story bank building and a large surface parking lot. The new development will include 232 residential units (29 to be designated affordable); a 4,500 sf new banking facility to replace the existing building; and, 25,000 sf of street level retail surrounding a 486 space parking deck. The site is currently appraised for $2.4 million. The appraised value for the completed project is expected to exceed $70 million.

In the East Decatur commercial district, 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. A master plan for the area was created with funding from the Atlanta Regional Commission's Livable Centers Initiative program. Columbia Ventures was selected as the development partner for this project. The project will include 370 market rate rental apartments and 22,000 square feet of retail and commercial space. Columbia Ventures was successful in obtaining tax credits for a planned 95-unit affordable, senior, independent-living component of the project. Construction is underway with completion expected in 2018. The project also includes a parking deck with spaces for MARTA patrons, project residents and retail and restaurant customers. The project also incorporates a bicycle and pedestrian connection in partnership with the PATH Foundation that connects with the Stone Mountain trail to the north of the project.

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 has developed a capital master plan. Four phases of capital construction have been identified using a combination of capital funding methods to finance the work. City Schools has issued $18 million in certificates of participation (COPs) and construction of Phase I is complete. General obligation bonded debt of $75 million was approved in a referendum that was part of the November 3, 2015 municipal elections. The bonds were sold in February, 2016 and construction of Phases II and III should be completed in early 2018.

The Decatur Housing Authority (DHA) completed the redevelopment of the Gateway Manor apartment complex located off West Trinity Place. This project included demolition of 116 units of subsidized housing and was renamed Trinity Walk. DHA was successful in securing tax credits for the project in 2015 and for 2016. Phase I and II included construction of 121 apartment units that have been completed and occupied. Phase III includes redevelopment of garden apartments located at 1111 Oakview Road. This project includes demolition and reconstruction of 34 units of affordable and workforce housing. DHA was successful in securing tax credits for the project. Construction is expected to begin in mid-2018.

The Task Force for Global Health, one of the largest non-profit organizations in the nation, purchased 90,000 sf Clark Harrison Building located at 330 W. Ponce de Leon Avenue from DeKalb County in 2016 and is currently completing a major interior and exterior renovation of the building. The building will provide more visibility and will serve as the headquarters for the program providing more visibility and much needed expansion space. The Task Force now plans to keep their original building at 325 Swanton Way to accommodate future expansion and be able to lease office space to smaller, aligned non-profit organizations. The Task Force works closely with the CDC to address global health issues and provides over 100, high paying, white collar jobs.

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. Currently, 79 tasks have been completed or are in progress.

In December 2016, the City became aware of the potential sale of the 77-acre United Methodist Children's Home (UMCH) property located adjacent to the existing City limits. Due to the unique and long-term benefits this property represented, the City of Decatur had been expressing interest in acquiring it for the past decade. As a result, the City entered into negotiations to purchase the property. In order to facilitate the purchase, the City worked with local members of the Georgia General Assembly to establish the City of Decatur Public Facilities Authority (PFA) as a conduit for acquiring and financing the acquisition of the property. In addition, to issuing approximately $29 million in revenue bonds, the City and the PFA were able to work with the Georgia Environmental Financing Authority to secure approximately $11 million in funding from the Clean Water State Revolving Fund to purchase for preservation and protection 22 of the 77 acres in a conservation easement. The property was purchased in August, 2017 and the City took possession of the property in October, 2017. A community-based master planning effort is planned to start in January 2018 to create a long-term vision for the property and identify uses.

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. At that time Moody's Investors Service upgraded the City's rating from Aa3 to Aa2 while Standard & Poor's upgraded the City's rating from AA to AA+. In July, 2017, the City of Decatur Public Facilities Authority issued $29.2 million in revenue bonds and Moody's Investors Service upgraded the City's rating from Aa2 to Aa1 and Standard & Poor's confirmed the City's rating at 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. The City's portion of the 2007 bond issue proceeds was approximately $16,653,000. Remaining funds have been allocated to provide funding for the Railroad Crossing Improvements at Candler and McDonough Streets. This should exhaust all funding from the bond issue.

The City has secured grant funding for pedestrian safety improvements to the CSX railroad crossings in the Candler/McDonough/Howard corridor, for the North McDonough Streetscape Improvements project, as well as for Clairemont/Commerce/Church Street Pedestrian Safety and Bicycle Trail Improvements. Matching funds will be provided from the City's capital improvement fund and HOST proceeds. Construction has begun on the Railroad Crossing and North McDonough Improvements and the project is substantially complete. Acquisition of right-of-way for the Clairemont/Commerce/Church Street project should start in 2018 with and construction following in 2019.

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 is being repaid using HOST proceeds.

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 balance and HOST proceeds. The debt is being repaid using HOST proceeds.

Part of the redevelopment of the Beacon Municipal Center included construction of a one million cubic foot regional stormwater management 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, three 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. The final improvement to the main downtown drainage system was completed in 2017. The City has completed a majority of the priority projects identified in the existing comprehensive storm drainage master plan. An update to the stormwater master plan is included in the current and next fiscal year budgets.

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. In October, 2015, the hotel property was sold to Summit Hotel TRS 126, LLC, who retained existing management. Occupancy rates at the hotel have averaged approximately 83%, compared to the US industry average of 69%. 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. This 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 has begun with completion expected in early 2019.

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 has completed a connectivity “hut” at the Beacon Municipal Center and is starting construction of its street level distribution fiber-network. In April, 2015, AT&T announced that it was also bringing giga-byte service to cities within the metropolitan Atlanta area, including Decatur, and has begun installation of fiber in public rights-of-way.

The City’s volume-based sanitation collection system continues to be highly successful. The City currently has reduced landfill deposits by approximately 43%, 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, resulting in 26 tons of electronic equipment being recycled and not sent to the landfill. Since starting the electronics recycling program in 2005, the City has recycled over 678 tons of electronic equipment. In addition, the City recycled 457 tons of glass during fiscal year 2016-17.

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 Smart911 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.

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 adoption 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 currently 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). HOST revenues are required to be used for capital expenditures. Payments began during the 2011-2012 fiscal year. The total amount received during the 2016-2017 fiscal year was approximately $4,364,000. We estimated revenues in the current fiscal year to be approximately $3,500,000. Based on the City's 2017 property values and adopted DeKalb County millage rates, it appears that the HOST distribution payments will be approximately $3,870,000.

On November 7, 2017, DeKalb County voters approved two referenda that restructured the existing HOST and added a Special Purpose Local Option Sales Tax (SPLOST). The new Equalized Homestead Option Sales Tax (EHOST) will apply 100% of the proceeds from a one percent sales tax to fund homestead exemptions applied to DeKalb County's tax levy for general maintenance and operations and for support of the Fulton-DeKalb Hospital Authority. This will equalize the benefit of the sales tax for DeKalb County taxpayers regardless of whether they live in a city or in an unincorporated area.

The SPLOST will provide funding for capital transportation, public safety and limited capital maintenance projects as well as allowing proceeds to cover debt service payments for municipalities that were using HOST proceeds for debt service. It is estimated that the City of Decatur will collect an average of approximately $3,421,500 per year for six years to be used to cover debt service payments for the URA 2010 and URA 2013 bond issues, to plan, design and construct improvements to the Atlanta Avenue intersection with West College Avenue and West Howard Avenue and for other transportation related improvements. It is anticipated that consideration of bond funding for the Atlanta Avenue improvements will be considered in the first half of 2018.

In 2010, Decatur voters approved a referendum providing for the use of a Tax Allocation District (TAD) as a financing mechanism to pay for infrastructure improvements, parks, pedestrian and bicycling amenities and similar public improvements in a specifically designated district using revenues from increased property tax values from new development in the district. Typically, bonds are issued to fund public improvements and the increased tax revenues generated from new development and growth of the tax digest are pledged to pay for the bonds. The tax revenue generated by the base value will continue to flow into the general, school, capital improvement and DDA funds. Only the additional revenues generated by increased tax values will be used to help fund public improvements. Establishment of the district base value does not obligate the City, the City Schools of Decatur or DeKalb County to participate in the TAD.

In December, 2015, the City Commission adopted a redevelopment plan and established the 2015 property values as the "base value" for the East Decatur TAD, the City's first district. By setting the base value, any increase in the tax digest over the district's base value can be used to pay for public improvements. With the start of the Avondale MARTA station redevelopment, it was essential to establish the base value for the district by the end of 2015 so that future new development and property value reevaluations could begin to be credited to the district.

City staff has briefed the City Schools of Decatur Board of Education and Superintendent about the TAD. Additional discussions are scheduled with the Board. It is anticipated that DeKalb County's decision to participate will occur in 2018.

The Georgia General Assembly continues to have the potential to affect the City's future overall financial position. In 2008, the Georgia General Assembly enacted legal limitations to the growth of local real estate digests preventing increases to both residential and commercial real estate values from increasing. The legislation's provisions expired with the establishment of the 2011 real estate digest. In 2012, the Georgia General Assembly adopted legislation that converted 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 indicated that after five years, the change would result in reduced revenue for local governments. This appears to be the case as revenues from motor vehicles taxes has been reduced from approximately $509,000 in FY 2015-2016 to $452,900 in FY 2016-2017. It is possible

that the legislature may consider future actions which could restrict taxes collected based on the value of real property or they 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 local control have primarily occurred due to pronouncements of the Governmental Accounting Standards Board (GASB). Although GASB has no legal authority to impose financial obligations, it has adopted rules that, in effect, manufacture financial commitments for local governments. GASB's recent rule requiring accounting for other postemployment 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 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, employer contributions have been steady, with total payroll costs ranging from 6.25 percent in 2017 to a high of 9.07 percent in 2011. The review concluded that because if its fiscally conservative practices, the City is positioned to strengthen the funded status of its retirement plan more quickly than most other pension plans.

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 the 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. These changes were adopted by the Board of Trustees effective with the funding of the plan for fiscal year beginning July 1, 2017.

The Board of Trustees also approved instituting an 8.5% benefit increase for retirees who retired before March 1, 2001 and a prorated percentage for retirees who retired after March 1, 2001 but before July 1, 2017. The last cost of living increase was approved by the Board in 2001. The actuaries estimate that this change could result in a .99% increase in the employer contribution, amortized over a fifteen-year period.

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; to 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. Local legislation was approved by the Georgia General Assembly and signed by the Governor to hold a referendum on the homestead exemptions during the November 8, 2016 election. All of the exemptions were approved by voters and went into effect with the April, 2017

real property tax billing. The increased exemptions represented $200,000 in reduced revenue to the City of Decatur in fiscal year 2017 and will be approximately $460,000 in fiscal year 2018. Due to increases in the 2017 property tax digest, the City was able to absorb the lost revenue without increasing the millage rate as discussed earlier in this letter.

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

	2016	2014	2012	2010	2008	2006
Very Positive	4%	7%	4%	4%	3%	5%
Somewhat Positive	28%	32%	19%	11%	11%	19%
Neutral	56%	50%	53%	48%	46%	51%
Somewhat Negative	12%	11%	19%	28%	32%	21%
Very Negative	0%	0%	5%	9%	7%	4%

The results of the 2016 survey indicate that respondents generally feel that the potential effect of the economy will be positive to neutral, about the same as they did in 2014. The next survey is scheduled to be conducted in February, 2018.

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.

Conversations over the past five years 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." A key objective for consideration of annexation is the possibility to expand and stabilize the property tax base. A 2014 analysis of potential annexation areas showed 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. Since that study was done, extensive commercial redevelopment has occurred, particularly just outside the northeast City limits.

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 an Annexation Master Plan (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. The City Commission considered moving forward with annexation legislation in the 2016 General Assembly session but decided to concentrate efforts on adoption of legislation supporting the homestead exemption legislation.

Currently, City of Decatur and City Schools of Decatur staff have developed a set of metrics based on housing type characteristics for the impact of any potential annexation area on student enrollment. Presently, applications for annexation of individual residential parcels are not being considered. Annexation of primarily commercial properties is being considered on a case-by-case basis. The City will annex the property formerly housing the UMCH.

Conclusion

The City of Decatur 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 time 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, along with controlled expenditures and continued use of the City's traditional conservative budgeting practices.

Credit 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's finances. 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 City staff who assisted in and contributed to the preparation of this report.

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, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2017

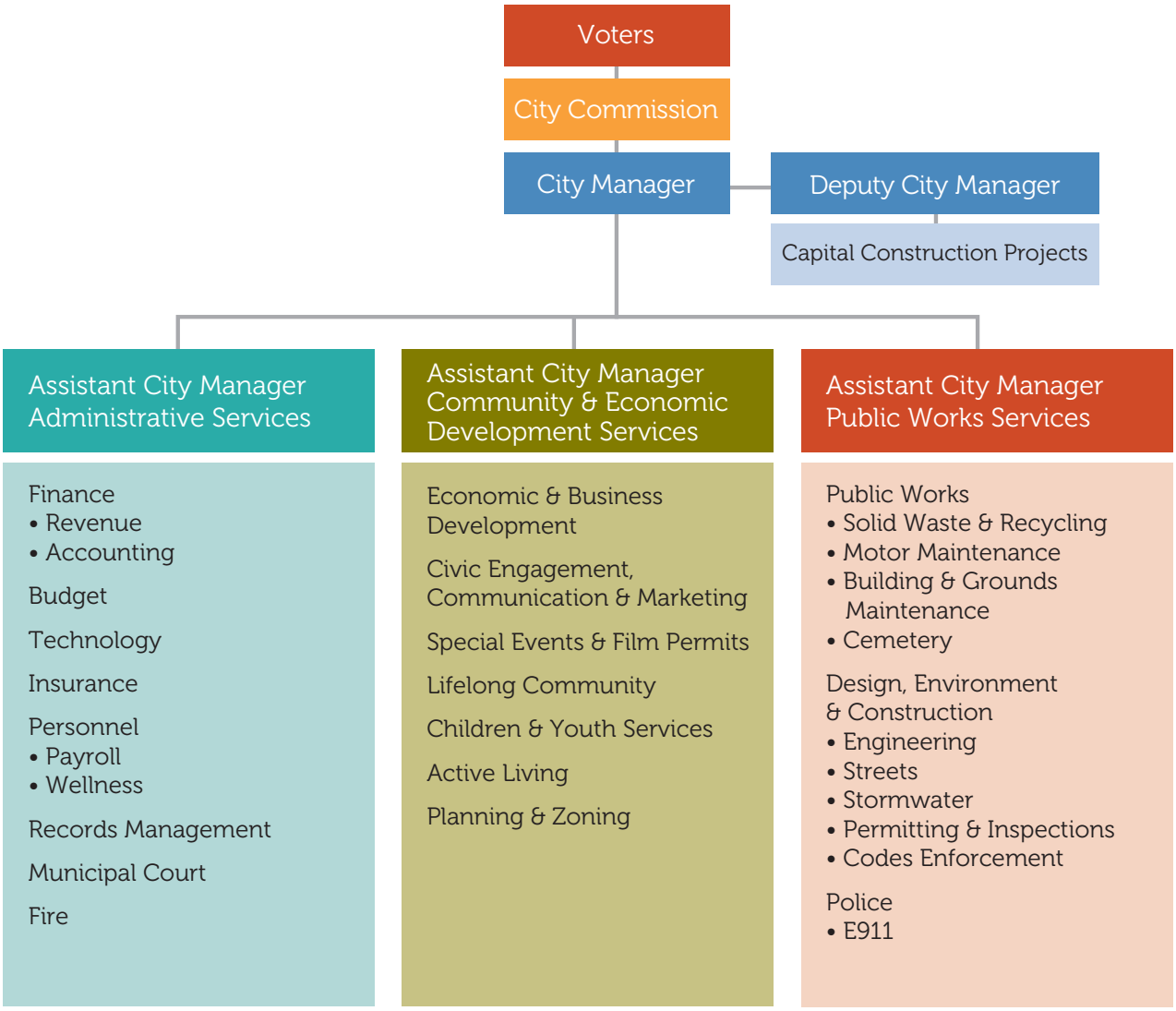
CITY COMMISSION

Patti Garrett	Mayor
Fred C. Boykin, Jr.	Mayor Pro-Tem
Tony Powers	Commissioner
Brian Smith	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



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, 2017, 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, 2017, 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.

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 21) and the pension and other postemployment benefit information (on pages 78 through 81) 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.

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.

Other Information (Continued)

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 13, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 13, 2017

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, 2017. 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 liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $63,539,801 (total deficit net position). The issuance of $75 million in general obligation bonds in fiscal year 2015-2016 created a liability with no offsetting asset because the cash assets as well as capital construction assets are recorded on the City Schools of Decatur financials.

- 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 capital improvement projects. This was the first general obligation debt for the City since 1955 and for the school system since the late 1950s. The bonds were issued in January 2007. Of the overall bond issue, $16,500,000 was transferred to the school system. During this fiscal year, approximately $355,000 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. Congress is currently considering tax reform that would eliminate advance refunding bonds which currently save U.S. taxpayers billions of dollars in interest expense.

- In December 2010, the Urban Redevelopment Agency (URA) of the City of Decatur issued $13,760,000 in recovery zone economic development bonds for major improvements to fire station #1, Decatur recreation center and the public works facility. The capital outlay for these projects was completed in fiscal year 2013-2014. During this fiscal year, the 2010 URA Bonds Fund solely accounted for the debt service obligations associated with the completed capital projects.

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

- In May 2013, the Urban Redevelopment Agency of the City of Decatur issued $29,290,000 in revenue bonds for the construction of the Beacon municipal center to include the police department, E911 operations, and municipal court as well as a regional stormwater project on the site. City Schools of Decatur is responsible for $5,360,000 of the overall bond issue for the school's administrative facility on the site. With the exception of $6,200 for facility equipment, the 2013 URA Bonds Fund solely accounted for the debt service obligations associated with the completed capital projects.

- 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 was selected to purchase and redevelop the site. The property was sold in August 2016 and the final debt service payment was made November 2016.

- In November 2015, Decatur voters approved a $75 million general obligation bond issuance for City Schools of Decatur capital improvements projects. The general obligation bonds were issued in February 2016 and the proceeds were transferred to the school system.

- In August 2017, the City of Decatur Public Facilities Authority (PFA) purchased the 77-acre United Methodist Children's Home property. Two forms of financing were used to finance the purchase of the property. The PFA issued $29,625,000 in revenue bonds and received a loan through the Georgia Environmental Finance Authority from the Clean Water State Revolving Fund in the amount of $11,452,000. This is identified as a subsequent event in Note 18.

- The City had $39,328,968 in expenses related to governmental activities and $10,789,334 or 27% of these expenses were offset by program specific charges for services, grants or contributions. General revenues, before transfers, were $31,669,452 and $22,150,775 or 70% 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 $24,223,851, a decrease of $6,713,365 in comparison with the prior year. The majority of the decrease is due to the transactions related to the sale of the Callaway property. At the end of the current fiscal year, unassigned fund balance for the general fund was $8,497,809 or 37% of total general fund expenditures. The prior year's unassigned fund balance was $7,139,791 or 32% 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 $1,295,872 to $9,716,342. This is comparable to the amount added to the overall general fund balance in the prior year. The increase in the fiscal year 2016-2017 fund balance resulted in large part from actual expenditures that were lower than budgeted expenditures in most departments and actual revenues that were slightly higher than budgeted revenues.

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 22 and 23 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 funds balance sheet and the governmental funds 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, URA Callaway Building Project Fund, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds. Data from the other ten 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 24 through 27 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 28 through 30 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 31 and 32 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 33 through 77 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 ($63,539,801) or $3,835,805 more than the prior year. In general, assets remained stable at $123,116,785. Liabilities decreased by $6,891,976. Bonds payable decreased $7,542,034, notes payable decreased $1,840,368 and the net pension liability decreased $1,138,652. The net OPEB liability increased $2,646,667. More information on the pension liability and OPEB liability can be found in Notes 9 and 10 of the financial statements. Following is a description of the City's net position (in thousands) as compared to the previous year:

City of Decatur Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
Assets						
Current assets	$ 27,130	27,612	$ 2,998	4,068	$ 30,128	$ 31,680
Capital assets	67,064	68,643	15,116	16,221	82,180	84,864
Other non-current assets	11,791	6,573	-	-	11,791	6,573
Total assets	105,985	102,828	18,114	20,289	124,099	123,117
Deferred outflows of resources	7,210	5,161	475	299	7,685	5,460
Liabilities						
Long-term liabilities	190,172	181,681	2,094	2,244	192,266	183,925
Other liabilities	4,476	5,238	1,775	2,462	6,251	7,700
Total liabilities	194,648	186,919	3,869	4,706	198,517	191,625
Deferred inflows of resources	642	491	-	-	642	491
Net Position						
Net investment in capital assets	10,030	13,369	15,116	16,221	25,146	29,590
Restricted	5,969	6,664	-	-	5,969	6,664
Unrestricted	(98,095)	(99,455)	(396)	(339)	(98,491)	(99,794)
Total net position	$ (82,096)	$ (79,422)	$ 14,720	$ 15,882	$ (67,376)	$ (63,540)

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 $6,664,036 or unrestricted deficit $(99,793,995). The negative unrestricted net position results from two significant general obligation issuances on behalf of the city school system. In 2007, the city incurred $33,245,000 in long-term debt of which $16,500,000 was transferred to the school system. In 2016, the city issued $75 million in general obligation bonds all of which was transferred to the school system. With the transfer of title to the school system, neither the cash nor the capital assets related to the school portion of the bond issuances are 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.

Changes in Net Position

At the conclusion of fiscal year 2017 the City's net position improved by $3,835,805, much of which can be attributed to the retirement of the Series 2013C debt service on the Callaway project. The schedule on the following page presents a summary of changes in net position for the fiscal year ending June 30, 2017 (in thousands):

City of Decatur Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
Revenues						
Program revenues:						
Charges for services	$ 6,361	7,142	$ 3,461	$ 4,824	$ 9,822	$ 11,966
Operating grants & contributions	423	306	-	-	423	306
Capital grants & contributions	1,713	3,341	-	-	1,713	3,341
General revenues:						
Property taxes	20,149	22,151	-	-	20,149	22,151
Franchise taxes	1,623	1,704	-	-	1,623	1,704
Sales taxes	5,001	5,504	-	-	5,001	5,504
Other taxes	1,676	1,777	-	-	1,676	1,777
Investment earnings	1,921	479	-	-	1,921	479
Gain on sale of capital assets	-	-	-	-	-	-
Miscellaneous	97	55	-	-	97	55
Total revenues	38,964	42,459	3,461	4,824	42,425	47,283
Expenses						
General government	10,600	11,913	-	-	10,600	11,913
Public safety	12,311	12,592	-	-	12,311	12,592
Public works	4,677	4,759	-	-	4,677	4,759
Recreation	4,556	4,966	-	-	4,556	4,966
Interest on long-term debt	3,989	5,099	-	-	3,989	5,099
Conference center	-	-	497	479	497	479
Stormwater	-	-	803	1,036	803	1,036
Sanitation	-	-	2,424	2,603	2,424	2,603
Total expenses	36,133	39,329	3,724	4,118	39,857	43,447
Income (Loss) before transfers and special item	2,831	3,130	(263)	706	2,568	3,836
Transfers	12	(456)	(12)	456	-	-
Special Item	(75,979)	-	-	-	(75,979)	-
Change in net position	(73,136)	2,674	(275)	1,162	(73,411)	3,836
Net position beginning of year	(8,960)	(82,096)	14,995	14,720	6,035	(67,376)
Net position end of year	$ (82,096)	$ (79,422)	$ 14,720	$ 15,882	$ (67,376)	$ (63,540)

Revenues

Governmental charges for services increased by approximately $781,000 or twelve percent over the previous fiscal year. Within that category, general government charges for services increased $561,000 mostly due to an increase in development related fee revenues. Development activity was exceptionally strong with multiple commercial and residential development projects. Public safety related charges increased three percent from fiscal year 2015-2016. The increase reflects slight improvements in police officer staffing but full staffing has yet to be achieved. Recreation charges for services increased eight 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 Ebster gym and Ebster Recreation Center. Operating grants and contributions were lower mostly due to the termination of the City Schools of Decatur financial contribution to the City's after-school tutoring services. A small decrease in this category is due to less interest on long-term debt as the funds are spent on capital projects. Capital grants and contributions increased by $1,628,055 primarily due to funding from the Georgia Department of Transportation's Transportation Enhancement Program for the railroad crossing improvements and the Oakhurst and Downtown Decatur Phase V streetscapes projects as well as funding from the Department of Transportation through the Atlanta Regional Commission's Livable Centers Initiative for the North McDonough streetscapes project. Property taxes, including real estate and personal property, increased $2,001,949 or almost 10% from the prior year. This increase occurred as a result of an increase in the debt service millage rate to cover the debt service on the school general obligation bonds that were approved by the voters in November 2015. The first debt service payments on the school general obligation bonds were due in fiscal year 2016-2017 in the amount of $2,423,633. Franchise taxes increased $80,190 or almost 5% as a result of an increase in the energy excise tax. Part of that increase represented a correction by DeKalb County to the distribution that should have been included in fiscal year 2015-2016. Sales taxes increased $503,167 due to an increase in revenue from the homestead option sales tax (HOST). 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). Investment earnings decreased $1,441,989 because the non-recurring investment income from the Callaway building was recognized in fiscal year 2015-2016.

Charges for services for business-type activities increased approximately $1,363,169. Of that increase, $984,735 or over 70% is attributed to stormwater activities. About half of the stormwater increase is due to additional participation in the City's regional stormwater management facility. The balance of that increase is due to the $25 increase in the stormwater utility fee from $75 to $100 per equivalent residential unit (ERU). Because of the timing of the fee's adoption, the additional fee first appeared on the final 2016 tax and fee bill for calendar year 2016 as well as the 2017 first installment tax and fee bill for calendar year 2017. The increase in solid waste charges for services results from an increase in June 2016 in the residential sanitation fee from $250 to $275 specifically to cover the costs to provide separate recycling collection service for glass. Similar to the stormwater fee, this additional fee was billed for calendar year 2016 in December 2016 and included on the 2017 first installment bill for calendar year 2017.

Expenses

General Government expenses increased $1,312,219 or 12%. Public Safety expenses increased $280,548 or around 2%; Public Works expenses increased $81,804 or just under 2%; Recreation expenses increased

$410,146 or 9%. Interest on long-term debt increased by $1,110,914. Roughly 42% of the increase in general government is due to increased costs associated with permitting and inspection services provided by a third party. As noted above, there was a corresponding increase in development-related permit fees. Other increases in expenses included a one-time property purchase near Glenlake Park, costs associated with technology planning and assessments, and an increase in the City's own stormwater fee payment since the stormwater fee increased.

Expenses for business-type activities increased $394,362. Conference Center expenses decreased $17,632. Stormwater expenses increased $233,030 primarily due an increase of $174,564 for depreciation. Other increases included the annual OPEB expense ($20,444) and capital project design services ($19,360). Solid Waste expenses increased $178,964. There were increases in the annual OPEB expense ($84,926), recycling services to reflect the separate collection of glass ($72,313) and personnel-related expenses ($62,611).

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 $24,223,851, a decrease of $6,713,365 in comparison with the prior year. The majority of the decrease is due to the sale of the Callaway property for redevelopment. Approximately thirty-five percent of the total amount, $8,380,830, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($15,843,021) is within the following classifications: $2,300,598 is nonspendable which means that it is not available for new spending because it is a non-cash asset such as inventories, prepaid items or advances; $10,660,764 is restricted which means that it is legally restricted for specific purposes. Specifically, this fund balance is restricted for 1) capital construction ($6,099,430); 2) equipment purchases ($193,409); 3) debt service ($4,023,164); 4) law enforcement ($12,083); and 5) Public Safety-E911 ($332,678). $1,387,414 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 ($194,195) and 2) Children and Youth Services ($1,193,219). $1,494,245 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) fiscal year 2018 operations ($1,180,030); 2) greenspace acquisition ($12,765); 3) cemetery operations ($172,584); and 4) equipment purchases ($128,866).

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 $9,716,342, while the total fund balance for all governmental funds was $24,223,851. 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-seven percent of total general fund expenditures. At the end of fiscal year 2015-2016, unassigned fund balance represented thirty-two percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2016 and 2017 (in thousands):

	2016	2017	$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	$ 19,733	$ 19,852	$ 119	% 1
Licenses & permits	653	1,472	819	125
Intergovernmental	399	409	10	3
Fines & forfeitures	707	805	98	14
Charges for services	1,923	1,825	(98)	(5)
Other revenues	178	151	(27)	(15)
Total revenues	23,593	24,514	921	4
Expenditures				
General government	8,200	9,063	863	11
Public safety	8,915	8,523	(392)	(4)
Public works	3,231	3,429	198	6
Recreation	1,855	1,996	141	8
Total expenditures	22,201	23,011	810	4
Excess of revenues over expenditures	1,392	1,503	111	8
Other financing sources (uses)				
Proceeds from sale of capital assets	-	2	2	100
Transfers in	575	726	151	26
Transfers out	(756)	(935)	(179)	24
Total other financing sources (uses)	(181)	(207)	(26)	14
Net change in fund balances	1,211	1,296	85	7
Fund balances, beginning of year	7,209	8,420	1,211	17
Fund balances, end of year	$ 8,420	$ 9,716	$ 1,296	% 15

General Fund Revenues

Revenue from all taxes increased approximately $118,904 or one percent more than the prior year. Most tax categories remained stable. The largest single source of revenue for the City's general fund operations is real property tax which totals over $14,500,000. The total real property tax revenue for fiscal year 2016-2017 was just $20,381 greater than the prior year. Although the digest increased just over 8%, a reduction in the 2016 general fund millage rate from 9.7 to 9.3 and new and expanded homestead exemptions on the 2017 first installment billing impacted tax revenues. Other, non-real estate taxes contributed to the modest increase in tax revenues. The insurance premium tax was $108,784 higher than the previous year and the energy excise tax was $93,720 greater than the prior year. However, the energy excise tax increase represented a correction in the disbursement by the County from the prior year. Intangibles taxes increased 8%, franchise taxes increased 5% and alcohol excise taxes increased 1.5%. Other tax categories decreased. Motor vehicle taxes decreased by $56,452, property transfer taxes reduced by $22,367, and public utility taxes decreased by $9,537. Other tax revenues remained stable. Licenses and permits increased $819,178 or 125% as a result of more revenue from development-related permits. There is a corresponding increase in expenditures for outsourced development permitting and inspections services.

Fines and forfeitures increased $98,211 to $804,893. The increase is in fine revenue related to code violations including an increase of over 140% in school bus stop arm violation revenue. The fines and forfeitures revenue remains about $100,000 lower than the past five-year average for this category. Charges for services decreased $97,966 or 5% in a number of categories. Cemetery service fees dropped $40,701, parking meter fees decreased $35,609, public safety overtime reimbursement decreased $28,728 and tree plan review fees were $28,412 less than the prior year. The parking meter revenue has been negatively impacted by construction in downtown over the past twelve to eighteen months. Overall, general fund revenues increased $920,711 or 4% over the prior year revenues.

General Fund Expenditures

Overall, general fund expenditures increased $809,637 or just under 4% from the prior year and remained well within the overall budget. Most of the increase is in professional services. Within professional services, costs associated with permitting and inspection services provided by a third party increased over $500,000. The permitting and inspection services increased due to increases in commercial and residential development, and in particular, multiple, large commercial projects. As noted earlier, development-related permit fees increased similarly. Legal services, within professional services, increased just over $61,000 due to wide variety of legal matters throughout the year. On the other hand, professional services in Community Development decreased over $140,000 as the community action planning process moved into another phase. Another category that experienced a significant increase was contractual services. In addition to the bi-annual technology assessment, the City worked with the Georgia Tech Research Institute to perform the City's first cybersecurity assessment.

Unlike recent fiscal years, personnel-related expenditures experienced a decrease of over $80,000. In fiscal year 2016-2017, there was no general market adjustment to salary ranges. Instead, employees were eligible for a one-pay period merit based salary adjustment. This was not an increase in base salary, but rather a one-time, merit-based payment equivalent to one pay period's wages. Regular, full-time salary expenditures increased $226,121 or about 2.5%. Alternately, temporary salaries and wages dropped $105,373 or about 7.5%. The City's actuarially determined retirement plan contribution was reduced from 9% to 8% of payroll. For the general fund, this resulted in a savings of over $85,000 in fiscal year 2016-2017. After an increase of over $500,000 in fiscal year 2015-2016, health insurance costs decreased $182,000 from the prior year. It is important to note that health care costs for the City will fluctuate within a partially self-insured plan depending on the number and severity of claims. The general fund's employee health benefits costs of $2,099,283 include approximately $66,000 for wellness programming as well as the cost to fund employee premium discounts for participation in the City's wellness program.

General Government expenditures increased about $863,000 or 11% due to increases in professional services, contractual services, legal services fees and stormwater utility fees. Public Safety decreased $392,000 or 4% with most savings found in personnel-related expenditures. In the Police department, police officer vacancies resulted in a reduction in patrol salaries over $70,000. In the Fire department, employee retirements resulted in salary savings. Across both departments, the reduction in health care related costs resulted in savings. Finally, the three patrol vehicles that are normally included in the general fund budget were funded out of the capital improvements fund budget. Public Works expenditures increased $197,832 or 6%. Thirty-seven percent of the increase is landscape maintenance solely due to increases in tree maintenance and removal. The rest of the increase is in personnel services related to the addition of two crew workers in the prior fiscal year, one each in buildings and grounds maintenance. Recreation expenditures increased $141,632 or 8% which reflects the increases in personnel-related expenditures due to new active living part-time positions for the athletics division and the recreation division at Ebster Recreation Center that were approved in the prior fiscal year. Program fees at both recreation

centers help to offset the costs associated with these positions. Also, contractual services fees were higher including increases in the pool services contract.

Transfers from other funds increased from $574,566 to $725,722 which is an increase of $151,156. The overhead costs charged to the solid waste and stormwater funds were reduced in the prior fiscal year by the amount of the solid waste fee and stormwater fee waivers for seniors as approved by the City Commission in 2015 and 2016. Since the fee waivers were reduced for fiscal year 2016-2017, the transfers from the solid waste and stormwater funds increased. In total, these transfers increased around $159,000 over the prior year. The distribution from the hotel/motel fund increased $11,656 representing the continued growth of the City's hotel/motel tax revenue. Transfers to other funds were $179,205 higher than the prior year as a result of a transfer of $385,000 to the capital improvements fund to purchase property adjacent to Glenlake Park. The transfers to the E911 fund and Children and Youth Services fund to cover operating costs remained the same at $400,000 and $150,000, respectively. Before accounting for transfers, revenues exceeded expenditures by $1,503,488. After accounting for transfers in and out, the addition to fund balance was $1,295,872, resulting in an end of year fund balance of $9,716,342 which is $1,849,982 more than the amount anticipated in the final, revised budget.

Other Fund Activities

URA Callaway Building Project Fund. The URA Callaway Building Project Fund accounted 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. In August 2016, the Urban Redevelopment Agency sold the property to a private developer. The sale proceeds covered the final principal and interest due November 1, 2016 with debt service payments in fiscal year 2016-2017 totaling $5,160,191. The expenditure of $936,270 includes closing-related disbursements as well as a distribution of $460,312 to the Downtown Development Authority. The transfer of $562,550 represents the amount received from the sale of the school maintenance building parcel on the Callaway project site. This amount was transferred to the 2010 URA bonds fund for the purpose of paying debt service. Upon the completion of these transactions, the fund balance was fully depleted.

Capital Improvement Fund. The Capital Improvement Fund's fund balance decreased by $520,840 to $7,190,198. Overall revenues were about $3,078,000 higher than the prior year. HOST revenues increased $464,138, other tax revenues increased $80,964 and intergovernmental revenue was $2,542,331 higher than the previous year. The intergovernmental revenue included funds for the North McDonough streetscapes, railroad crossings project, Clairemont/Church/Commerce intersection improvements design, and funds for the artistic improvements to the MARTA overpass on Trinity Place. 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. In addition to the projects described above, other major capital outlay projects in fiscal year 2017 included streets repair and paving, traffic calming projects, raised crosswalks, sidewalk repair and installation, and lease payments for a variety of vehicles and other equipment. The capital improvement fund transferred about $2,656,000 to other funds for debt service and capital construction projects.

Debt Service Fund. The Debt Service Fund's fund balance, all of which is restricted for the payment of debt service, decreased by $1,360,404. The fund balance is used to cover cash flow needs for debt service payments for the general obligation bonds issued in 2007 and refunded in 2015 as well as the general obligation bonds issued in 2016 for the school system. The fund balance of $4,539,829 is comprised of $991,469 for the City's

debt service, $1,708,580 for the school general obligation debt service and the balance is for the school system's debt service on 2012 sales tax notes in the amount of $5,415,000 which the City is required to report 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 2018. The debt service millage rate was increased by 1.57 mills to 2.49 mills in March 2016 in advance of the first interest payment on the school general obligation debt due August 1, 2016. The debt service millage rate was increased by .32 mills in June 2017 in preparation for the first principal payment on the school general obligation debt due August 1, 2018.

The activities of other non-major governmental funds can be found on pages 82 and 83.

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 through a contract with a parking management vendor. 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 $182,516 and placed in a reserve account with the DDA. This was approximately $7,700 higher than the prior year. The audit includes this amount in 'cost of sales and services.' There were no expenses out of this fund for maintenance and repairs to the conference center's parking deck. Depreciation expenses remained flat. A maintenance reserve account has also been created with revenue from the parking deck management contract. The revenue in this account, as managed by the DDA, is available for maintenance and repairs for the parking deck. The conference center and parking deck fund ended the year with $362,631 in cash available from prior years' service fees 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 $1,500,303 to $15,593,847. The City's regional stormwater management facility represents over $10 million of the fund's total net position. Revenue from annual stormwater fees increased by $984,735. Stormwater fees included $564,801 from fees paid into the regional stormwater facility for the housing authority's Trinity Walk development and the Callaway property development. Operating expenses increased $58,000 due to an increase of $20,000 in OPEB costs, an increase just under $20,000 for capital project design services, and an increase around $11,000 for salaries. The fund transferred $297,750 to the general fund for indirect costs. The transfer to the general fund was increased by $61,750 as the low-income senior fee waiver was modified. Over $1,700,000 was spent on the Barry Street stormwater project and another $45,000 was spent on the Lockwood Terrace/Fairview Street capital project. In June 2016, the City Commission approved an increase in the ERU from $75 to $100. The previous fee had been adopted in 2005. The 2016 final installment billing included the additional $25 per ERU for calendar year 2016 and the 2017 first installment billing billed for the full $100 per ERU for calendar year 2017. The fee increase was needed to address capital stormwater needs. Otherwise, only operating and indirect costs were being covered by the fee revenue with little

remaining for capital improvements. This fund ended the year with over $1,678,000 in cash available for operating and capital expenses.

Solid Waste Fund. The solid waste fund accounts for the collection of fees for residential and commercial sanitation services. Revenues in this fund increased $378,440 or 16% from the prior year. In March 2016, the City Commission increased the single-family residential fee from $240 to $250 and increased rates for the 95 gallon carts and 3 cubic yard containers. The increase in the single-family residential fee was recommended to cover increased recycling hauling costs that had gone into effect in July 2015. An additional increase in the single-family residential fee was approved by the City Commission in June 2016 from $250 to $275 to cover the cost for providing separate recycling collection service for glass. Operating expenses increased $178,964 or 7% with increases in regular salaries, OPEB costs, and recycling services. GASB statement No. 68 was effective for the City on July 1, 2014. In addition to the government-wide financial statements, the net pension liability is reported in two of the proprietary funds including the solid waste fund. The net pension liability for the fund is reported cumulatively over three years at $594,258. This is $66,325 less than the prior year. The transfer to the general fund for indirect costs increased from $57,010 to $154,390 with the adjustment to the residential fee waiver for low-income seniors.

Total net position decreased by $41,149 which increased the fund deficit to $(581,188). By June 30, 2017 the commercial sanitation collection rate for the 2017 service year was 86%. 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, 2017 of $2,700,925 as compared to $2,184,333 in the previous year. 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 $2,689,893 to net position during fiscal year 2016-2017 reflecting the strength in the financial markets. The net position restricted for benefits remains healthy at $40,149,999.

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 27. The original and final budgets anticipated a reduction to fund balance to decrease the total fund balance. Actual revenues were $528,854 more than the final budgeted amounts. Actual general fund expenditures were $1,322,884 less than the final budget. Personnel related services were $723,411 less than budgeted. Specifically, full- and part-time salaries were almost $390,000 less than budgeted and group insurance costs were almost $122,000 less than budgeted. There were significant savings in other line items including contractual services, postage, dues and fees, business meetings, specialized supplies, software, uniforms, gasoline and electric utilities. The budget anticipated using $554,110 in fund balance. Higher revenues and lower than budgeted expenditures resulted in an addition to fund balance of $1,295,872. This is $1,849,982 more than anticipated and resulted in an ending fund balance of $9,716,342.

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, 2017, amounts to $84,864,194 (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 $82,179,209 to $84,864,194 as activity associated with the City's capital improvements program continues steadily. 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, streetscapes improvements, 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 54 through 56 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	
	2016	2017	2016	2017	2016	2017
Land	$ 4,201	$ 4,269	$ 280	$ 280	$ 4,481	$ 4,549
Construction in progress	290	1,841	-	1,753	290	3,594
Land improvements	2,678	2,734	-	-	2,678	2,734
Infrastructure	13,238	15,398	13,374	12,962	26,612	28,360
Building & improvements	42,912	41,174	856	582	43,768	41,756
Machinery & equipment	2,813	2,368	-	-	2,813	2,368
Vehicles	932	859	-	-	932	859
Furniture, fixtures, & equipment	-	-	606	644	606	644
Total	$ 67,064	$ 68,643	$ 15,116	$ 16,221	$ 82,180	$ 84,864

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 $149,863,996 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 2017 is $1,885,143,000 with a current debt limitation for the City of $188,514,000, not including current debt outstanding. Current debt that is applied to the debt limit totals $104,853,000 which leaves
the City with a legal debt margin of $83,661,000. The ratio of the City's outstanding general obligation bond debt to assessed valuation is 6%.

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, 2017 was $1,789,001 and there has been $870,609 of accumulated depreciation as of year-end.

At June 30, 2017, the City had long-term debt in the amount of $183,925,002 which was comprised of $149,863,996 in bonds payable, $31,816,551 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 $2,244,455 in net OPEB obligation, net pension liability and compensated absences in the business-type activities.

The long-term debt in governmental activities includes $1,851,865 in notes payable and related issuance premium for the school system sales tax notes issued in 2012. The long-term debt also 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 general obligation bonds issued in February 2016 for the City Schools of Decatur. 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 term of the certificates of participation. The May 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 City issued general obligation bonds in February 2016 in order to disburse $75 million to the City Schools of Decatur for various capital projects.

Additional information on the City's long-term debt can be found in Note 7 on pages 57 through 62 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's contribution of $859,173 exceeds the actuarially determined contribution for the fiscal year ending June 30, 2017.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 67 went into effect on July 1, 2013. This statement relates to the pension plan accounting and results 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 change 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.

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, 2017, City's total pension liability was $49,344,483. The plan fiduciary net position was $40,149,999 resulting in the City's net pension liability of $9,194,484. The plan fiduciary net position as a percentage of the total pension liability was 81.4%. The plan's funded ratio, an indicator of funding status, increased from 78.4% to 81.4%. According to the Center for State and Local Government Excellence, in 2015 only 38% of plans were over 80% funded. Bear in mind that the total pension liability used to calculate the net pension liability was determined by an actuarial valuation. This evaluation used updated, conservative assumptions based on the results of an experience study that was completed in August 2015 taking into account seven years of data experience. It is important to note that the net pension liability is sensitive to changes in the discount rate. The discount rate of 7% is conservative. An increase in the rate by 1% results in a reduction of the liability of over $5 million.

The City also provides post retirement health and dental care benefits for certain retirees and their dependents. As of July 1, 2015, the most recent actuarial dates, there were 78 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 postemployment benefits in accordance with GASB Standard 45. An independent actuarial analysis determined that the City's cumulative future liability for these benefits or net OPEB obligation was $18,476,200. 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 postemployment 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 2017 certified real property digest is 8% higher than the final 2016 digest. Forty-six percent of the increase in the digest is due to added new value and the remaining fifty-four 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 at a slower pace than the recent years. A number of projects are underway that will have a positive impact on the City's tax digest in the near future. Construction is underway on a Hampton Inn which will add 134 new hotel rooms in downtown Decatur. Based on the current construction schedule, it is expected to be complete by the first quarter of 2019. The addition of the new hotel downtown will attract more conferences and meetings to the city-owned Decatur Conference Center. Construction on the Callaway mixed-use development at West Trinity Place and Commerce Drive is on schedule. The expected completion date for the project is first quarter 2019. The first phase of the Avondale MARTA station redevelopment is on schedule and should be delivered to the market by the fourth quarter of 2018. The project includes 90 units of affordable housing for seniors, targeting individuals making 60-80 percent of the average median income for the Atlanta metropolitan region. Plans are moving forward for the redevelopment of the Bank of America site in Decatur. This critical gateway to downtown will include a new, smaller building for Bank of America, and residential and retail uses fronting Clairemont, Commerce and Church Street. Parking for the project will be underground and the developer is contributing property along Commerce Drive to allow for the extension of the planned bicycle track and wider sidewalks.

Additional growth is anticipated for 2018 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.

According to the federal Bureau of Labor Statistics, the unemployment rate for DeKalb County is currently 4.4%, down from 5.5% 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. 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. The bonds were issued in February 2016. The school enrollment is currently over 5,000 students and the system has projected an additional 2,000 students within the next five years. The overall millage rate, including the school millage rate, is 32.15 mills. This is .32 mills more than the 2016 millage rate. The millage rate was increased to cover the debt service on the City Schools of Decatur general obligation bonds.

In June 2017, Moody's Investors Services upgraded the City's bond credit rating from Aa2 to Aa1. The credit opinion report stated that the City's sound financial position was one of the main factors of the upgrade. Specifically, the report identified the City's established record of proactive management, comprehensive fiscal policies, and healthy fund balance levels as factors contributing to the upgrade. The fiscal year 2016-2017 audit report and the City's current and future practices continue to promote these core financial management principles.

Next Year's Budget

At June 30, 2017, unassigned fund balance in the general fund was $8,497,809. The City has estimated that $1,180,030 will be deducted from fund balance in the 2018 fiscal year budget bringing the total fund balance to $7,317,779 or 29% of budgeted expenditures. This is consistent with the City's fund balance policy which strives to maintain an unreserved, unassigned fund balance between twenty and thirty percent of the operating budget. The budget includes funding for a 2.5% merit increase for employees who are still below the maximum in their salary range, a 5% merit-based general market adjustment for full-time employees and a shift in all full-time salary ranges by 10% based on salary survey data from metropolitan Atlanta cities. The 2018 fiscal year budget includes the addition of four full-time positions; three for operations at the United Methodist Children's Home property and one to meet department operational needs for the Community and Economic Development department. The 2018 budget maintains the partially self-insured model for group health benefits. The 2018 fiscal year budget includes an increase for health insurance costs. To offset the increased costs, employee contributions increased 6%, plan changes were made, and the specific stop loss deductible was increased from $75,000 to $85,000. The City's required contribution to the Employees' Retirement System remained at 8% of payroll based on actuarial funding requirements.

The City closed on the purchase of the 77-acre United Methodist Children's Home (UMCH) at 500 S. Columbia Drive in August 2017. To finance the purchase of the property, the City of Decatur Public Facilities Authority issued $29,625,000 in revenue bonds and received a low-interest loan from the Georgia Environmental Finance Authority for 22 acres of the site that will be permanently protected as a conservation area. Beginning in January, the city will develop plans for the remaining 55 acres and 34 buildings, with extensive public input opportunities. Decatur plans to invest funds in refurbishing the existing athletic fields to bring them up to the city's standards, but this investment will not limit the ability to expand and add athletic fields as part of the final plan.

In fiscal year 2018, the UMCH debt service totals $993,854. The budgeted general fund transfer, rent revenue, and excess HOST proceeds will be adequate to cover the balance due for the UMCH debt service for fiscal year 2018. Looking ahead to fiscal year 2019, debt service obligations for the UMCH will exceed $2,000,000. If there are additional HOST proceeds or if the General Fund balance for FY 16-17 ends up better than budgeted, then those may be options for covering the August 2018 debt service. Future debt service obligations may require a slight millage rate increase.

In November 2017, voters approved a referendum to replace the Homestead Option Sales Tax (HOST) with an Equalized Homestead Option Sales Tax (EHOST). All proceeds from the EHOST will be used to fund homestead exemptions from DeKalb County property tax funds for general county operations and the hospital authority. In addition to the EHOST, voters approved a Special Purpose Local Option Sales Tax (SPLOST) which increases the countywide sales tax by one cent. The SPLOST proceeds will replace the funding the City previously received from HOST. The SPLOST is anticipated to provide around $20,500,000 to the City of Decatur over six years. Approximately $13,500,000 of the SPLOST receipts is committed to debt service for the Urban Redevelopment Agency series 2010A, 2010B and 2013A bonds. The balance will be spent on improvements to the Atlanta Avenue/W. Howard Avenue/W. College Avenue intersection and bicycle, pedestrian and traffic calming improvements.

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. While the City carries the debt obligation liability for the 2016 school general obligation bonds but no offsetting asset, the resulting school improvements should be viewed as a community asset to meet the needs of the growing student population.

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, 2017

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board
Cash and cash equivalents	$ 19,644,774	$ 4,741,766	$ 24,386,540	$ 1,210,659	$ 115,172
Taxes receivable	670,373	-	670,373	17,919	-
Other receivables	404,568	-	404,568	-	-
Accounts receivable, net of allowances	-	350,607	350,607	39,516	-
Due from primary government	-	-	-	398,850	21,535
Due from other governments	3,576,148	-	3,576,148	-	-
Internal balances	1,024,400	(1,024,400)	-	-	-
Prepaid items	1,715,653	-	1,715,653	14,034	-
Restricted:					
Cash equivalents	375,629	-	375,629	-	-
Investments	193,409	-	193,409	-	-
Other current assets	6,500	-	6,500	-	-
Lease receivable	6,229,955	-	6,229,955	868,773	-
Fair value of hedging derivative	343,209	-	343,209	-	-
Capital assets:					
Non-depreciable	6,110,360	2,033,427	8,143,787	1,235,818	-
Depreciable, net of accumulated depreciation	62,532,686	14,187,721	76,720,407	1,237,316	7,071
Total assets	102,827,664	20,289,121	123,116,785	5,022,885	143,778
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on bond refunding	1,899,142	-	1,899,142	-	-
Pension related items	3,261,661	299,329	3,560,990	-	-
Total deferred outflows of resources	5,160,803	299,329	5,460,132	-	-
LIABILITIES					
Accounts payable	832,689	313,814	1,146,503	76,974	140
Accrued liabilities	4,384,353	127,993	4,512,346	-	-
Unearned revenue	-	1,662,603	1,662,603	-	-
Due to component unit	21,535	357,256	378,791	-	-
Certificates of participation due within one year	145,000	-	145,000	-	-
Certificates of participation due in more than one year	2,685,000	-	2,685,000	-	-
Claims and judgments payable due within one year	17,797	-	17,797	-	-
Claims and judgments payable due in more than one year	26,695	-	26,695	-	-
Compensated absences due within one year	966,170	87,075	1,053,245	-	-
Compensated absences due in more than one year	170,500	15,367	185,867	-	-
Capital leases due within one year	374,306	-	374,306	-	-
Capital leases due in more than one year	50,547	-	50,547	-	-
Notes payable due within one year	1,851,865	-	1,851,865	-	-
Bonds payable due within one year	1,893,979	-	1,893,979	80,000	-
Bonds payable due in more than one year	147,970,017	-	147,970,017	1,570,000	-
Net pension liability due in more than one year	8,421,617	772,867	9,194,484	-	-
Net OPEB obligation due in more than one year	17,107,054	1,369,146	18,476,200	-	-
Total liabilities	186,919,124	4,706,121	191,625,245	1,726,974	140
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - intergovernmental	148,264	-	148,264	-	-
Accumulated increase in fair value of hedging derivative	343,209	-	343,209	-	-
Deferred service concession arrangement receipts	-	-	-	1,538,672	-
Total deferred inflows of resources	491,473	-	491,473	1,538,672	-
NET POSITION					
Net investment in capital assets	13,369,010	16,221,148	29,590,158	823,134	7,071
Restricted for capital projects	5,726,764	-	5,726,764	-	-
Restricted for law enforcement	12,083	-	12,083	-	-
Restricted for E911 services	337,578	-	337,578	-	-
Restricted for debt service	587,611	-	587,611	-	-
Restricted for tourism	-	-	-	-	136,567
Unrestricted	(99,455,176)	(338,819)	(99,793,995)	934,105	-
Total net position	$ (79,422,130)	$ 15,882,329	$ (63,539,801)	$ 1,757,239	$ 143,638

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, 2017

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	$ 11,912,736	$ 2,031,445	$ 3,050	$ -
Public safety	12,591,524	2,396,218	-	34,272
Public works	4,759,328	70,885	-	3,307,011
Recreation	4,965,941	2,643,054	535	-
Interest on long-term debt	5,099,439	-	302,864	-
Total governmental activities	39,328,968	7,141,602	306,449	3,341,283
Business-type activities:				
Solid waste	2,602,619	2,715,860	-	-
Stormwater	1,035,829	2,107,882	-	-
Conference center & parking deck	479,307	-	-	-
Total business-type activities	4,117,755	4,823,742	-	-
Total primary government	$ 43,446,723	$ 11,965,344	$ 306,449	$ 3,341,283
Component units:				
Downtown Development Authority	$ 1,397,978	$ -	$ 460,312	$ 48,560
Decatur Tourism Board	209,893	21,074	-	-
Total component units	$ 1,607,871	$ 21,074	$ 460,312	$ 48,560
General revenues:				
Property taxes				
Franchise taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position					
Primary Government				Component Units	
Governmental Activities	Business-type Activities	Total		Downtown Development Authority	Decatur Tourism Board
$ (9,878,241)	$ -	$ (9,878,241)		$ -	$ -
(10,161,034)	-	(10,161,034)		-	-
(1,381,432)	-	(1,381,432)		-	-
(2,322,352)	-	(2,322,352)		-	-
(4,796,575)	-	(4,796,575)		-	-
(28,539,634)	-	(28,539,634)		-	-
-	113,241	113,241		-	-
-	1,072,053	1,072,053		-	-
-	(479,307)	(479,307)		-	-
-	705,987	705,987		-	-
$ (28,539,634)	$ 705,987	$ (27,833,647)		$ -	$ -
-	-	-		(889,106)	-
-	-	-		-	(188,819)
$ -	$ -	$ -		$ (889,106)	$ (188,819)
$ 22,150,775	$ -	$ 22,150,775		$ 826,552	$ -
1,703,646	-	1,703,646		-	-
5,503,756	-	5,503,756		-	-
1,776,959	-	1,776,959		-	187,982
479,466	-	479,466		-	86
54,850	-	54,850		784,928	-
(456,376)	456,376	-		-	-
31,213,076	456,376	31,669,452		1,611,480	188,068
2,673,442	1,162,363	3,835,805		722,374	(751)
(82,095,572)	14,719,966	(67,375,606)		1,034,865	144,389
$ (79,422,130)	$ 15,882,329	$ (63,539,801)		$ 1,757,239	$ 143,638

CITY OF DECATUR, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	General Fund	URA Callaway Building Project Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 10,891,574	$ -	$ 4,421,324	$ 2,099,317	$ 2,232,559	$ 19,644,774
Taxes receivable	426,490	-	37,075	149,863	56,945	670,373
Other receivables	322,965	-	-	-	81,603	404,568
Due from other funds	252,606	-	818,068	-	284,097	1,354,771
Due from other governments	-	-	1,356,568	1,840,000	-	3,196,568
Restricted:						
Cash equivalents	-	-	-	-	375,629	375,629
Investments	-	-	193,409	-	-	193,409
Advances to other funds	-	-	584,945	-	-	584,945
Prepaid expenditures	25,738	-	781,118	523,541	385,256	1,715,653
Other current assets	6,500	-	-	-	-	6,500
Total assets	$ 11,925,873	$ -	$ 8,192,507	$ 4,612,721	$ 3,416,089	$ 28,147,190
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 768,761	$ -	$ -	$ -	$ 63,928	$ 832,689
Accrued liabilities	1,029,564	-	710,455	-	64,415	1,804,434
Due to component unit	-	-	-	-	21,535	21,535
Due to other funds	290,754	-	284,097	-	320,512	895,363
Advances from other funds	-	-	-	-	19,953	19,953
Total liabilities	2,089,079	-	994,552	-	490,343	3,573,974
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	120,452	-	7,757	72,892	-	201,101
Deferred revenue - intergovernmental	-	-	-	-	148,264	148,264
Total deferred inflows of resources	120,452	-	7,757	72,892	148,264	349,365
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaids	25,738	-	781,118	523,541	385,256	1,715,653
Advances	-	-	584,945	-	-	584,945
Restricted:						
Capital construction	-	-	5,501,860	-	597,570	6,099,430
Equipment purchases	-	-	193,409	-	-	193,409
Debt service	-	-	-	4,016,288	6,876	4,023,164
Law enforcement	-	-	-	-	12,083	12,083
E911 services	-	-	-	-	332,678	332,678
Committed:						
Tree preservation	-	-	-	-	194,195	194,195
Children and youth services	-	-	-	-	1,193,219	1,193,219
Assigned:						
Fiscal year 2018 operations	1,180,030	-	-	-	-	1,180,030
Greenspace acquisition	12,765	-	-	-	-	12,765
Cemetery operations	-	-	-	-	172,584	172,584
Equipment purchases	-	-	128,866	-	-	128,866
Unassigned	8,497,809	-	-	-	(116,979)	8,380,830
Total fund balances	9,716,342	-	7,190,198	4,539,829	2,777,482	24,223,851
Total liabilities, deferred inflows of resources, and fund balances	$ 11,925,873	$ -	$ 8,192,507	$ 4,612,721	$ 3,416,089	

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.	68,643,046
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	201,101
Receivables of governmental activities arising from capital leases and interest are not current financial resources and, therefore, are not reported in the governmental funds.	6,609,535
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.	343,209
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(173,939,707)
Revenues from an effective hedging instrument are not recognized until the hedge is used by the holder, and, therefore, are deferred in governmental activities.	(343,209)
The deferred outflows 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.	(5,159,956)
Net position of governmental activities	$ (79,422,130)

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, 2017

	General Fund	URA Callaway Building Project Fund	Capital Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 19,852,017	$ -	$ 6,079,491	$ 4,601,714	$ 643,195	$ 31,176,417
Licenses and permits	1,472,187	-	-	-	-	1,472,187
Intergovernmental	408,770	-	2,686,765	-	1,321,966	4,417,501
Fines and forfeitures	804,893	-	-	-	-	804,893
Charges for services	1,825,350	-	-	-	2,482,035	4,307,385
Investment income	-	-	8,344	-	1,830	10,174
Contributions	3,050	-	-	-	17,235	20,285
Other revenues	148,367	-	-	54,850	122,650	325,867
Total revenues	24,514,634	-	8,774,600	4,656,564	4,588,911	42,534,709
Expenditures						
Current:						
General government	9,062,590	936,270	732,183	-	355,190	11,086,233
Public safety	8,523,289	-	69,730	-	905,224	9,498,243
Public works	3,428,896	-	-	-	16,594	3,445,490
Recreation	1,996,371	-	-	-	1,904,566	3,900,937
Capital outlay	-	-	5,695,297	-	354,832	6,050,129
Debt service:						
Principal retirements	-	5,120,000	473,617	2,465,000	1,071,859	9,130,476
Interest expenditures	-	40,191	71,273	3,551,968	2,018,420	5,681,852
Total expenditures	23,011,146	6,096,461	7,042,100	6,016,968	6,626,685	48,793,360
Excess (deficiency) of revenues over expenditures	1,503,488	(6,096,461)	1,732,500	(1,360,404)	(2,037,774)	(6,258,651)
Other financing sources (uses):						
Proceeds from sale of capital assets	1,662	-	-	-	-	1,662
Transfers in	725,722	-	403,000	-	3,054,890	4,183,612
Transfers out	(935,000)	(562,550)	(2,656,340)	-	(486,098)	(4,639,988)
Total other financing sources (uses)	(207,616)	(562,550)	(2,253,340)	-	2,568,792	(454,714)
Net change in fund balances	1,295,872	(6,659,011)	(520,840)	(1,360,404)	531,018	(6,713,365)
Fund balances, beginning of year	8,420,470	6,659,011	7,711,038	5,900,233	2,246,464	30,937,216
Fund balances, end of year	$ 9,716,342	$ -	$ 7,190,198	$ 4,539,829	$ 2,777,482	$ 24,223,851

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, 2017

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(6,713,365)
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 outlays exceeded depreciation expense in the current period.		2,817,766
Donations of capital assets do not increase current financial resources and, therrefore, are not reported in the funds.		68,000
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.		(1,306,267)
In the governmental funds, payments received on long-term capital leases are reported as intergovernmental revenues. However, in the statement of activities, the capital lease receivable is recorded in the year it is created and principal payments serve to reduce the long-term receivable. This is the net effect of these differences in the current year.		1,530,522
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(87,885)
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.		9,790,299
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.		(3,425,628)
Change in net position - governmental activities	$	2,673,442

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 19,071,500	$ 19,483,810	$ 19,852,017	$ 368,207
Licenses and permits	1,031,250	1,377,950	1,472,187	94,237
Fines and forfeitures	885,000	784,000	804,893	20,893
Charges for services	1,851,250	1,778,510	1,825,350	46,840
Intergovernmental	432,700	408,770	408,770	-
Contributions	10,000	3,000	3,050	50
Miscellaneous	140,000	149,740	148,367	(1,373)
Total revenues	23,421,700	23,985,780	24,514,634	528,854
Expenditures				
Current:				
General government:				
Commission	180,600	171,000	144,998	26,002
Manager	832,170	854,530	833,266	21,264
Administrative services	2,830,370	2,806,750	2,725,703	81,047
Attorney	350,000	425,000	381,408	43,592
Community & economic development	1,587,190	1,537,230	1,454,348	82,882
Development and inspection	1,896,820	2,007,090	2,105,384	(98,294)
Accounting, collection and records	1,665,800	1,601,930	1,417,483	184,447
Total general government	9,342,950	9,403,530	9,062,590	340,940
Public safety:				
General management	1,488,800	1,478,080	1,356,200	121,880
Fire	3,630,150	3,634,360	3,460,409	173,951
Police	4,191,720	4,066,710	3,706,680	360,030
Total public safety	9,310,670	9,179,150	8,523,289	655,861
Public works:				
Engineering	523,890	531,070	509,634	21,436
Motor maintenance	732,330	683,430	688,481	(5,051)
Buildings and grounds maintenance	1,942,330	2,010,100	1,826,959	183,141
Cemetery	429,300	425,690	403,822	21,868
Total public works	3,627,850	3,650,290	3,428,896	221,394
Recreation	2,095,370	2,101,060	1,996,371	104,689
Total expenditures	24,376,840	24,334,030	23,011,146	1,322,884
Excess (deficiency) of revenues over expenditures	(955,140)	(348,250)	1,503,488	1,851,738
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	2,000	1,662	(338)
Transfers out	(1,013,000)	(935,000)	(935,000)	-
Transfers in	734,000	727,140	725,722	(1,418)
Total other financing sources (uses)	(269,000)	(205,860)	(207,616)	(1,756)
Net change in fund balances	(1,224,140)	(554,110)	1,295,872	1,849,982
Fund balances, beginning of year	8,420,470	8,420,470	8,420,470	-
Fund balances, end of year	$ 7,196,330	$ 7,866,360	$ 9,716,342	$ 1,849,982

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
ASSETS	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund Conference & Parking Deck Fund	Totals
CURRENT ASSETS				
Cash	$ 2,700,925	$ 1,678,210	$ 362,631	$ 4,741,766
Accounts receivable, net of allowances	106,471	244,136	-	350,607
Due from other funds	-	230,285	32,256	262,541
Total current assets	2,807,396	2,152,631	394,887	5,354,914
NONCURRENT ASSETS				
Land	-	85,205	194,860	280,065
Construction in progress	-	1,753,362	-	1,753,362
Infrastructure	-	16,396,013	-	16,396,013
Buildings	-	-	8,605,815	8,605,815
Furniture, fixtures and equipment	2,420,608	267,451	340,382	3,028,441
	2,420,608	18,502,031	9,141,057	30,063,696
Accumulated depreciation	(1,881,745)	(3,657,902)	(8,302,901)	(13,842,548)
Total capital assets	538,863	14,844,129	838,156	16,221,148
Total assets	3,346,259	16,996,760	1,233,043	21,576,062
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	230,154	69,175	-	299,329
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	69,226	244,588	-	313,814
Accrued liabilities	29,484	98,509	-	127,993
Compensated absences payable	76,356	10,719	-	87,075
Due to other funds	656,351	59,481	6,117	721,949
Due to component unit	-	-	357,256	357,256
Unearned revenue	1,107,376	555,227	-	1,662,603
Total current liabilities	1,938,793	968,524	363,373	3,270,690
NONCURRENT LIABILITIES				
Compensated absences - long term	13,475	1,892	-	15,367
Net pension liability	594,258	178,609	-	772,867
Net OPEB obligation	1,080,120	289,026	-	1,369,146
Advances from other funds	530,955	34,037	-	564,992
Total noncurrent liabilities	2,218,808	503,564	-	2,722,372
Total liabilities	4,157,601	1,472,088	363,373	5,993,062
NET POSITION				
Investment in capital assets	538,863	14,844,129	838,156	16,221,148
Unrestricted	(1,120,051)	749,718	31,514	(338,819)
Total net position	$ (581,188)	$ 15,593,847	$ 869,670	$ 15,882,329

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, 2017

	Business-type Activities - Enterprise Funds			
	Solid Waste Fund	Stormwater Utility Fund	Other Enterprise Fund: Conference & Parking Deck Fund	Totals
OPERATING REVENUE				
Stormwater fees	$ -	$ 2,107,882	$ -	$ 2,107,882
Sanitation fees	2,636,960	-	-	2,636,960
Miscellaneous	78,900	-	-	78,900
Total operating revenues	2,715,860	2,107,882	-	4,823,742
OPERATING EXPENSES				
Cost of sales and services	2,455,843	611,699	182,516	3,250,058
Depreciation	146,776	424,130	296,791	867,697
Total operating expenses	2,602,619	1,035,829	479,307	4,117,755
Net income (loss) before transfers	113,241	1,072,053	(479,307)	705,987
Transfers in	-	726,000	182,516	908,516
Transfers out	(154,390)	(297,750)	-	(452,140)
Total transfers	(154,390)	428,250	182,516	456,376
Change in net position	(41,149)	1,500,303	(296,791)	1,162,363
Total net position, beginning	(540,039)	14,093,544	1,166,461	14,719,966
Total net position, ending	$ (581,188)	$ 15,593,847	$ 869,670	$ 15,882,329

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, 2017

	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	$ 2,788,841	$ 2,033,223	$ -	$ 4,822,064
Payments to suppliers	(1,027,022)	(534,326)	-	(1,561,348)
Payments to employees	(948,312)	(274,260)	-	(1,222,572)
Net cash provided by operating activities	813,507	1,224,637	-	2,038,144
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	-	726,000	325,000	1,051,000
Transfers out to other funds	(154,390)	(297,750)	-	(452,140)
Receipt (repayment) of advances from other funds	77,296	(21,400)	-	55,896
Net cash provided by (used in) non-capital financing activities	(77,094)	406,850	325,000	654,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(219,821)	(1,423,995)	-	(1,643,816)
Net cash used in capital and related financing activities	(219,821)	(1,423,995)	-	(1,643,816)
Net increase in cash	516,592	207,492	325,000	1,049,084
Cash, beginning of year	2,184,333	1,470,718	37,631	3,692,682
Cash, end of year	$ 2,700,925	$ 1,678,210	$ 362,631	$ 4,741,766
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 113,241	$ 1,072,053	$ (479,307)	$ 705,987
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	146,776	424,130	296,791	867,697
Change in assets and liabilities:				
Increase in fees receivable	(40,573)	(219,074)	-	(259,647)
(Increase) decrease in due from other funds	22,216	(230,285)	-	(208,069)
Decrease in deferred outflows for pension items	133,678	41,867	-	175,545
Decrease in accounts payable	(85,465)	(1,434)	-	(86,899)
Increase in accrued liabilities	2,943	1,095	-	4,038
Increase (decrease) in compensated absences payable	3,016	(713)	-	2,303
Increase in net OPEB obligation	185,929	51,410	-	237,339
Increase in unearned revenue	113,554	144,415	-	257,969
Increase in due to component unit	-	-	182,516	182,516
Increase (decrease) in due to other funds	284,517	(35,825)	-	248,692
Decrease in net pension liability	(66,325)	(23,002)	-	(89,327)
Net cash provided by operating activities	$ 813,507	$ 1,224,637	$ -	$ 2,038,144

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

CITY OF DECATUR, GEORGIA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

ASSETS	Pension Trust Fund	Agency Funds
Cash	$ 678,002	$ 2,095,470
Uncollected taxes	-	661,154
Investments:		
Mutual funds invested in equity securities	20,819,755	-
Mutual funds invested in fixed income securities	18,429,432	-
Contributions receivable	225,130	-
Total assets	40,152,319	2,756,624
LIABILITIES		
Due to others	2,320	2,715,030
Due to component unit	-	41,594
Total liabilities	2,320	2,756,624
NET POSITION		
Net position restricted for pension benefits	$ 40,149,999	$ -

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, 2017

ADDITIONS	
Contributions	
Plan member contributions	$ 989,242
Employer contributions	859,173
Total contributions	1,848,415
Investment earnings	
Net increase in fair value of investments	2,751,135
Interest and dividends	964,889
Total investment earnings	3,716,024
Less investment expense	109,085
Net investment earnings	3,606,939
Total additions	5,455,354
DEDUCTIONS	
Benefit payments	2,379,307
Refunds paid to Plan members and beneficiaries	339,411
Administrative fees	46,743
Total deductions	2,765,461
Change in net position	2,689,893
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	37,460,106
End of year	$ 40,149,999

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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 with the exception of intergovernmental revenues which the City considers to be available if they are collected within six (6) months 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.

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 **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.

The **Capital Projects funds** are used to account for the expenditures of proceeds from the issuance of general obligation and revenue 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments (Continued)

The City's nonparticipating interest-earning investment contracts are recorded at cost. All remaining investments are recorded at fair value. Increases or decreases in the fair value of the City's investments during the year are recognized as a component of investment income.

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, 2017, are recorded as prepaid items in both government-wide and fund financial statements. In accounting for these prepaid items, the City utilizes the consumption method whereby items are recorded as expenditures when they are consumed.

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 acquisition value. The City has reported infrastructure assets consistent with the retroactive reporting requirements of GASB Statement 34.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows / Inflows of Resources (Continued)

The statement of net position also reports the *deferred service concession arrangement receipts* as a deferred inflow of resources. This balance includes the effect of deferring the recognition of revenue from the present value of installment payments to be received by the Decatur Downtown Development Authority under the conference center facilities service concession arrangement. The balance of the deferred inflow of resources as of June 30, 2017 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 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, *deferred 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 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

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

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

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity (Continued)

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.

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 "receivables of governmental activities arising from capital leases and interest are not current financial resources and, therefore, are not reported in the governmental funds." The details of this $6,609,535 difference are as follows:

Capital leases receivable	$	6,229,955
Accrued interest receivable		379,580
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	6,609,535

Another 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 $173,939,707 difference are as follows:

Capital leases payable	$	(424,853)
Certificates of participation		(2,830,000)
Claims and judgments payable		(44,492)
Accrued interest payable		(2,579,919)
Net OPEB obligation		(17,107,054)
Notes payable		(1,851,865)
Bonds payable		(149,863,996)
Deferred charges from bond refunding		1,899,142
Compensated absences		(1,136,670)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(173,939,707)

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 $5,159,956 difference are as follows:

Deferred outflows of resources - pension related items	$	3,261,661
Net pension liability		(8,421,617)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(5,159,956)

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 $2,817,766 difference are as follows:

Capital outlay	$	5,942,586
Depreciation expense		(3,124,820)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	2,817,766

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 $9,790,299 difference are as follows:

Principal retirements	$	9,130,476
Amortization of premiums		754,780
Amortization of deferred charges from refunding		(94,957)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	9,790,299

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 $3,425,628 difference are as follows:

Compensated absences	$	(39,749)
Claims and judgments		6,218
Net other postemployment benefits (OPEB) obligation		(2,409,328)
Accrued interest		(77,410)
Net pension liability and related deferred outflows and deferred inflows of resources		(905,359)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(3,425,628)

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 actual expenditures in excess of appropriations for the fiscal year ended June 30, 2017:

Tree Bank Fund	$	9,150
Hotel/Motel Tax Fund		3,597
2007 Bonds Fund		54,832
Cemetery Capital Improvement Fund		22,737
General Fund departments:		
General government - development and inspection		98,294
Public works - motor maintenance		5,051

These expenditures in excess of appropriations were funded by greater than anticipated revenues for the current year.

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, 2017:

Investment	Maturities	Fair Value
Deposits with Financial Institutions	---	$ 26,498,930
Guaranteed Investment Contract	June 1, 2028	193,409
Georgia Fund 1 - cash equivalents	26 days	358,709
Total		$ 27,051,048
As reported in the Statement of Net Position:		
Cash and cash equivalents		$ 24,386,540
Restricted:		
Cash and cash equivalents		375,629
Investments		193,409
Cash and cash equivalents - Agency Funds		2,095,470
Total		$ 27,051,048

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.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

The interest rate swap agreement that is more fully described in Note 7 is classified as Level 2 of the fair value hierarchy and is valued using an option-adjusted discounted cash flow model.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

The City's Guaranteed Investment Contract is a nonparticipating interest-earning investment contact and, accordingly, is recorded at cost.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Primary Government (Continued)

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, 2017, the City did not have any deposits that were uninsured or under collateralized, as defined by State statutes.

The Downtown Development Authority, one of the City's discretely presented component units, had deposits at a local financial institution totaling approximately $1.2 million that were not properly insured and collateralized. The collateral pledged by the financial institution to secure these deposits was deficient by approximately $235,000, 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.

As of June 30, 2017, the Pension Trust Fund had $39,249,187 invested in the following types of investments:

Investment		Fair Value
Mutual funds invested in equities	$	20,819,755
Mutual funds invested in fixed income		18,429,432
Total	$	39,249,187

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Pension Trust Fund (Continued)

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 an 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). At June 30, 2017, the mutual funds held by the Pension Trust Fund were not rated by any of the major ratings agencies.

Concentration: On June 30, 2017, the Pension Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of plan fiduciary net position.

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

As of June 30, 2017, the Pension Trust Fund had $39,249,187 invested in the following investments as categorized by interest rate risk:

Investment		Fair Value	Average Effective Duration (Years)
Mutual funds invested in equities	$	20,819,755	n/a
Mutual funds invested in fixed income		18,429,432	6.13
Total	$	39,249,187	

Rate of Return: For the year ended June 30, 2017, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 14.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Pension Trust Fund (Continued)

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, 2017, the Pension Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by State statutes.

Fair Value Measurements: The Pension Trust Fund has the following recurring fair value measurements as of June 30, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Mutual funds invested in equities	$ 20,819,755	$ -	$ -	$ 20,819,755
Mutual funds invested in fixed income	18,429,432	-	-	18,429,432
Total investments	$ 39,249,187	$ -	$ -	$ 39,249,187

The mutual fund securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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, 2017, 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	$ 499,998	$ 56,469	$ 238,603	$ 56,945	$ 852,015
Other	322,965	1,356,568	-	81,603	1,761,136
Less allowance for uncollectible	(73,508)	(19,394)	(88,740)	-	(181,642)
Net total receivable	$ 749,455	$ 1,393,643	$ 149,863	$ 138,548	$ 2,431,509

	Stormwater	Solid Waste	Proprietary Funds Total
Receivables:			
Accounts	$ 282,932	$ 167,669	$ 450,601
Less allowance for uncollectible	(38,796)	(61,198)	(99,994)
Net total receivable	$ 244,136	$ 106,471	$ 350,607

Capital Leases Receivable – Governmental Activities: The City has entered into a capital lease transaction as the lessor with the City's School District. The agreement executed between the City and the School District called for the City to construct a central administration facility for the School District who, in turn, would be responsible for paying to the City amounts equal to the debt service requirements on the URA Revenue Bonds, Series 2013B.

Future payments to be received by the City under the capital lease are as follows:

	Governmental Activities
Fiscal Year Ending June 30,	
2018	$ 402,725
2019	401,575
2020	403,175
2021	406,575
2022	402,375
2023-2027	2,013,675
2028-2032	2,020,613
2033-2034	809,637
Total minimum lease payments	6,860,350
Less amount representing interest	2,095,350
Present value of future minimum lease payments	$ 4,765,000

NOTE 5. RECEIVABLES (Continued)

Capital Leases Receivable – Governmental Activities (Continued): The City has entered into a capital lease transaction as the lessor with the City's School District. Through the agreement executed between the City and the School District, the City has leased a portion of its public works building to provide the School District with space for its Facilities and Maintenance Department.

Future payments to be received by the City under the capital lease are as follows:

	Governmental Activities
Fiscal Year Ending June 30,	
2018	$ 121,605
2019	121,605
2020	121,605
2021	121,605
2022	121,605
2023-2027	632,346
2028-2032	729,630
2033-2037	753,951
2038-2042	851,235
2043-2046	680,988
Total minimum lease payments	4,256,175
Less amount representing interest	2,791,220
Present value of future minimum lease payments	$ 1,464,955

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, 2017, 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, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 4,201,085	$ 68,000	$ -	$ 4,269,085
Construction in progress	289,875	1,551,400	-	1,841,275
Total	4,490,960	1,619,400	-	6,110,360
Capital assets, being depreciated:				
Land improvements	3,744,780	127,145	-	3,871,925
Infrastructure	30,607,966	2,886,212	-	33,494,178
Buildings and improvements	51,616,968	1,147,902	(1,464,955)	51,299,915
Machinery and equipment	7,127,714	10,997	-	7,138,711
Vehicles	5,355,259	218,930	(78,406)	5,495,783
Total	98,452,687	4,391,186	(1,543,361)	101,300,512
Less accumulated depreciation for:				
Land improvements	(1,067,111)	(70,969)	-	(1,138,080)
Infrastructure	(17,370,189)	(725,488)	-	(18,095,677)
Buildings and improvements	(8,705,202)	(1,579,443)	158,688	(10,125,957)
Machinery and equipment	(4,314,911)	(456,226)	-	(4,771,137)
Vehicles	(4,422,687)	(292,694)	78,406	(4,636,975)
Total	(35,880,100)	(3,124,820)	237,094	(38,767,826)
Total capital assets, being depreciated, net	62,572,587	1,266,366	(1,306,267)	62,532,686
Governmental activities capital assets, net	$ 67,063,547	$ 2,885,766	$ (1,306,267)	$ 68,643,046

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

Governmental activities:	
General government	$ 278,229
Public safety	1,363,798
Public works	978,035
Recreation	504,758
Total depreciation expense - governmental activities	$ 3,124,820

NOTE 6. CAPITAL ASSETS (Continued)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 280,065	$ -	$ -	$ 280,065
Construction in progress	-	1,753,362	-	1,753,362
Total	280,065	1,753,362	-	2,033,427
Capital assets, being depreciated:				
Infrastructure	16,396,013	-	-	16,396,013
Buildings	8,605,815	-	-	8,605,815
Furniture, fixtures, and equipment	2,841,725	219,821	(33,105)	3,028,441
Total	27,843,553	219,821	(33,105)	28,030,269
Less accumulated depreciation for:				
Infrastructure	(3,022,265)	(411,623)	-	(3,433,888)
Buildings	(7,749,915)	(274,123)	-	(8,024,038)
Furniture, fixtures, and equipment	(2,235,776)	(181,951)	33,105	(2,384,622)
Total	(13,007,956)	(867,697)	33,105	(13,842,548)
Total capital assets, being depreciated, net	14,835,597	(647,876)	-	14,187,721
Business-type activities capital assets, net	$ 15,115,662	$ 1,105,486	$ -	$ 16,221,148

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

Business-type activities:	
Solid Waste	$ 146,776
Stormwater	424,130
Conference Center and Parking Deck	296,791
Total depreciation expense - business-type activities	$ 867,697

NOTE 6. CAPITAL ASSETS (Continued)

Component Units

Capital asset activity for the Decatur Downtown Development Authority for the fiscal year ended June 30, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable capital assets:				
Land	$ 1,235,818	$ -	$ -	$ 1,235,818
Total	1,235,818	-	-	1,235,818
Capital assets, being depreciated:				
Buildings	379,210	-	-	379,210
Leasehold Improvements	1,139,834	-	-	1,139,834
Total	1,519,044	-	-	1,519,044
Less accumulated depreciation for:				
Buildings	(18,960)	(12,640)	-	(31,600)
Leasehold Improvements	(202,635)	(47,493)	-	(250,128)
Total	(221,595)	(60,133)	-	(281,728)
Total capital assets, being depreciated, net	1,297,449	(60,133)	-	1,237,316
Decatur Downtown Development Authority capital assets, net	$ 2,533,267	$ (60,133)	$ -	$ 2,473,134

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NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 100,310,000	$ -	$ (660,000)	$ 99,650,000	$ 820,000
Revenue bonds	45,744,709	-	(6,162,622)	39,582,087	1,073,979
Plus issuance premium	11,351,321	-	(719,412)	10,631,909	-
Total bonds payable	157,406,030	-	(7,542,034)	149,863,996	1,893,979
Capital leases	792,707	-	(367,854)	424,853	374,306
Notes payable	3,645,000	-	(1,805,000)	1,840,000	1,840,000
Plus issuance premium	47,233	-	(35,368)	11,865	-
Total notes payable	3,692,233	-	(1,840,368)	1,851,865	1,840,000
Certificates of participation	2,965,000	-	(135,000)	2,830,000	145,000
Claims and judgments	50,710	75,958	(82,176)	44,492	17,797
Net OPEB obligation	14,697,726	2,950,251	(540,923)	17,107,054	-
Net pension liability	9,470,942	3,971,365	(5,020,690)	8,421,617	-
Compensated absences	1,096,921	1,034,107	(994,358)	1,136,670	966,170
Governmental activity Long-term liabilities	$ 190,172,269	$ 8,031,681	$ (16,523,403)	$ 181,680,547	$ 5,237,252

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Net OPEB obligation	$ 1,131,807	$ 280,631	$ (43,292)	$ 1,369,146	$ -
Net pension liability	862,194	345,337	(434,664)	772,867	-
Compensated absences	100,139	65,432	(63,129)	102,442	87,075
Business-type activity Long-term liabilities	$ 2,094,140	$ 691,400	$ (541,085)	$ 2,244,455	$ 87,075

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)

Primary Government (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, 2017 is $1,789,001 and there has been $870,609 of accumulated depreciation as of year-end. Annual amortization of leased 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,	
2018	$ 374,306
2019	61,271
Total minimum lease payments	435,577
Less amount representing interest	10,724
Present value of future minimum lease payments	$ 424,853

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 BOE, 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,			
2018	$ 1,840,000	$ 18,400	$ 1,858,400
Total	$ 1,840,000	$ 18,400	$ 1,858,400

NOTE 7. LONG-TERM DEBT (Continued)

Primary Government (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)

Primary Government (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, 2017, the floating rate being paid by the City is 1.22% and the market value of this agreement is $343,209, a decrease of $147,719 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, 2017 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
2018	$ 145,000	$ 101,960	$ 246,960
2019	150,000	98,190	248,190
2020	155,000	94,290	249,290
2021	160,000	90,260	250,260
2022	165,000	83,955	248,955
2023-2027	735,000	362,120	1,097,120
2028	1,320,000	62,700	1,382,700
Total	$ 2,830,000	$ 893,475	$ 3,723,475

NOTE 7. LONG-TERM DEBT (Continued)

Primary Government (Continued)

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.

In February 2016 the City issued General Obligation Bonds (City Schools of Decatur Projects), Series 2016 in the amount of $69,755,000. The proceeds from the bonds, combined with an original issue premium in the amount of $6,224,013, were used to disburse $75,000,000 to the City of Decatur Board of Education to be used for various capital projects.

The bonds are payable from the levy of taxes on all property in the City subject to general obligation school bond taxation. Interest rates range from 3% to 5% and payments are due semi-annually on February 1 and August 1, beginning on August 1, 2016. The bonds mature August 1, 2042.

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.

NOTE 7. LONG-TERM DEBT (Continued)

Primary Government (Continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 1,893,979	$ 5,617,537	$ 7,511,516
2019	3,130,418	5,539,585	8,670,003
2020	3,346,943	5,419,432	8,766,375
2021	3,573,560	5,290,313	8,863,873
2022	3,810,273	5,148,359	8,958,632
2023-2027	23,345,891	22,905,868	46,251,759
2028-2032	30,557,074	16,547,759	47,104,833
2033-2037	36,568,949	9,713,485	46,282,434
2038-2042	26,015,000	3,701,153	29,716,153
2043-2044	6,990,000	256,281	7,246,281
Total	$ 139,232,087	$ 80,139,772	$ 219,371,859

Decatur Downtown Development Authority

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Decatur DDA:					
Bonds payable	$ 1,720,000	$ -	$ (70,000)	$ 1,650,000	$ 80,000
Decatur DDA Long-term liabilities	$ 1,720,000	$ -	$ (70,000)	$ 1,650,000	$ 80,000

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
2018	$ 80,000	$ 75,900	$ 155,900
2019	85,000	72,220	157,220
2020	90,000	68,310	158,310
2021	100,000	64,170	164,170
2022	105,000	59,570	164,570
2023-2027	665,000	216,430	881,430
2028-2030	525,000	49,220	574,220
Total	$ 1,650,000	$ 605,820	$ 2,255,820

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	$ 21,535
Component unit - Downtown Development Authority	Primary government - Nonmajor enterprise funds	357,256
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	41,594
		$ 420,385

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 202,040
General Fund	Nonmajor enterprise funds	6,117
General Fund	Solid Waste Fund	44,449
Capital Improvement Fund	Solid Waste Fund	611,902
Capital Improvement Fund	General Fund	60,469
Capital Improvement Fund	Nonmajor governmental funds	86,216
Capital Improvement Fund	Stormwater Utility Fund	59,481
Nonmajor governmental funds	Capital Improvement Fund	284,097
Stormwater Utility Fund	General Fund	230,285
Nonmajor enterprise funds	Nonmajor governmental funds	32,256
Total		$ 1,617,312

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.

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

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Capital Improvement Fund	Solid Waste Fund	$ 530,955
Capital Improvement Fund	Stormwater Utility Fund	34,037
Capital Improvement Fund	Nonmajor governmental funds	19,953
		$ 584,945

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.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Solid Waste Fund	$ 154,390
General Fund	Nonmajor governmental funds	273,582
General Fund	Stormwater Utility Fund	297,750
		$ 725,722
Nonmajor governmental funds	URA Calloway Building Fund	$ 562,550
Nonmajor governmental funds	General Fund	550,000
Nonmajor governmental funds	Capital Improvement Fund	1,942,340
		$ 3,054,890
Capital Improvement Fund	General Fund	$ 385,000
Capital Improvement Fund	Nonmajor governmental funds	18,000
		$ 403,000
Nonmajor enterprise funds	Nonmajor governmental funds	$ 182,516
Stormwater Utility Fund	Capital Improvement Fund	$ 714,000
Stormwater Utility Fund	Nonmajor governmental funds	12,000
		$ 726,000

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.

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, 2016, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	95
Terminated vested participants not yet receiving benefits	8
Active participants	201
	304

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%

NOTE 9. PENSION PLANS (Continued)

Benefits (Continued)

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.

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.

NOTE 9. PENSION PLANS (Continued)

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, 2017, the City's contribution rate was 7.35% of covered payroll.

Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that same date.

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	2.5% for inflation plus merit increases of 0.5 to 3.5%
Investment rate of return	7.0%, including inflation, net of investment expense

Mortality rates were based upon the RP-2014 Total Dataset Mortality with no projection scale for healthy retirees and the RP-2014 Disabled Retiree Mortality with no projection scale for disabled retirees.

The actuarial assumptions used in the June 30, 2017 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, 2017 are: Domestic fixed income equities securities – 1.7% and Domestic equities – 7.3%.

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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.

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, 2017 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/16	$ 47,793,242	$ 37,460,106	$ 10,333,136
Changes for the year:			
Service cost	952,885	-	952,885
Interest	3,317,074	-	3,317,074
Contributions—employer	-	859,173	(859,173)
Contributions—employee	-	989,242	(989,242)
Net investment income	-	3,606,939	(3,606,939)
Benefit payments, including refunds of employee contributions	(2,718,718)	(2,718,718)	-
Administrative expense	-	(46,743)	46,743
Net changes	1,551,241	2,689,893	(1,138,652)
Balances at 6/30/17	$ 49,344,483	$ 40,149,999	$ 9,194,484

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.

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 14,863,952	$ 9,194,484	$ 4,109,285

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, 2017 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2017, the City recognized pension expense of $1,850,750. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 559,116
Differences resulting from changes in actuarial assumptions	1,829,955
Net difference between projected and actual earnings on pension plan investments	1,171,919
Total	$ 3,560,990

NOTE 9. PENSION PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

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:		
2018	$	1,113,400
2019		1,113,400
2020		940,290
2021		393,900
Total	$	3,560,990

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NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits

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

Eligibility

Eligible participants for Other Postemployment 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, 2015, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	78
Active participants	198
	276

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.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

City Contributions (Continued)

The annual required contribution for the current year was determined as part of the July 1, 2015, 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 2.75%)
Healthcare Cost Trend Rate	5.0% - 8.5% (Includes inflation of 2.75%)
Ultimate Healthcare Cost Trend Rate	5.0%
Year of Ultimate Trend Rate	2025
Amortization Method	Level % of pay
Remaining Amortization Period	30 years (open)

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, 2015) with actuarial rollforward techniques used to calculate the below as of the interim valuation date (July 1, 2016):

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)
7/1/2016	-	$ 39,945,865	$ 39,945,865	0.0%	$ 10,452,669	382.2%

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, 2015. 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.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost

The City's actuarially determined contribution, OPEB cost and increase in net OPEB obligation for the year ended June 30, 2017, is as follows:

Annual required contribution	$ 3,324,595
Interest on net OPEB obligation	554,033
Adjustments to annual required contribution	(647,746)
Annual OPEB cost	3,230,882
Contributions made	(584,215)
Increase in net OPEB obligation	2,646,667
Net OPEB obligation, beginning of year	15,829,533
Net OPEB obligation, end of year	$ 18,476,200

The recommended contribution was determined as part of the July 1, 2015 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, 2017	$ 3,230,882	$ 584,215	18%	$ 18,476,200
June 30, 2016	2,771,553	535,978	19%	15,829,533
June 30, 2015	2,405,586	594,129	25%	13,593,958

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, 2017, there were 56 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 five employees. Total employer and employee contributions for the year ended June 30, 2017, were $62,023 and $119,109, respectively.

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN (Continued)

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, 2017, there were 4 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2017, were $20,355.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2017, the City's Solid Waste Fund had a deficit net position of $581,188. 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.

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
2017	$ 50,710	$ 75,958	$ 82,176	$ 44,492
2016	91,468	80,300	121,058	50,710

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 approximately $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, 2017.

NOTE 15. RISK MANAGEMENT (Continued)

Health 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
2017	$ 178,810	$ 1,931,214	$ 2,007,814	$ 102,210
2016	169,828	1,879,081	1,870,099	178,810

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. 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, 2017, contractual commitments on uncompleted contracts were $1,743,508.

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 $643,195 for the year ended June 30, 2017. 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. SUBSEQUENT EVENT

In August 2017, the City of Decatur Public Facilities Authority (the "PFA"), a newly created blended component unit of the City, purchased the 77-acre United Methodist Children's Home campus. To finance the purchase of the property, the PFA utilized two (2) forms of financing: (1) the issuance of $29,625,000 Revenue Bonds (City of Decatur Project), Series 2017; and (2) a note payable to the Georgia Environmental Finance Authority (GEFA) from the Clean Water State Revolving Fund in the amount of $11,452,000. At the time the property was purchased, all but approximately $500,000 of the proceeds from the bonds and the note were disbursed and the remaining amounts will be used for various improvements to the property in accordance with the master plan adopted by the City.

The Series 2017 revenue bonds bear interest at rates ranging from 3.0% - 5.0% with semi-annual payments of principal and interest commencing on February 1, 2019 until the bonds mature on February 1, 2040.

Interest on the note payable to GEFA accrues at 1.70% until the first day of the calendar month following the earlier of (1) the project completion date or (2) December 1, 2017. Principal and interest on the note will be due in 359 equal monthly installments until it is fully matured.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT 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)
7/1/2016	(3)	-	$ 39,945,865	$ 39,945,865	0.0%	$ 10,452,669	382.2%
7/1/2015		-	37,905,582	37,905,582	0.0%	10,222,659	370.8%
7/1/2014	(2)	-	33,265,095	33,265,095	0.0%	9,860,654	337.4%
7/1/2013		-	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	(1)	-	27,394,389	27,394,389	0.0%	9,999,934	273.9%

Notes to the Schedule:

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

(2) The valuation performed as of 7/1/2014 is an interim valuation performed using the same assumptions as the 7/1/2013 valuation with actuarial roll-forward techniques used to calculate the actuarial accrued liability as of the interim valuation date.

(3) The valuation performed as of 7/1/2016 is an interim valuation performed using the same assumptions as the 7/1/2015 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

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 952,885	$ 938,166	$ 895,868	$ 889,392
Interest on total pension liability	3,317,074	3,164,496	3,036,569	2,861,732
Differences between expected and actual experience	-	849,742	(12,910)	611,982
Changes in actuarial assumptions	-	2,744,933	-	-
Benefit payments, including refunds of employee contributions	(2,718,718)	(2,318,429)	(2,193,817)	(1,883,023)
Net change in total pension liability	1,551,241	5,378,908	1,725,710	2,480,083
Total pension liability - beginning	47,793,242	42,414,334	40,688,624	38,208,541
Total pension liability - ending (a)	$49,344,483	$47,793,242	$42,414,334	$40,688,624
Plan fiduciary net position				
Contributions - employer	$ 859,173	$ 941,003	$ 904,872	$ 892,161
Contributions - employee	989,242	1,006,352	974,037	970,477
Net investment income	3,606,939	87,025	1,780,322	5,379,030
Benefit payments, including refunds of member contributions	(2,718,718)	(2,318,429)	(2,193,817)	(1,883,023)
Administrative expenses	(46,743)	(54,408)	(46,989)	(47,909)
Net change in plan fiduciary net position	2,689,893	(338,457)	1,418,425	5,310,736
Plan fiduciary net position - beginning	37,460,106	37,798,563	36,380,138	31,069,402
Plan fiduciary net position - ending (b)	$40,149,999	$37,460,106	$37,798,563	$36,380,138
City's net pension liability - ending (a) - (b)	$ 9,194,484	$10,333,136	$ 4,615,771	$ 4,308,486
Plan fiduciary net position as a percentage of the total pension liability	81.37%	78.38%	89.12%	89.41%
Covered-employee payroll	$11,696,251	$10,892,115	$10,315,075	$10,159,477
City's net pension liability as a percentage of covered-employee payroll	78.61%	94.87%	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

	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 680,251	$ 672,425	$ 861,769	$ 839,456	$ 824,767
Contributions in relation to the actuarially determined contribution	859,173	941,003	904,872	892,161	846,745
Contribution deficiency (excess)	$ (178,922)	$ (268,578)	$ (43,103)	$ (52,705)	$ (21,978)
Covered employee payroll	$ 11,696,251	$ 10,892,115	$ 10,315,075	$ 10,159,477	$ 10,012,057
Contributions as a percentage of covered-employee payroll	7.35%	8.64%	8.77%	8.78%	8.46%

	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 794,420	$ 843,607	$ 781,383	$ 733,779	$ 729,462
Contributions in relation to the actuarially determined contribution	799,121	798,184	826,543	763,973	749,274
Contribution deficiency (excess)	$ (4,701)	$ 45,423	$ (45,160)	$ (30,194)	$ (19,812)
Covered employee payroll	$ 9,918,986	$ 10,237,604	$ 9,999,934	$ 10,518,679	$ 9,424,366
Contributions as a percentage of covered-employee payroll	8.06%	7.80%	8.27%	7.26%	7.95%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2017
Cost Method	Entry age cost method with 5 year phase-in of discount rate assumption changes.
Actuarial Asset Valuation Method	20% write up method
Assumed Rate of Return on Investments	7.50% net of investment expenses
Projected Salary Increases	3.25% (including 2.50% for inflation) with merit increases ranging from 0.5% to 3.5%
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

	2017	2016
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	14.9%	0.1%

	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.

Tree Bank 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.

2010 URA Bonds Fund – To account for the proceeds from the issuance of Recovery Zone Economic Development bonds and the expenditures of those funds for major capital projects.

2013 URA Bonds Fund – To account for the proceeds from the issuance of the Series 2013 revenue bonds and the expenditures of those funds for major capital projects.

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, 2017

	Special Revenue Funds						Capital Projects Funds				
ASSETS	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Tree Bank Fund	Hotel/Motel Tax Fund	2007 GO Bonds Fund	2010 URA Bonds Fund	2013 URA Bonds Fund	Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 12,083	$ 374,184	$ 31,495	$ 1,319,582	$ 199,195	$ 58,785	$ -	$ -	$ 14,365	$ 222,870	$ 2,232,559
Taxes receivable	-	-	-	-	-	56,945	-	-	-	-	56,945
Other receivables	-	81,603	-	-	-	-	-	-	-	-	81,603
Due from other funds	-	-	-	-	-	-	284,097	-	-	-	284,097
Prepaid items	-	4,900	-	-	-	-	-	380,356	-	-	385,256
Restricted cash	-	-	-	-	-	-	344,344	31,285	-	-	375,629
Total assets	$ 12,083	$ 460,687	$ 31,495	$ 1,319,582	$ 199,195	$ 115,730	$ 628,441	$ 411,641	$ 14,365	$ 222,870	$ 3,416,089
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
LIABILITIES											
Accounts payable	$ -	$ 4,589	$ -	$ 13,223	$ 5,000	$ -	$ 8,830	$ -	$ -	$ 32,286	$ 63,928
Accrued expenditures	-	20,939	-	43,476	-	-	-	-	-	-	64,415
Due to component unit	-	-	-	-	-	21,535	-	-	-	-	21,535
Due to other funds	-	77,628	-	69,664	-	94,195	53,536	-	7,489	18,000	320,512
Advances from other funds	-	19,953	-	-	-	-	-	-	-	-	19,953
Total liabilities	-	123,109	-	126,363	5,000	115,730	62,366	-	7,489	50,286	490,343
DEFERRED INFLOWS OF RESOURCES											
Deferred revenue - intergovernmental	-	-	-	-	-	-	-	148,264	-	-	148,264
Total deferred inflows of resources	-	-	-	-	-	-	-	148,264	-	-	148,264
FUND BALANCES											
Nonspendable:											
Prepaid items	-	4,900	-	-	-	-	-	380,356	-	-	385,256
Restricted:											
Law enforcement	12,083	-	-	-	-	-	-	-	-	-	12,083
E911 services	-	332,678	-	-	-	-	-	-	-	-	332,678
Capital construction	-	-	31,495	-	-	-	566,075	-	-	-	597,570
Debt service	-	-	-	-	-	-	-	-	6,876	-	6,876
Committed:											
Tree preservation	-	-	-	-	194,195	-	-	-	-	-	194,195
Children and youth services	-	-	-	1,193,219	-	-	-	-	-	-	1,193,219
Assigned:											
Cemetery operations	-	-	-	-	-	-	-	-	-	172,584	172,584
Unassigned	-	-	-	-	-	-	-	(116,979)	-	-	(116,979)
Total fund balance	12,083	337,578	31,495	1,193,219	194,195	-	566,075	263,377	6,876	172,584	2,777,482
Total liabilities, deferred inflows of resources and fund balances	$ 12,083	$ 460,687	$ 31,495	$ 1,319,582	$ 199,195	$ 115,730	$ 628,441	$ 411,641	$ 14,365	$ 222,870	$ 3,416,089

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds						Capital Projects Funds				
	Confiscated Drug Fund	Emergency Telephone System Fund	Grant Fund	Children and Youth Services Fund	Tree Bank Fund	Hotel/Motel Tax Fund	2007 GO Bonds Fund	2010 URA Bonds Fund	2013 URA Bonds Fund	Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
REVENUES											
Taxes	$ -	$ -	$ -	$ -	$ -	$ 643,195	$ -	$ -	$ -	$ -	$ 643,195
Charges for services	-	600,801	-	1,815,634	65,600	-	-	-	-	-	2,482,035
Intergovernmental	-	-	17,037	535	-	-	476,200	424,469	403,725	-	1,321,966
Interest	4	-	-	-	-	-	1,733	-	93	-	1,830
Miscellaneous	-	-	-	-	-	-	-	-	-	122,650	122,650
Contributions	-	-	17,235	-	-	-	-	-	-	-	17,235
Total revenues	4	600,801	34,272	1,816,169	65,600	643,195	477,933	424,469	403,818	122,650	4,588,911
EXPENDITURES											
Current:											
General government	-	-	-	-	39,150	187,097	-	-	6,206	122,737	355,190
Public safety	-	905,224	-	-	-	-	-	-	-	-	905,224
Public works	-	-	16,594	-	-	-	-	-	-	-	16,594
Culture and recreation	-	-	-	1,904,566	-	-	-	-	-	-	1,904,566
Capital outlay	-	-	-	-	-	-	354,832	-	-	-	354,832
Debt service:											
Principal	-	29,237	-	-	-	-	-	397,622	645,000	-	1,071,859
Interest	-	1,563	-	-	-	-	-	776,807	1,240,050	-	2,018,420
Total expenditures	-	936,024	16,594	1,904,566	39,150	187,097	354,832	1,174,429	1,891,256	122,737	6,626,685
Excess (deficiency) of revenues over expenditures	4	(335,223)	17,678	(88,397)	26,450	456,098	123,101	(749,960)	(1,487,438)	(87)	(2,037,774)
Other financing sources (uses):											
Transfers in	-	400,000	12,125	150,000	-	-	-	1,011,435	1,481,330	-	3,054,890
Transfers out	-	-	-	-	-	(456,098)	-	-	-	(30,000)	(486,098)
Total other financing sources (uses)	-	400,000	12,125	150,000	-	(456,098)	-	1,011,435	1,481,330	(30,000)	2,568,792
Net change in fund balances	4	64,777	29,803	61,603	26,450	-	123,101	261,475	(6,108)	(30,087)	531,018
FUND BALANCES, beginning of year	12,079	272,801	1,692	1,131,616	167,745	-	442,974	1,902	12,984	202,671	2,246,464
FUND BALANCES, end of year	$ 12,083	$ 337,578	$ 31,495	$ 1,193,219	$ 194,195	$ -	$ 566,075	$ 263,377	$ 6,876	$ 172,584	$ 2,777,482

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 10	$ 10	$ 4	$ (6)
EXPENDITURES				
Public safety	-	500	-	500
Net change in fund balances	10	(490)	4	494
FUND BALANCES, beginning of year	12,079	12,079	12,079	-
FUND BALANCES, end of year	$ 12,089	$ 11,589	$ 12,083	$ 494

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 554,500	$ 564,300	$ 600,801	$ 36,501
EXPENDITURES				
Public safety	956,770	969,850	905,224	64,626
Debt service:				
Principal retirements	40,630	40,630	29,237	11,393
Interest and fiscal charges	-	-	1,563	(1,563)
Total expenditures	997,400	1,010,480	936,024	74,456
Deficiency of revenues over expenditures	(442,900)	(446,180)	(335,223)	110,957
OTHER FINANCING SOURCES				
Transfers in	400,000	400,000	400,000	-
Net change in fund balances	(42,900)	(46,180)	64,777	110,957
FUND BALANCES, beginning of year	272,801	272,801	272,801	-
FUND BALANCES, end of year	$ 229,901	$ 226,621	$ 337,578	$ 110,957

CITY OF DECATUR, GEORGIA
GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 23,800	$ 23,800	$ 17,037	$ (6,763)
Contributions	17,240	17,240	17,235	(5)
Total revenue	41,040	41,040	34,272	(6,768)
EXPENDITURES				
Public works	23,800	23,800	16,594	7,206
Excess of revenues over expenditures	17,240	17,240	17,678	438
OTHER FINANCING SOURCES				
Transfers in	-	-	12,125	12,125
Net change in fund balances	17,240	17,240	29,803	12,563
FUND BALANCES, beginning of year	1,692	1,692	1,692	-
FUND BALANCES, end of year	$ 18,932	$ 18,932	$ 31,495	$ 12,563

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 1,801,470	$ 1,813,960	$ 1,815,634	$ 1,674
Intergovernmental	-	-	535	535
Contributions	111,870	-	-	-
Total revenue	1,913,340	1,813,960	1,816,169	2,209
EXPENDITURES				
Recreation	2,334,240	2,140,870	1,904,566	236,304
Debt service:				
Principal retirements	9,800	9,800	-	9,800
Interest and fiscal charges	500	500	-	500
Total expenditures	2,344,540	2,151,170	1,904,566	246,604
Deficiency of revenues over expenditures	(431,200)	(337,210)	(88,397)	248,813
OTHER FINANCING SOURCES				
Transfer in	175,000	150,000	150,000	-
Net change in fund balances	(256,200)	(187,210)	61,603	248,813
FUND BALANCES, beginning of year	1,131,616	1,131,616	1,131,616	-
FUND BALANCES, end of year	$ 875,416	$ 944,406	$ 1,193,219	$ 248,813

CITY OF DECATUR, GEORGIA
TREE BANK FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 25,000	$ 57,000	$ 65,600	$ 8,600
EXPENDITURES				
General government	30,000	30,000	39,150	(9,150)
Net change in fund balances	(5,000)	27,000	26,450	(550)
FUND BALANCES, beginning of year	167,745	167,745	167,745	-
FUND BALANCES, end of year	$ 162,745	$ 194,745	$ 194,195	$ (550)

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 642,000	$ 642,000	$ 643,195	$ 1,195
EXPENDITURES				
General government	183,500	183,500	187,097	(3,597)
Excess of revenues over expenditures	458,500	458,500	456,098	(2,402)
OTHER FINANCING USES				
Transfers out	(458,500)	(458,500)	(456,098)	2,402
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 4,390,700	$ 4,580,000	$ 4,601,714	$ 21,714
Miscellaneous	54,850	54,850	54,850	-
Total revenues	4,445,550	4,634,850	4,656,564	21,714
EXPENDITURES				
Debt service:				
Principal retirements	2,465,000	2,465,000	2,465,000	-
Interest and fiscal charges	3,551,990	3,551,990	3,551,968	22
Total expenditures	6,016,990	6,016,990	6,016,968	22
Net change in fund balances	(1,571,440)	(1,382,140)	(1,360,404)	21,736
FUND BALANCES, beginning of year	5,900,233	5,900,233	5,900,233	-
FUND BALANCES, end of year	$ 4,328,793	$ 4,518,093	$ 4,539,829	$ 21,736

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
General government	$ 5,602,840	$ 6,025,740	$ 936,270	$ 5,089,470
Debt service:				
Principal retirements	5,120,000	5,120,000	5,120,000	-
Interest and fiscal charges	40,200	40,200	40,191	9
Total expenditures	10,763,040	11,185,940	6,096,461	5,089,479
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	5,395,000	6,355,300	-	(6,355,300)
Transfers out	-	(562,550)	(562,550)	-
Total other financing sources (uses)	5,395,000	5,792,750	(562,550)	(6,355,300)
Net change in fund balances	(5,368,040)	(5,393,190)	(6,659,011)	(1,265,821)
FUND BALANCES, beginning of year	6,659,011	6,659,011	6,659,011	-
FUND BALANCES, end of year	$ 1,290,971	$ 1,265,821	$ -	$ (1,265,821)

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 5,175,590	$ 6,068,860	$ 6,079,491	$ 10,631
Intergovernmental	2,508,540	3,221,000	2,686,765	(534,235)
Interest	-	-	8,344	8,344
Total revenues	7,684,130	9,289,860	8,774,600	(515,260)
EXPENDITURES				
General government	1,342,400	1,241,030	732,183	508,847
Public safety	77,000	93,000	69,730	23,270
Capital outlay	8,000,000	7,018,880	5,695,297	1,323,583
Debt service:				
Principal retirements	960,000	473,620	473,617	3
Interest and fiscal charges	81,470	76,670	71,273	5,397
Total expenditures	10,460,870	8,903,200	7,042,100	1,861,100
Excess (deficiency) of revenues over expenditures	(2,776,740)	386,660	1,732,500	1,345,840
OTHER FINANCING SOURCES (USES)				
Capital lease	1,342,500	-	-	-
Transfers in	456,000	403,000	403,000	-
Transfers out	(2,753,560)	(2,380,930)	(2,656,340)	(275,410)
Total other financing sources (uses)	(955,060)	(1,977,930)	(2,253,340)	(275,410)
Net change in fund balances	(3,731,800)	(1,591,270)	(520,840)	1,070,430
FUND BALANCES, beginning of year	7,711,038	7,711,038	7,711,038	-
FUND BALANCES, end of year	$ 3,979,238	$ 6,119,768	$ 7,190,198	$ 1,070,430

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ 186,000	$ 476,200	$ 290,200
Interest	-	1,050	1,733	683
Total revenues	-	187,050	477,933	290,883
EXPENDITURES				
Capital outlay	248,240	300,000	354,832	(54,832)
Net change in fund balances	(248,240)	(112,950)	123,101	236,051
FUND BALANCES, beginning of year	442,974	442,974	442,974	-
FUND BALANCES, end of year	$ 194,734	$ 330,024	$ 566,075	$ 236,051

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 423,650	$ 424,460	$ 424,469	$ 9
Total revenues	423,650	424,460	424,469	9
EXPENDITURES				
Debt service:				
Principal retirements	397,630	397,630	397,622	8
Interest and fiscal charges	776,820	776,820	776,807	13
Total expenditures	1,174,450	1,174,450	1,174,429	21
Deficiency of revenues over expenditures	(750,800)	(749,990)	(749,960)	30
OTHER FINANCING SOURCES				
Transfers in	750,780	748,150	1,011,435	263,285
Net change in fund balances	(20)	(1,840)	261,475	263,315
FUND BALANCES, beginning of year	1,902	1,902	1,902	-
FUND BALANCES, end of year	$ 1,882	$ 62	$ 263,377	$ 263,315

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 1,364,330	$ 403,730	$ 403,725	$ (5)
Interest	-	-	93	93
Total revenues	1,364,330	403,730	403,818	88
EXPENDITURES				
General government	-	12,980	6,206	6,774
Debt service:				
Principal retirements	645,000	645,000	645,000	-
Interest and fiscal charges	1,240,060	1,240,060	1,240,050	10
Total expenditures	1,885,060	1,898,040	1,891,256	6,784
Deficiency of revenues over expenditures	(520,730)	(1,494,310)	(1,487,438)	6,872
OTHER FINANCING SOURCES				
Transfers in	1,481,330	1,481,330	1,481,330	-
Net change in fund balances	960,600	(12,980)	(6,108)	6,872
FUND BALANCES, beginning of year	12,984	12,984	12,984	-
FUND BALANCES, end of year	$ 973,584	$ 4	$ 6,876	$ 6,872

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous	$ 70,000	$ 98,000	$ 122,650	$ 24,650
Total revenues	70,000	98,000	122,650	24,650
EXPENDITURES				
General government	177,000	100,000	122,737	(22,737)
Deficiency of revenues over expenditures	(107,000)	(2,000)	(87)	1,913
OTHER FINANCING USES				
Transfers out	-	(30,000)	(30,000)	-
Total other financing uses	-	(30,000)	(30,000)	-
Net change in fund balances	(107,000)	(32,000)	(30,087)	1,913
FUND BALANCES, beginning of year	202,671	202,671	202,671	-
FUND BALANCES, end of year	$ 95,671	$ 170,671	$ 172,584	$ 1,913

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, 2017

ASSETS	Municipal Court Fund	Board of Education Fund	Downtown Development Authority Fund	Totals
Cash	$ 122,801	$ 1,931,075	$ 41,594	$ 2,095,470
Uncollected taxes	-	661,154	-	661,154
Total assets	$ 122,801	$ 2,592,229	$ 41,594	$ 2,756,624
LIABILITIES				
Due to others	$ 122,801	$ 2,592,229	$ -	$ 2,715,030
Due to component unit	-	-	41,594	41,594
Total liabilities	$ 122,801	$ 2,592,229	$ 41,594	$ 2,756,624

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
MUNICIPAL COURT				
Assets - cash	$ 75,901	$ 1,052,366	$ 1,005,466	$ 122,801
Liabilities - due to others	$ 75,901	$ 1,052,366	$ 1,005,466	$ 122,801
BOARD OF EDUCATION				
Assets:				
Cash	$ 2,089,991	$ 32,072,304	$ 32,231,220	$ 1,931,075
Uncollected taxes	1,006,659	29,871,072	30,216,577	661,154
Total assets	$ 3,096,650	$ 61,943,376	$ 62,447,797	$ 2,592,229
Liabilities - due to others	$ 3,096,650	$ 61,943,376	$ 62,447,797	$ 2,592,229
DOWNTOWN DEVELOPMENT AUTHORITY				
Assets:				
Cash	$ 41,714	$ 652,013	$ 652,133	$ 41,594
Liabilities - due to component unit	$ 41,714	$ 652,013	$ 652,133	$ 41,594
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 2,207,606	$ 33,776,683	$ 33,888,819	$ 2,095,470
Uncollected taxes	1,006,659	29,871,072	30,216,577	661,154
Total assets	$ 3,214,265	$ 63,647,755	$ 64,105,396	$ 2,756,624
Liabilities:				
Due to others	$ 3,172,551	$ 62,995,742	$ 63,453,263	$ 2,715,030
Due to component unit	41,714	652,013	652,133	41,594
Total liabilities	$ 3,214,265	$ 63,647,755	$ 64,105,396	$ 2,756,624

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2017

ASSETS	
Cash	$ 1,210,659
Taxes receivable	17,919
Other receivables, net of allowance	39,516
Due from primary government	398,850
Prepaids	14,034
Total assets	$ 1,680,978
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 39,024
Total liabilities	39,024
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	8,288
Total deferred inflows of resources	8,288
FUND BALANCE	
Nonspendable - prepaids	14,034
Unassigned	1,619,632
Total fund balance	1,633,666
Total liabilities, deferred inflows of resources, and fund balance	$ 1,680,978

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, 2017

REVENUES	
Taxes	$ 834,279
Intergovernmental	508,872
Miscellaneous	698,889
Total revenues	2,042,040
EXPENDITURES	
Downtown development	1,260,335
Debt service:	
Principal retirement	70,000
Interest and fiscal charges	79,120
Total expenditures	1,409,455
Net change in fund balance	632,585
FUND BALANCE, beginning of year	1,001,081
FUND BALANCE, end of year	$ 1,633,666

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DECATUR TOURISM BOARD
JUNE 30, 2017

ASSETS		
Cash	$	115,172
Due from primary government		21,535
Total assets	$	136,707
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued liabilities	$	140
Total liabilities		140
FUND BALANCE		
Restricted for promotion of tourism		136,567
Total fund balance		136,567
Total liabilities and fund balance	$	136,707

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, 2017

REVENUES		
Taxes	$	187,982
Charges for services		21,074
Interest		86
Total revenues		209,142
EXPENDITURES		
Tourism		208,607
Total expenditures		208,607
Net change in fund balance		535
FUND BALANCE, beginning of year		136,032
FUND BALANCE, end of year	$	136,567

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 103

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 106

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

Debt Capacity 114

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 118

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 121

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)

	2017	2016	2015	2014
Governmental activities				
Net investment in capital assets	**$ 13,369**	$ 10,030	$ 8,347 (2)	$ 20,161
Restricted	**6,664**	5,969	5,233	310
Unrestricted	**(99,455)**	(98,095) (3)	(22,540)	(17,724)
Total governmental activities net position	**$ (79,422)**	$ (82,096)	$ (8,961)	$ 2,747
Business-type activities				
Net investment in capital assets	**$ 16,221**	$ 15,116	$ 15,399 (2)	$ 6,093
Unrestricted	**(339)**	(396)	(404)	(395)
Total business-type activities net position	**$ 15,882**	$ 14,720	$ 14,996	$ 5,698
Primary government				
Net investment in capital assets	**$ 29,590**	$ 25,146	$ 23,746	$ 26,254
Restricted	**6,664**	5,969	5,233	310
Unrestricted	**(99,794)**	(98,491)	(22,944)	(18,119)
Total primary government net position	**$ (63,540)**	$ (67,376)	$ 6,035	$ 8,445

NOTES: (1) 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.

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

(3) During 2016, the City issued General Obligation Bonds, Series 2016, the proceeds of which (when combined with the original issuance premium) were passed through to the City Schools of Decatur in the amount of $75,000,000.

2013	2012	2011	2010	2009	2008
$ 14,725	$ 12,964	$ 12,718 (1)	$ 52,582	$ 49,255	$ 33,445
1,946	2,024	1,073	663	129	1,044
(13,403)	(12,067)	(11,007) (1)	11,384	9,040	12,270
$ 3,268	$ 2,921	$ 2,784 (1)	$ 64,629	$ 58,424	$ 46,759
$ 5,574	$ 5,269	$ 4,448	$ 4,754	$ 5,027	$ 4,661
729	1,424	1,743	1,469	1,524	1,054
$ 6,303	$ 6,693	$ 6,191	$ 6,223	$ 6,551	$ 5,715
$ 20,299	$ 18,233	$ 17,166	$ 57,336	$ 54,282	$ 38,106
1,946	2,024	1,073	663	129	1,044
(12,674)	(10,643)	(9,264)	12,853	10,564	13,324
$ 9,571	$ 9,614	$ 8,975	$ 70,852	$ 64,975	$ 52,474

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2017	2016	2015	2014
Expenses				
Governmental activities:				
General government	**$ 11,913**	$ 10,601	$ 10,642	$ 9,244
Education	**-**	-	-	-
Public safety	**12,592**	12,311	10,959	10,804
Public works	**4,759**	4,678	4,007	3,993
Recreation	**4,966**	4,556	4,248	3,934
Interest on long-term debt	**5,099**	3,989	3,038	3,522
Total governmental activities expenses	**39,329**	36,133	32,894	31,497
Business-type activities:				
Conference center	**479**	497	491	485
Stormwater	**1,036**	803	838	909
Solid waste	**2,603**	2,424	2,153	2,170
Total business-type activities expenses	**4,118**	3,724	3,482	3,564
Total primary government expenses	**$ 43,447**	$ 39,857	$ 36,376	$ 35,061
Program Revenues				
Governmental activities:				
Charges for services:				
General government	**$ 2,031**	$ 1,470	$ 2,258	$ 2,258
Education	**-**	-	-	-
Public safety	**2,396**	2,333	2,724	2,371
Public works	**71**	112	92	102
Recreation	**2,643**	2,446	2,267	1,930
Operating grants and contributions	**306**	423	440	456
Capital grants and contributions	**3,341**	1,713	991	393
Total governmental activities program revenues	**10,789**	8,498	8,772	7,510
Business-type activities:				
Charges for services:				
Conference center	**-**	-	5	-
Stormwater	**2,108**	1,123	1,076	975
Solid waste	**2,716**	2,337	2,287	2,327
Total business-type activities program revenues	**4,824**	3,460	3,368	3,302
Total primary government program revenues	**$ 15,613**	$ 11,958	$ 12,140	$ 10,812

2013	2012	2011	2010	2009	2008
$ 8,572	$ 7,301	$ 6,951	$ 6,804	$ 6,382	$ 5,406
-	-	-	2,071	1,314	1,945
9,960	9,828	9,648	10,511	10,295 (1)	8,331
3,941	3,935	3,731	3,883	3,855	3,508
3,513	3,335	2,887	3,041	3,163	2,152
2,546	2,422	1,869	1,878	1,586	1,632
28,532	26,821	25,084	28,188	26,595	22,974
463	392	314	325	363 (2)	516
537	547	592	713	641	662
2,066	1,936	1,979	2,154	2,017	2,085
3,066	2,875	2,885	3,192	3,021	3,263
$ 31,598	$ 29,696	$ 27,969	$ 31,380	$ 29,616	$ 26,237
$ 1,295	$ 1,232	$ 1,142	$ 842	$ 839	$ 1,229
-	-	36	91	-	249
1,803	2,404	2,252	1,985	1,657	1,672
109	95	79	114	89	103
1,694	1,510	1,399	1,322	1,075	776
573	501	324	320	356	657
305	605	624	10,474	16,419 (3)	7,582
5,779	6,347	5,856	15,148	20,435	12,268
-	-	81	84	84	84
968	976	988	928	1,023	984
2,279	2,283	2,226	2,223	2,266	2,377
3,247	3,259	3,295	3,235	3,373	3,445
$ 9,026	$ 9,606	$ 9,151	$ 18,383	$ 23,808	$ 15,713

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET POSITION
LAST TEN YEARS

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

	2017	2016	2015	2014
Net (expense)/revenue				
Governmental activities	**$ (28,540)**	$ (27,635)	$ (24,122)	$ (23,986)
Business-type activities	**706**	(264)	(114)	(262)
Total primary government net expense	**$ (27,834)**	$ (27,899)	$ (24,236)	$ (24,248)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	**$ 22,151**	$ 20,149	$ 17,720	$ 15,058
Franchise taxes	**1,704**	1,623	1,564	1,451
Sales taxes	**5,504**	5,001	5,675	4,944
Other taxes	**1,777**	1,676	1,560	1,500
Unrestricted investment earnings	**479**	1,921	21	42
Gain on sale of capital assets	**-**	-	21	3
Miscellaneous	**55**	98	178	116
Transfers	**(456)**	12	(9,819) (5)	350
Special item	**-**	(75,979) (6)	-	-
Total governmental activities	**31,213**	(45,499)	16,920	23,464
Business-type activities:				
Gain on sale of capital assets	**-**	-	-	8
Transfers	**456**	(12)	9,819 (5)	(350)
Total business-type activities	**456**	(12)	9,819	(342)
Total primary government	**$ 31,669**	$ (45,511)	$ 26,739	$ 23,122
Change in Net Position				
Governmental activities	**$ 2,673**	$ (73,134)	$ (7,202)	$ (522)
Business-type activities	**1,162**	(276)	9,705	(604)
Total primary government	**$ 3,835**	$ (73,410)	$ 2,503	$ (1,126)

NOTES: (1) 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.

(2) 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.

(3) 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.

2013	2012	2011	2010	2009	2008
$ (22,753)	$ (20,474)	$ (19,228)	$ (13,040)	$ (6,160)	$ (10,706)
181	384	410	43	352	182
$ (22,572)	$ (20,089)	$ (18,818)	$ (12,997)	$ (5,809)	$ (10,525)
$ 14,680	$ 14,634	$ 14,571	$ 15,135	$ 14,585	$ 14,852
1,486	1,509	1,466	1,377	1,364	1,354
4,580	3,706	694	617	641	662
1,464	1,332	1,397	1,394	1,399	1,397
33	37	55	151	307	1,081
-	23	-	-	13	7
278	67	-	-	-	-
580	(118)	442	371	(484)	(483)
-	-	(61,242) (4)	-	-	-
23,101	21,190	(42,617)	19,045	17,825	18,870
9	-	-	-	-	-
(580)	118	(442)	(371)	484	483
(571)	118	(442)	(371)	484	483
$ 22,530	$ 21,308	$ (43,059)	$ 18,674	$ 18,309	$ 19,353
$ 348	$ 716	$ (61,845)	$ 6,005	$ 11,665	$ 8,164
(390)	502	(32)	(328)	836	665
$ (42)	$ 1,218	$ (61,877)	$ 5,677	$ 12,501	$ 8,829

(4) 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.

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

(6) During 2016, the City issued GO Bonds, Series 2016, the proceeds of which (when combined with the original issuance premium) were used to make a $75,000,000 payment to the City Schools of Decatur to be used on capital projects for the schools.

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
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 (1)	907	425	21,181
2013	14,680	1,486	4,580	963	501	22,211
2014	15,058	1,451	4,944	997	502	22,952
2015	17,720	1,564	5,675	1,046	513	26,518
2016	20,149	1,623	5,001	1,114	562	28,449
2017	22,151	1,704	5,504	1,223	554	31,135

NOTE: (1) 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)

	2017	2016	2015	2014
General fund				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved	**-**	-	-	-
Nonspendable - prepaids	**25**	43	60	15
Assigned:				
Greenspace acquisition	**13**	13	12	12
Beacon School redevelopment	**-**	-	-	-
Next fiscal year operations	**1,180**	1,224	-	-
Unassigned	**8,498**	7,140	7,137	5,475
Total general fund	**$ 9,716**	$ 8,420	$ 7,209	$ 5,502
All other governmental funds				
Reserved	**$ -**	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	**-**	-	-	-
Capital projects funds	**-**	-	-	-
Nonspendable - prepaids				
Prepaids	**1,690**	1,096	35	54
Advances	**585**	549	337	476
Assets held for resale	**-**	6,335	5,089	5,089
Restricted:				
Capital construction	**6,099**	5,865	5,108	11,038
Equipment purchases	**193**	227	265	495
Debt service	**4,023**	5,377	7,496	7,317
Law enforcement	**12**	14	14	10
E911 services	**333**	268	175	156
Tourism	**-**	-	5	25
Committed:				
Tree preservation	**194**	168	143	164
Children and youth services	**1,193**	1,131	953	796
Assigned:				
Development activities	**-**	324	193	-
Cemetery operations	**173**	203	167	151
Equipment purchases	**129**	987	1,049	892
Unassigned	**(117)**	(25)	(1,163)	(420)
Total all other governmental funds	**$ 14,508**	$ 22,517	$ 19,866	$ 26,243

NOTES: (1) The City implemented GASB Statement 54 in fiscal year 2011.

(2) 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.

2013	2012	2011 (1)	2010	2009	2008
$ -	$ -	$ -	$ 23	$ 391	$ 11
-	-	-	7,670	6,300	7,203
15	6	88	-	-	-
12	12	12	-	-	-
3,000	3,000	-	-	-	-
654	702	1,295	-	-	-
5,065	5,324	6,965	-	-	-
$ 8,746	$ 9,044	$ 8,360	$ 7,693	$ 6,691	$ 7,214
$ -	$ -	$ -	$ 14,985	$ 13,095	$ 17,131
-	-	-	1,560	1,475	623
-	-	-	1,884	1,560	2,356
150	42	1,157	-	-	-
334	395	343	-	-	-
-	-	-	-	-	-
35,890 (2)	15,661	17,566	-	-	-
659	667	705	-	-	-
6,862	3,189	3,949	-	-	-
12	12	12	-	-	-
269	278	331	-	-	-
45	61	81	-	-	-
51	62	40	-	-	-
748	804	1,023	-	-	-
-	-	-	-	-	-
78	55	41	-	-	-
1,707	255	1,425	-	-	-
-	-	-	-	-	-
$ 46,805	$ 21,481	$ 26,672	$ 18,429	$ 16,130	$ 20,110

CITY OF DECATUR, GEORGIA

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

	2017	2016	2015	2014
Revenues				
Taxes	**$ 31,176**	$ 28,397	$ 26,500	$ 22,994
Licenses and permits	**1,472**	653	1,429	1,482
Intergovernmental	**4,418**	3,123	1,621	1,014
Fines and forfeitures	**805**	707	1,341	1,171
Charges for services	**4,307**	4,175	3,661	3,328
Interest income	**10**	1,260	21	43
Other revenues	**346**	851	838	632
Total revenues	**42,535**	39,165	35,411	30,664
Expenditures				
General government	**11,086**	9,232	9,313	8,432
Education	**-**	-	-	-
Public safety	**9,498**	9,790	9,379	9,347
Public works	**3,445**	3,557	3,013	3,171
Recreation	**3,901**	3,599	3,413	3,093
Capital outlay	**6,050**	2,468	9,375	32,103
Intergovernmental	**-**	75,000 (5)	-	-
Debt service				
Principal retirements	**9,130**	3,870	2,032	1,367
Interest and fiscal charges	**5,682**	3,107	3,734	3,297
Cost of issuance	**-**	979	608	168
Total expenditures	**48,793**	111,603	40,867	60,978
Excess of revenues over (under) expenditures	**(6,258)**	(72,438)	(5,456)	(30,315)
Other financing sources (uses)				
Proceeds from capital leases	**-**	173	-	1,030
Issuance of long-term debt	**-**	69,755	29,895	5,120
Premium on bond issuance	**-**	6,224	2,337	-
Refunding deposit with escrow agent	**-**	-	(31,624)	-
Proceeds from sale of capital assets	**2**	30	25	8
Transfers in	**4,184**	3,714	3,621	10,981
Transfers out	**(4,640)**	(3,596)	(3,467)	(10,631)
Total other financing sources (uses)	**(455)**	76,300	787	6,508
Net change in fund balances	**$ (6,713)**	$ 3,862	$ (4,669)	$ (23,807)
Debt service as a percentage of noncapital expenditures	**34.62%** (6)	6.41%	18.38%	16.19%

NOTES: (1) In 2009 the downturn in the economy caused the sales of building license and permits to decrease.
(2) In 2008 the City completed large projects which were funded with Department of Education and FEMA grants. These grants were not available in 2009.
(3) The DOE no longer offered funding to the City, due to federal budget cuts.
(4) 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.

2013	2012	2011	2010	2009	2008
$ 22,354	$ 21,317	$ 18,323	$ 18,748	$ 17,912	$ 17,789
882	852	730	481	440 (1)	758
1,010	1,177	891	784	448 (2)	2,323
581	1,153	1,039	767	512	485
3,019	2,875	2,732	2,682	2,312	2,264
33	37	55	110	307	1,081
565	358	465	318	452	391
28,444	27,769	24,235	23,890	22,383	25,091
7,253	6,759	6,523	5,836	5,804	5,327
-	-	-	-	10 (3)	561
8,990	8,675	8,406	8,430	8,667	8,074
3,232	3,223	3,171	3,139	3,080	2,976
3,016	2,946	2,679	2,745	2,827	2,035
14,887	6,939	4,639	3,502	4,182	4,023
-	-	-	-	-	-
2,532	2,310	2,198	1,546	259	323
2,394	2,397	1,644	1,623	1,592	1,472
826	-	271	140	-	-
43,130	33,250	29,530	26,961	26,421	24,791
(14,686)	(5,481)	(5,294)	(3,071)	(4,038)	300
744	-	-	-	-	235
34,705	-	13,760	5,900	-	-
3,673	-	-	101	-	-
-	-	-	-	-	-
10	27	3	-	18	7
3,101	2,554	9,936	1,446	2,268	830
(2,521)	(1,607)	(9,494)	(1,075)	(2,752)	(1,314)
39,712	975	14,205	6,372	(466)	(242)
$ 25,026	$ (4,507)	$ 8,911	$ 3,301	$ (4,504)	$ 58
17.53%	18.00%	15.42%	14.18% (4)	8.32%	8.64%

(5) In 2016 the City issued GO Bonds, Series 2016, the proceeds of which (when combined with the original issuance premium) were used to make a $75,000,000 payment to the City Schools for capital projects.

(6) In 2017 the City retired the URA Bonds, Series 2013C pursuant to the sale of the Callaway Building in August of 2016. The bonds required a single principal payment equal to the entire amount of the bond ($5,120,000).

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
2008	$ 14,376	$ 1,354	$ 662	$ 992	$ 405	$ 17,789
2009	14,508	1,364	641	1,016	383	17,912
2010	15,360	1,377	617	1,006	388	18,748
2011	14,766	1,466	694	977	420	18,323
2012	14,769	1,510	3,706 (1)	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
2016	20,098	1,623	5,001	1,114	561	28,397
2017	22,193	1,704	5,504	1,223	553	31,176

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			
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
2016	1,417,946	243,143	22,447	15,708	21,299
2017	1,545,077	279,030	25,729	16,522	18,785

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
$ 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%
132,877	1,587,666	1.279	3,175,332	50.00%
104,883	1,780,260	1.311	3,560,520	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		
2008	1.122	0.144	1.266	39.30	1.990	0.038	0.25	44.109
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
2016	1.030	0.249	1.279	42.55	1.866	0.038	0.00	47.007
2017	1.030	0.249	1.279	42.55	1.866	0.038	0.00	47.007

Source: City of Decatur Tax Department and DeKalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

Taxpayer	2017 Taxable Assessed Value	2017 Rank	2017 Percentage of Taxable Assessed Value	2008 Taxable Assessed Value	2008 Rank	2008 Percentage of Taxable Assessed Value
Decatur Properties I LLC	$ 20,498,550	1	1.15 %	$ -	-	- %
Clairemont Apartments LLC	17,296,900	2	0.97	-	-	-
DTC Partners LLC	13,298,400	3	0.75	-	-	-
Decatur Trinity MF 1 LP	11,757,500	4	0.66	-	-	-
N G One West Court LLC	11,250,000	5	0.63	-	-	-
GP Govt Properties I LLC	11,145,650	6	0.63	-	-	-
RREF II DB DRI LLC	10,983,586	7	0.62	-	-	-
Gateway Clairemont LLC	9,226,689	8	0.52	-	-	-
SNH Medical Office Properties	8,808,566	9	0.49	-	-	-
Summit Hospitality 126 LLC	8,505,726	10	0.48	-	-	-
Decatur Plaza, LLC	-	-	-	13,232,000	1	1.26
Bell South Communications	-	-	-	12,695,000	2	1.21
Decatur Towncenter Association	-	-	-	9,854,000	3	0.94
DCP Renaissance Investors	-	-	-	8,106,000	4	0.77
Ackerman Decatur, LP	-	-	-	6,676,000	5	0.64
Lexington Decatur, LLC	-	-	-	6,640,000	6	0.63
Deck-Decatur Court LLC	-	-	-	5,400,000	7	0.51
Georgia Power	-	-	-	4,581,000	8	0.44
Ashton Park Trace, LLC	-	-	-	4,428,000	9	0.42
Bask Decatur Hotel	-	-	-	4,300,000	10	0.41
	$ 122,771,567		6.90 %	$ 75,912,000		7.22 %

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
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%
2015	44,385	19,783	44.6%	24,405	44,188	99.56%
2016	50,512	22,412	44.4%	27,869	50,281	99.54%

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			
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
2016	108,752 (2)	48,654	2,965	3,692	793	-	-	164,856	17.45%	7,508
2017	107,553	42,311	2,830	1,852	425	-	-	154,971	15.24%	6,793

(1) See the Demographic and Economic Statistics for personal income and population data.
(2) The City issued $69,755,000 of general obligation bonds for school construction projects.

CITY OF DECATUR, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund (4)	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2008	$ 33,245	$ 921	$ 32,324	1.54%	$ 1,781
2009	33,245	501	32,744	1.45%	1,804
2010	32,970	598	32,372	1.44%	1,709
2011	32,615	649	31,966	1.44%	1,653
2012	32,175	1,081	31,094	1.38%	1,590
2013	31,898	1,040	30,858	1.34%	1,554
2014	31,370	969	30,401	1.19%	1,514
2015	33,502	1,160	32,342	1.07%	1,587
2016	108,752 (3)	2,255	106,497	3.35%	4,850
2017	107,553	2,700	104,853	2.94%	4,596

(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.

(3) The City issued $69,755,000 of general obligation bonds for school construction projects.

(4) Amount is calculated as the total fund balance of the Debt Service Fund minus the receivable from the City Schools of Decatur (balance of $1,800,000 as of June 30, 2017).

CITY OF DECATUR, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2017
(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	$ 186,280	7.657%	$ 14,263
Certificates of participation	25,000	7.657%	1,914
Intergovernmental contracts	73,709	7.657%	5,644
Capital leases	13,440	7.657%	1,029
Fulton DeKalb Hospital Authority	28,955	7.657%	2,217
Total overlapping debt	327,384		25,068
City direct debt:			
General obligation debt	107,553	100.000%	107,553
Revenue bonds	42,311	100.000%	42,311
Capital leases	425	100.000%	425
Notes payable	1,852	100.000%	1,852
Certificates of participation	2,830	100.000%	2,830
	154,971		154,971
Total direct and overlapping debt	$ 482,355		$ 180,039

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 TEN FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year			
	2017	2016	2015	2014
Debt limit	$ 188,514	$ 172,054	$ 164,819	$ 137,901
Total net debt applicable to limit	104,853	106,497	32,342	30,401
Legal debt margin	$ 83,661	$ 65,557	$ 132,477	$ 107,500

Assessed Value	$ 1,780,260
Add back: exempt real property	104,883
Total assessed value	1,885,143
Debt limit (10% of total assessed value)	188,514
Debt applicable to limit:	
General obligation bonds	107,553
Less: Amount set aside for repayment of general obligation debt	(2,700)
Total net debt applicable to limit	104,853
Legal debt margin	$ 83,661
Total net debt applicable to the limit as a percentage of debt limit	55.62%

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.

Fiscal Year						
2013	2012	2011	2010	2009	2008
$ 125,872	$ 125,390	$ 123,385	$ 124,437	$ 124,906	$ 120,813
30,858	31,093	31,966	32,372	32,744	32,324
$ 95,014	$ 94,297	$ 91,419	$ 92,065	$ 92,162	$ 88,489

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)
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%
2016	21,957	944,854	43,032	35.9	95%	4,661	5.4%
2017	22,813	1,016,821	44,572	35.5	95%	5,229	5.6%

(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

	2017			2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
DeKalb County Government	1,000	1	N/A %	1,732	1	N/A %
Emory University Health Systems	822	2	N/A	365	4	N/A
The City Schools of Decatur (education)	804	3	N/A	477	2	N/A
Agnes Scott College (education)	274	4	N/A	395	3	N/A
US Postal Service	200	5	N/A	-	-	
City of Decatur	200	6	N/A	210	6	N/A
DeKalb Medical - Decatur Hospital	150	7	N/A	175	7	N/A
DeVry University	120	8	N/A	-	-	
Task Force for Global Health	118	9	N/A	-	-	
Columbia Theological Seminary	75	10	N/A	107	8	N/A
McCurdy & Candler	-	-		214	5	N/A
Third Millennium	-	-		50	9	N/A
Decatur First Bank	-	-		27	10	N/A
	3,763		N/A %	3,752		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

	2017	2016	2015	2014	2013
Function					
General government	**39**	32	31	31	27
Public safety					
Police					
Officers	**37**	39	42	42	44
Civilians	**11**	12	11	13	13
Fire					
Firefighters and officers	**36**	37	39	39	39
Highways and streets					
Engineering	**29**	17	18	17	15
Maintenance	**28**	31	27	29	27
Sanitation	**14**	14	14	14	17
Culture and recreation	**21**	23	21	20	17
Total	**215**	205	203	205	199

Source: City of Decatur department records

2012	2011	2010	2009	2008
27	28	27	24	28
39	44	42	41	33
13	14	13	16	18
39	40	39	38	39
13	14	14	14	13
27	25	20	24	28
17	18	15	19	13
16	17	16	18	19
191	200	186	194	191

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013
Function					
Physical arrests	**652**	622	1,132	1,252	968
Parking violations (1)	**4,975**	5,469	4,915	6,364	9,897
Traffic violations (2)	**8,417**	6,572	9,070	13,591	6,884
Fire					
Number of calls answered	**3,654**	3,313	3,483	3,331	3,409
Inspections	**336**	858	896	941	1,408
Highways and streets					
Street resurfacing (miles)	**0.96**	1.00	2.55	1.43	1.15
Potholes repaired	**37**	66	30	33	26
Sanitation					
Refuse collected (tons/day)	**16.50**	18.20	20.13	20.01	20.12
Recyclables collected (tons/day)	**13.30**	14.50	19.70	20.07	20.00
Culture and recreation					
Athletic field permits issued	**44** ***	304	280	248	26 **
Community center admissions (3)	**52,904**	49,213	47,549	37,236	16,252

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.

*** The City's Active Living Department has changed the metric used to measure this item whereby field permit issuance is now being measured by the number of groups using the fields and not the quantity of field usage.

2012	2011	2010	2009	2008
1,170	1,363	1,363	1,054	1,179
10,497	14,186	14,186	9,554	11,411
10,583	13,112	13,112	6,820	5,563
3,106	2,755	2,755	2,975	2,927
506	764	764	1,023	971
1.16	0.80	0.80	0.71	-
30	92	92	38	35
23.20	27.80	27.80	28.00	36.70
21.90	22.53	22.53	18.25	13.67
195	185	185	169 **	209
27,628	20,190	20,190	13,008	14,409

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013
Function					
Public safety					
Police					
Stations	**1**	1	1	1	1
Patrol units	**41**	41	41	43	40
Fire stations	**2**	2	2	2	2
Sanitation					
Collection trucks	**10**	10	10	10	10
Highways and streets					
Streets (miles)	**75**	75	62	62	62
Culture and recreation					
Parks acreage	**116.0**	116.0 **	56.5	56.5	56.5
Parks	**21**	21	14	14	14
Swimming pools	**3**	3	3	3	3
Tennis courts	**9**	9	9	9	9
Community centers	**2**	2	2	2	3

Source: Various City departments

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

**The increase from 2015 is due to research performed by the City that identified additional land that was already owned by the City that needed to be reclassified to park lands.

2012	2011	2010	2009	2008
1	1	1	1	1
37	37	37	37	35
2	2	2	1	2
10	10	9	9	8
62	62	62	62	62
66.7	66.7	66.7	64.7	56.5
14	14	14	13	13
3	3	3	3	3
9	9	9	9	11
3	3	3	3	2