CITY OF DECATUR
BOARD OF EDUCATION

ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2015

CITY OF DECATUR BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

I. FINANCIAL SECTION	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	15
Statement of Assets and Liabilities – Agency Fund	16
Notes to Financial Statements	17-44
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability – TRS	45
Schedule of Contributions – TRS	46
Notes to Required Supplementary Information – TRS	47
Schedule of Proportionate Share of the Net Pension Liability – PSERS	48
Notes to Required Supplementary Information - PSERS	49
Combining and Nonmajor Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	51
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	52

CITY OF DECATUR BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

II. CONTINUING DISCLOSURE SECTION (UNAUDITED)

General Information – CUSIPS	**53**
School Buildings	**54**
Active Personnel	**55**
Sales & Use Tax Receipts	**56**
Legal Debt Margin Information – City of Decatur, Georgia	**57**
Tax Digest History	**58**
Property Tax Rates – Direct and Overlapping Governments	**59**
Property Tax Levies and Collections	**60**
Tax Revenue Sources – City of Decatur, Georgia	**61**
Principal Property Taxpayers	**62**
Annual Final Budget (Cash Basis) – City of Decatur, Georgia	**63**

III. SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	**64 and 65**
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	**66 and 67**
Schedule of Expenditures of Federal Awards	**68 and 69**
Schedule of Findings and Questioned Costs	**70 and 71**
Status of Prior Fiscal Year Findings and Questioned Costs	**72**

I. FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Decatur Board of Education** (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Decatur Board of Education'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, each major fund, and the aggregate remaining fund information of the City of Decatur Board of Education as of June 30, 2015, and the respective changes in financial position, and the budgetary comparison for the General Fund, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.O and Note 13, the City of Decatur Board of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* as of July 1, 2014. These standards significantly changed the accounting for the District's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Contributions (on pages 4 through 8, 45, 46 and 48), respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur Board of Education's basic financial statements. The combining and nonmajor fund statements and schedules and continuing disclosure section, 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 accompanying schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the accompanying schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining and nonmajor fund statements and schedules, schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 nonmajor fund statements and schedules, schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The continuing disclosure section has 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 it.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the City of Decatur Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Decatur Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 1, 2015

The discussion and analysis of the City of Decatur Board of Education's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the complete financial statements, with footnotes, to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- Total net position increased from approximately $43.2 million in 2014 (as restated) to approximately $44.4 million in 2015, an increase of approximately $1.2 million. The increase is due primarily to an increase in property taxes during the current fiscal year.

- Total revenues increased from approximately $55.8 million in fiscal year 2014 to approximately $59.5 million in fiscal year 2015, an increase of approximately $3.7 million the majority of which included a $2.4 million or 9.3% increase in property taxes. The increase in property taxes was the result of an increase in the tax digest of approximately 10.7%.

- Total expenses increased from approximately $51.9 million in fiscal year 2014 to approximately $58.4 million in fiscal year 2015, an increase of approximately $6.4 million. This increase was the result of an increase in staff to accommodate the increase in enrollment, a step increase of approximately 2.5% for qualifying employees, and an increase to the employer portion of Teachers' Retirement benefits.

- Among the major funds, the General Fund has approximately $53.4 million in revenues (including other financing sources) and approximately $55.7 million in expenditures (including other financing uses) in fiscal year 2015. Fund balance for the General Fund decreased by approximately $2.2 million due to a net transfer of approximately $3 million to the District-Wide Capital Projects Fund for construction projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The 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 required supplementary information related to the District's pension plan and 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 District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets, liabilities, deferred outflows of resources, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

	Governmental Activities	
Assets:	**2015**	**2014 (Restated)**
Current and other assets	$55,011,450	$53,887,098
Capital assets	82,568,536	82,570,790
Total assets	137,579,986	136,457,888
Deferred Outflows of Resources		
Pension related items	4,704,272	2,995,535
Liabilities:		
Long-term liabilities outstanding, net of current portion	64,453,927	77,372,633
Other liabilities	10,639,363	7,921,598
Total liabilities	75,093,290	85,294,231
Deferred Inflows of Resources		
Unearned revenue – property taxes	12,282,208	10,944,362
Pension related items	10,531,111	-
Total deferred inflows of resources	22,813,319	10,944,362
Net Position:		
Net investment in capital assets	62,135,450	62,460,448
Restricted	6,380,042	3,397,817
Unrestricted (deficit)	(24,137,843)	(22,643,435)
Total net position	$44,377,649	$43,214,830

The Statement of Activities presents information showing how the District'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 cash flows. 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).

	Government Activities	
	2015	**2014 (restated)**
Revenues:		
Program revenues:		
Charges for services	$3,876,967	$3,624,616
Operating grants and contributions	22,953,798	21,977,651
General revenues:		
Property taxes	27,766,443	25,415,811
Sales taxes	3,534,308	3,383,656
Unrestricted investment earnings	35,920	19,309
Other	1,350,965	1,354,258
Total revenues	59,518,401	55,775,301
Expenses:		
Instruction	37,717,034	30,823,313
Support services	16,515,701	17,458,123
Food services operation	2,470,458	2,292,029
Community service operation	84,934	74,248
Interest on long-term debt	1,567,455	1,299,508
Total expenses	58,355,582	51,947,221
Increase in net position	1,162,819	3,828,080
Net position, beginning of fiscal year **(restated)**	43,214,830	39,386,750
Net position, end of fiscal year	$44,377,649	$43,214,830

In contrast, fund balance reports only those assets, deferred inflows of resources, and liabilities that primarily have an impact on short-term financing decisions. Fund balance (specifically, unassigned fund balance) is a measure of available financial resources. Net position reports all assets, all liabilities, and certain deferred outflow and inflows of resources regardless of their relevance to near-term financing decisions. Net position should be understood as a measure of net worth rather than a measure of available financial resources.

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 District, 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 District can be divided into two (2) categories: governmental funds and fiduciary funds.

Governmental Funds

Most of the District's activities (instruction, administration, maintenance, and student transportation) are reported in governmental funds, which focus on how money flows in and out of those funds and balances left at fiscal year-end are available for spending in future periods. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The governmental fund activities may be financed with property taxes, Quality Basic Education (QBE) State formula aid, and federal funds.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as club and class funds and payroll withholding funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

Government-wide Financial Analysis

As previously stated, the total net position for fiscal year 2015 is approximately $44.4 million which represents an increase over fiscal year 2014 in the amount of approximately $1.2 million. This increase to the District's net position from the prior fiscal year was primarily due to the increase in property tax revenues.

Changes in Net Position from Operating Results

Revenues

For fiscal year 2015, the District's total revenues increased by approximately 6.7% or $3.7 million. This increase was mainly due to the large increase in property taxes. Property taxes increased by approximately 9.3% or approximately $2.4 million as a result of an increase in the tax digest of approximately 10.7%.

Expenses

The District's total expenses increased approximately 12.3% as compared with fiscal year 2014. Instruction increased by approximately $6.9 million or approximately 22.4%, Support Services decreased by $942,422 or approximately 5.4%, and Food Services operation increased $178,429 or approximately 7.8%. The increase in Instruction expenses was the result of an increase in staff to accommodate the increase in enrollment, a step increase of approximately 2.5% for qualifying employees, and an increase to the employer portion of Teachers' Retirement benefits. The decrease in Support Services expenses for fiscal year 2015 was largely due to depreciation expense previously being allocated to Instruction and moved to Support Services in the prior year. There was a 19.8% increase to Support Services in 2014 due to the reallocation.

The increase to Food Services was due to increases in employee salaries, benefits, and food costs. In addition, interest on long-term debt increased by $267,947 as a result of increased long-term debt obligations.

Governmental Activities

The net cost of governmental activities reports the total and net cost of major District activities: instruction, pupil and improvement of instructional services, school and administrative services, maintenance and operations, transportation, and others.

Net cost of services is the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost shows the financial burden on the District's taxpayers by each activity. The total cost of governmental services in fiscal year 2015 was approximately $58.4 million. Users of the District's programs financed approximately $3.9 million of the costs. Federal and State grants, subsidized programs, and contributions financed approximately $23 million of the cost. The District's property taxpayers financed the largest portion of the District's cost, which was approximately $27.8 million for fiscal year 2015.

The District's Funds

The District ended fiscal year 2015 with a strong fund balance in its governmental funds. The combined balance of all governmental funds including the District-wide Capital Projects Fund is approximately $34.7 million. The ending fund balance represents approximately 57.2% of total expenditures. Of the governmental fund balance, approximately $22.2 million is restricted for capital projects and approximately $3.5 million has been assigned by the Superintendent to cover a projected fiscal year 2016 budget deficit.

General Fund Budgetary Highlights

In developing the fiscal year 2015 budget, the Administration of the District understood and planned for the following: appropriate student/teacher ratios, adequate fund balance reserves, and expenditure controls. As a result, the budget included an increase in staff and benefits as a result of the increase in enrollment. Planning for these and other unforeseen challenges are necessary in this time of enrollment growth.

The City of Decatur Board of Education originally budgeted for an operating loss of approximately $3.4 million but actually achieved an operating loss of approximately $2.2 million. This variance, an operating loss lower than projected of approximately $1.2 million, is a result of higher than expected property tax revenues, increased State QBE funding due to increased enrollment, and controlled spending.

General Fund

The total fund balance of the General Fund of approximately $11.3 million represents a decrease of approximately $2.2 million over the previous fiscal year's ending fund balance. In fiscal year 2015, the decrease in fund balance was due to a net transfer of approximately $3 million for capital projects. Although the District decided to use approximately $3 million for capital projects, the smaller than projected deficit fund balance of approximately $2.2 million was due to a conservative budget and the continuous monitoring and review of the District's financial state. To that effect, the Superintendent has assigned fund balance to cover a projected fiscal year 2016 budget deficit bringing the unassigned fund balance down to approximately $7.8 million or approximately 14.0% of fiscal year 2015 expenditures, and other financing uses, and approximately 13.6% of budgeted fiscal year 2016 expenditures.

District-wide Capital Projects Fund

The District uses capital projects funds to account for school construction and improvement projects. Since 1997, sales tax proceeds have become the primary funding source as a result of the approval by DeKalb County voters in March 1997 of a five-year special purpose local option sales tax (SPLOST). Collections of the tax began on July 1, 1997 and it has been renewed by the voters three subsequent times. The current SPLOST that began July 2012 is expected to generate a total of $645 million of which City Schools of Decatur received $18,115,116 million over its life. The sales tax is proportionately distributed to DeKalb, Atlanta Independent School System (within DeKalb County) and City of Decatur Board of Education based on full time equivalent (FTE) of students. The District-wide Capital Projects Fund had expenditures and other financing uses, of approximately $6.9 million for the fiscal year ended June 30, 2015 and a fund balance of $23 million.

Capital Assets and Debt Administration

Capital Assets

Capital assets decreased slightly from approximately $82.570 million in fiscal year 2014 to $82.569 million in fiscal 2015. For more information on capital assets, see footnote 6.

Long-Term Debt

At the end of June 30, 2015, the District has long-term liabilities in the form of certificates of participation, City of Decatur intergovernmental payable, capital leases, net pension liability, and compensated absences. For more information on long-term debt, see footnote 7.

	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Certification of participation	$27,860,000	$ -	$(285,000)	$27,575,000	$630,000
Net pension liability	40,293,641	3,440,894	(13,526,646)	30,207,889	-
Intergovernmental payable	5,415,000	-	-	5,415,000	1,770,000
Unamortized premium	750,456	-	(101,554)	648,902	-
Capital leases	3,894,444	372,569	(711,402)	3,555,611	582,857
Compensated absences	118,589	107,904	(88,966)	137,527	103,145
Governmental activities long term liabilities	$ 78,332,130	$ 3,921,367	$ (14,713,568)	$67,539,929	$ 3,086,002

Factors Bearing on the District's Future

We are pleased that City Schools of Decatur continues to enjoy a strong financial position. We have seen a positive tax digest growth over the last few years and remain hopeful that it will continue. Educational funding from the State of Georgia is expected to remain at a conservatively low level, but we have had an increase in funding due to the District's increased enrollment.

The District remains confident in our ability to maximize resources so that we may provide the best possible educational experience for all our students.

Requests for Information

This financial report is designed to provide a general overview of the City of Decatur Board of Education's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Decatur Board of Education, Finance Director, 125 Electric Avenue, Decatur, Georgia 30030.

BASIC FINANCIAL STATEMENTS

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 46,419,396
Receivables:	
Intergovernmental	3,258,367
Property taxes	4,061,856
Sales taxes	420,618
Accounts	5,399
Inventory	27,632
Prepaid items	818,182
Total Current Assets	55,011,450
Noncurrent Assets:	
Capital assets, nondepreciable	2,161,216
Capital assets, depreciable, net of accumulated depreciation	80,407,320
Total Noncurrent Assets	82,568,536
Total Assets	137,579,986
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	4,704,272
Total Assets and Deferred Outflows of Resources	$ 142,284,258
LIABILITIES	
Current Liabilities:	
Accounts payable	2,957,892
Salaries payable	4,010,482
Contracts payable	294,833
Accrued interest payable	290,154
Capital leases payable	582,857
Certificates of participation	630,000
Contract payable to the City of Decatur	1,770,000
Compensated absences payable	103,145
Total Current Liabilities	10,639,363
Long-Term Liabilities (net of current portion):	
Capital leases payable	2,972,754
Certificates of participation	27,488,250
Net pension liability	30,207,889
Contract payable to the City of Decatur	3,750,652
Compensated absences payable	34,382
Total Long-Term Liabilities	64,453,927
Total Liabilities	75,093,290
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	10,531,111
Unearned revenue - property taxes	12,282,208
Total Deferred Inflows of Resources	22,813,319
NET POSITION	
Net investment in capital assets	62,135,450
Restricted for:	
Capital projects	5,953,060
Federal programs	5,147
School food operations	421,835
Unrestricted (deficit)	(24,137,843)
Total Net Position	44,377,649
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 142,284,258

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

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction	$ 37,717,034	$ 2,833,921	$ 18,992,493	$ (15,890,620)
Support services:				
Pupil services	1,462,275	-	-	(1,462,275)
Improvement of instructional services	1,553,582	-	-	(1,553,582)
Educational media services	1,243,412	-	-	(1,243,412)
Grant administration	108,771	-	-	(108,771)
General administration	1,131,305	-	775,342	(355,963)
School administration	3,797,597	-	1,163,013	(2,634,584)
Business administration	383,074	-	-	(383,074)
Maintenance and operation of plant	4,627,099	-	1,163,013	(3,464,086)
Student transportation services	1,276,669	-	271,036	(1,005,633)
Central support services	889,493	-	-	(889,493)
Other support services	42,424	-	-	(42,424)
Food services operation	2,470,458	1,043,046	588,901	(838,511)
Community services operation	84,934	-	-	(84,934)
Interest on long-term debt and issuance costs	1,567,455	-	-	(1,567,455)
Total governmental activities	$ 58,355,582	$ 3,876,967	$ 22,953,798	(31,524,817)
General revenues:				
Property taxes				27,766,443
Sales taxes				3,534,308
Unrestricted investment earnings				35,920
Other				1,350,965
Total general revenues				32,687,636
Change in net position				1,162,819
Net position, beginning of fiscal year, as restated - See Footnote 13				43,214,830
Net position, end of fiscal year				$ 44,377,649

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

CITY OF DECATUR BOARD OF EDUCATION

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

ASSETS	General Fund	District-Wide Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 23,753,041	$ 22,212,352	$ 454,003	$ 46,419,396
Receivables:				
Intergovernmental	2,723,490	-	534,877	3,258,367
Property taxes, net of allowance	4,061,856	-	-	4,061,856
Sales taxes	-	420,618	-	420,618
Accounts	5,399	-	-	5,399
Due from other funds	390,236	65,166	19,184	474,586
Prepaid items	-	818,182	-	818,182
Inventory	-	-	27,632	27,632
Total assets	$ 30,934,022	$ 23,516,318	$ 1,035,696	$ 55,486,036
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 2,713,251	$ 212,165	$ 32,476	$ 2,957,892
Salaries payable	3,936,462	-	74,020	4,010,482
Contracts payable	-	294,833	-	294,833
Due to other funds	-	-	474,586	474,586
Total liabilities	6,649,713	506,998	581,082	7,737,793
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	735,319	-	-	735,319
Unearned revenue - property taxes	12,282,208	-	-	12,282,208
Total deferred inflows of resources	13,017,527	-	-	13,017,527
FUND BALANCES				
Fund balances:				
Nonspendable:				
Inventory	-	-	27,632	27,632
Prepaid items	-	818,182	-	818,182
Restricted:				
Federal programs	-	-	5,147	5,147
Capital projects	-	22,191,138	-	22,191,138
School food operations	-	-	421,835	421,835
Assigned:				
Subsequent fiscal year's budget deficit	3,502,084	-	-	3,502,084
Unassigned	7,764,698	-	-	7,764,698
Total fund balances	11,266,782	23,009,320	454,614	34,730,716
Total liabilities, deferred inflows of resources, and fund balances	$ 30,934,022	$ 23,516,318	$ 1,035,696	$ 55,486,036

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

CITY OF DECATUR BOARD OF EDUCATION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2015

Total Governmental Fund Balances		$ 34,730,716
Amounts reported for governmental activities in the Government-wide 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 governmental funds, but are reported on the government-wide statement of net position.		
Cost	$ 92,286,574	
Less accumulated depreciation	(9,718,038)	82,568,536
Receivables not collected within 60 days of fiscal year-end are not considered available and are deferred inflows of resources on the governmental funds' balance sheet but are recognized as revenue on the government-wide statement of net position.		
Property taxes		735,319
Interfund receivables (or due from other funds) and payables (or due to other funds) between governmental funds are reported on the governmental funds' balance sheet but are eliminated on the government-wide statement of position.		
Interfund receivables	$ (474,586)	
Interfund payables	474,586	-
Long-term liabilities and certain deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds' balance sheet but are reported on the government-wide statement of net position.		
Accrued interest payable	$ (290,154)	
Net pension liability	(30,207,889)	
Deferred outflows of resources related to pensions	4,704,272	
Deferred inflows of resources related to pensions	(10,531,111)	
Capital leases payable	(3,555,611)	
Certificates of participation (including unamortized premium)	(28,118,250)	
Intergovernmental payable to the City of Decatur (including unamortized premium)	(5,520,652)	
Compensated absences payable	(137,527)	(73,656,922)
Net Position of Governmental Activities		$ 44,377,649

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

CITY OF DECATUR BOARD OF EDUCATION

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

	General Fund	District-Wide Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 27,634,240	$ -	$ -	$ 27,634,240
Sales taxes	-	3,534,308	-	3,534,308
Intergovernmental revenue - state	19,671,254	-	755,771	20,427,025
Intergovernmental revenue - federal	-	181,780	2,263,939	2,445,719
Charges for services	2,547,916	-	1,012,370	3,560,286
Investment income	19,107	16,377	436	35,920
Other revenue	1,623,610	10,001	40,924	1,674,535
On behalf payments	74,165	-	-	74,165
Total revenues	51,570,292	3,742,466	4,073,440	59,386,198
EXPENDITURES				
Current:				
Instruction	33,245,612	-	2,150,625	35,396,237
Support services:				
Pupil services	1,425,907	-	70,694	1,496,601
Improvement of instructional services	1,323,654	-	266,482	1,590,136
Educational media services	1,267,512	-	-	1,267,512
Grant administration	-	-	111,353	111,353
General administration	1,137,160	-	-	1,137,160
School administration	3,912,571	-	-	3,912,571
Business administration	392,873	-	-	392,873
Maintenance and operation of plant	4,684,098	-	-	4,684,098
Student transportation services	1,179,570	-	15,111	1,194,681
Central support services	911,416	-	-	911,416
Other support services	11,844	-	30,751	42,595
Food services operation	826,076	-	1,676,284	2,502,360
Community services operation	86,786	-	-	86,786
Capital outlay	-	3,405,488	-	3,405,488
Debt service:				
Principal retirement	537,337	459,065	-	996,402
Interest and fiscal charges	28,367	1,563,086	-	1,591,453
Total expenditures	50,970,783	5,427,639	4,321,300	60,719,722
Excess (deficiency) of revenues over (under) expenditures	599,509	(1,685,173)	(247,860)	(1,333,524)
OTHER FINANCING SOURCES (USES)				
Capital leases	372,569	-	-	372,569
Transfers in	1,478,079	4,467,608	254,324	6,200,011
Transfers out	(4,683,720)	(1,516,291)	-	(6,200,011)
Total other financing sources (uses)	(2,833,072)	2,951,317	254,324	372,569
Net change in fund balances	(2,233,563)	1,266,144	6,464	(960,955)
FUND BALANCE, beginning of fiscal year	13,500,345	21,743,176	448,150	35,691,671
FUND BALANCE, end of fiscal year	$ 11,266,782	$ 23,009,320	$ 454,614	$ 34,730,716

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

CITY OF DECATUR BOARD OF EDUCATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds		$ (960,955)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital outlay	$ 2,246,834	
Depreciation expense	(2,245,361)	1,473
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		132,203
Transfers between governmental funds are reported in the governmental funds but are eliminated on the government-wide statement of activities.		
Transfers in	$ (6,200,011)	
Transfers out	6,200,011	-
The issuance of long-term debt, (e.g., bonds, leases) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal retirement:		
Capital leases	$ 711,402	
Certificates of participation	285,000	
Amortization of premiums	101,554	
Accrued interest	23,998	
Issuance of capital leases	(372,569)	749,385
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.		
Net change in related deferred outflows, inflows of resources, and net pension liability		1,263,378
Change in compensated absences		(18,938)
Change in net position - governmental activities		$ 1,162,819

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

CITY OF DECATUR BOARD OF EDUCATION

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

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 27,617,827	$ 27,617,827	$ 27,634,240	$ 16,413
Intergovernmental revenue - state	17,742,664	17,739,946	19,671,254	1,931,308
Charges for services	2,303,180	2,303,180	2,547,916	244,736
Investment income	18,000	18,000	19,107	1,107
Other revenue	249,680	432,755	1,623,610	1,190,855
On behalf payments	-	-	74,165	74,165
Total revenues	47,931,351	48,111,708	51,570,292	3,458,584
EXPENDITURES				
Current:				
Instruction	34,860,787	34,806,384	33,245,612	1,560,772
Support services:				
Pupil services	1,390,751	1,423,215	1,425,907	(2,692)
Improvement of instructional services	1,295,865	1,369,232	1,323,654	45,578
Educational media services	1,309,092	1,311,950	1,267,512	44,438
General administration	951,085	934,931	1,137,160	(202,229)
School administration	3,804,206	3,848,704	3,912,571	(63,867)
Business administration	392,322	401,503	392,873	8,630
Maintenance and operation of plant	4,314,126	4,266,215	4,684,098	(417,883)
Student transportation services	1,017,507	1,221,954	1,179,570	42,384
Central support services	936,530	938,120	911,416	26,704
Other support services	7,000	12,000	11,844	156
Food services operation	772,838	819,043	826,076	(7,033)
Community services operation	73,878	73,878	86,786	(12,908)
Debt service - principal retirement	-	526,074	537,337	(11,263)
Debt service - interest and fiscal charges	-	28,160	28,367	(207)
Total expenditures	51,125,987	51,981,363	50,970,783	1,010,580
Excess (deficiency) of revenues over (under) expenditures	(3,194,636)	(3,869,655)	599,509	4,469,164
OTHER FINANCING SOURCES (USES)				
Capital leases	-	-	372,569	372,569
Transfers in	-	-	1,478,079	1,478,079
Transfers out	(236,762)	(3,076,762)	(4,683,720)	(1,606,958)
Total other financing sources (uses)	(236,762)	(3,076,762)	(2,833,072)	243,690
Net change in fund balances	(3,431,398)	(6,946,417)	(2,233,563)	4,712,854
FUND BALANCE, beginning of fiscal year	13,500,345	13,500,345	13,500,345	-
FUND BALANCE, end of fiscal year	$ 10,068,947	$ 6,553,928	$ 11,266,782	$ 4,712,854

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

CITY OF DECATUR BOARD OF EDUCATION

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2015

	Agency Fund
ASSETS	
Cash and cash equivalents	$ 21,868
Total assets	$ 21,868
LIABILITIES	
Due to others	$ 21,868
Total liabilities	$ 21,868

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 Board of Education (the "District") have been prepared in accordance 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 District's accounting policies are described below.

A. Reporting Entity

The District was established under the laws of the State of Georgia and operates under the guidance of a five-member school board elected by the voters and a Superintendent appointed by the School Board. The District is organized as a separate legal entity and provides public education throughout the city of Decatur, Georgia, excluding DeKalb County, Georgia.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. For the fiscal year ended June 30, 2015, the District has no business-type activities.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal 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)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting except long-term liabilities.

Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

The State of Georgia reimburses the District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent fiscal year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each fiscal year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the governmental fund financial statements, property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year if they meet the appropriate recognition criteria. In accordance with GASB Statement No. 33, "Accounting and Financing Reporting for Non-exchange Transactions", the corresponding assets (receivables) in non-exchange transactions are recognized in the fiscal year in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all the eligibility requirements have been met, or when resources are received, depending on the revenue source. This is when the District gives or receives value without directly receiving or giving equal value in exchange including property taxes, local option sales taxes, intergovernmental grants and donations. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

The ***District-Wide Capital Projects Fund*** accounts for the proceeds of a one percent Special Purpose Local Option Sales Tax, intergovernmental revenue (bond proceeds) from other governments and certificates of participation. Funds are used for: building renovations; land and building acquisitions; and, construction of new educational facilities.

Additionally, the District reports the following fund types:

The ***Agency Fund*** is used to account for school activity funds that the District holds for others in an agency capacity.

The nonmajor governmental funds include the following funds:

The S***chool Food Services Fund*** accounts for the monies and commodities received from the Federal and State governments and the School Food Service's cafeteria sales for the purpose of maintaining the District's breakfast, lunch, and snack programs.

The ***Lottery Programs Fund*** accounts for the Pre-K program administered by the District in which the revenues are legally restricted by external parties.

The ***Federal Programs Fund*** accounts for various Federal grant monies received by the District in which the revenues are legally restricted by external parties.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Formal budgetary accounting is employed as a management control device for the General Fund, Special Revenue Funds, and District-wide Capital Projects Fund of the District. The governmental funds' budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and Special Revenue Funds each fiscal year through passage of an annual budget ordinance and amended as required. The District adopts project length budgets for the District-wide Capital Projects Fund. During the fiscal year ended June 30, 2015, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each fiscal year.

E. Cash and Investments

The District'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 in authorized financial institutions. OCGA 45-8-14 authorizes the District to deposit its funds in one or more solvent banks or insured federal savings and loan associations.

Investments (regardless of maturities) made by the District in nonparticipating interest-earning contracts (such as certificates of deposit), repurchase agreements, participating interest-earning contracts, and money market investments are reported at fair market value. OCGA 36-83-4 authorizes the District to invest its funds and in selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions in safety and liquidity.

Funds may be invested in the following: (1) obligations issued by the State of Georgia or by other states; (2) obligations issued by the United States government; (3) obligations fully insured or guaranteed by the United States government or a United States government agency; (4) obligations of any corporation of the United States government; (5) prime banker's acceptances; (6) repurchase agreements; (7) obligations of other political subdivisions of the State of Georgia; and (8) the Local Government Investment Pool administered by the State of Georgia, Office of the State Treasurer.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

The investment in the Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

G. On-Behalf Payments

The State of Georgia makes certain retirement plan payments on behalf of the District for its employees. The District records these payments as both a revenue and expenditure in the General Fund. The total of the on-behalf payments for the fiscal year ended June 30, 2015 was $74,165.

H. Inventory and Prepaid Items

Inventories of the School Food Services Fund are stated at cost using the first-in, first-out method. Donated food commodities are recorded at fair value. The District utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenditures when used rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditures/expense in the fiscal year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable, as this amount is not available for general appropriation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Equipment	5-20
Land improvements	15
Buildings and buildings improvements	50

J. Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures. The long-term obligations of the District at June 30, 2015 were compensated absences, capital leases, intergovernmental payable to the City of Decatur, net pension liability, and certificates of participation which are discussed later in these footnotes as other obligations.

K. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one (1) item that qualifies for reporting in this category which pertains to deferred outflows of resources relating to pensions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Inflows/Outflows of Resources (Continued)

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 District has three types of items, one of which arises only under a modified accrual basis of accounting, that qualify for reporting in this category. 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. Additionally, the governmental funds balance sheet and the government wide statement of net position will report unearned property tax revenues as a deferred inflow of resources as the amount represents property taxes which have been received or are receivable as of the balance sheet date but which are meant to fund expenditures for the upcoming fiscal year and thus will be recognized as revenue in the period for which they have been levied. The government wide statement of net position will also report deferred inflows of resources relating to pensions.

L. Compensated Absences

Compensated absences represent obligations of the District relating to an employee's rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. Accumulated unpaid sick leave costs are not vested and are not accrued, but are recognized as expenditures or expenses, when paid. Accumulated unpaid vacation costs are accrued when incurred in the government-wide financial statements.

Regular full-time twelve month custodial and maintenance staff earn vacation leave with pay from ten to fifteen days per fiscal year based on years of continuous service with a maximum accumulation of twenty days. Upon separation from the District, employees may be paid for unused vacation leave up to a maximum of twenty days at the current rate of pay.

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, 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 District 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 District 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 formal action of the Board of Education through the adoption of a resolution. Likewise, fund balances that have been committed cannot be used for any other purposes unless the Board of Education removes the commitment of these funds through formal action of the adoption of a resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the District's intent to be used for the specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent to assign fund balances.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. The Board will strive to maintain an unassigned fund balance of between 4% - 15% based upon annual budgeted expenditures. The balance may be drawn down in the event of an unexpected decrease in the property tax digest or a reduction to state funding.

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

Net Position – Net position represent the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by retainage (contracts) payables and by the outstanding balances of any borrowing used (i.e., the amount that the District 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 District applies restricted resources first when an expense is incurred for purposes for which both available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Use of Estimates

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

O. Implementation of New GASB Standards

In fiscal year 2015, the District implemented the following Governmental Accounting Standards Board Statement (GASB) Standards:

GASB Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27* as well as *GASB* Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which are both effective July 1, 2014. As a result, the adoption of GASB Statement No. 68 and 71 in this fiscal year required the recognition of the District's proportionate share of the collective net pension liability as it relates to the Teachers Retirement System of Georgia (TRS) Plan. See footnote 13 for the effect these standards had on beginning net position of the District's governmental activities.

P. Pensions

TRS and PSERS For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System (TRS) and the Public School Employees Retirement System (PSERS) and additions to/deductions from TRS's and PSERS's fiduciary net position have been determined on the same basis as they are reported by TRS and PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Budgetary Data. The budget is a complete financial plan for the District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared by fund, function, and object. The legal level of budgetary control was established by the Board at the aggregate level. The budget for the General Fund was prepared in accordance with U.S. generally accepted accounting principles.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (Continued)

The budgetary process begins with District administration presenting an initial budget for the Board's review. The Board provides the administration with revenue, expenditure, and fund balance guidelines, and receives public comments. Administration makes revisions as necessary and prepares a tentative budget for the Board's approval. After approval of this tentative budget by the Board, such a budget is advertised at least once in a newspaper of general circulation in the locality. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final school budget. This final budget is then submitted, in accordance with provisions of the Quality Basic Education Act, OCGA 20-2-167 (c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the fiscal year. All unexpended budget authority lapses at fiscal year-end.

The Superintendent is authorized by the Board to approve adjustments of no more than five percent of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board of Education. If expenditure of funds in any budget function for any fund is anticipated to be more than five percent of the budgeted amount, the Superintendent shall request board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget and that exceeds $25,000 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board of Education.

For fiscal year ended June 30, 2015, the following departments had excesses of actual expenditures over appropriations:

General Fund departments:		
Pupil services	$	2,692
General administration		202,229
School administration		63,867
Maintenance and operation of plant		417,883
Food services operation		7,033
Community services operation		12,908
Debt service - principal retirement		11,263
Debt service - interest and fiscal charges		207
Transfers out		1,606,958

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

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits. The District's entire deposits are either insured by federal depository insurance or collateralized in an amount equal to 110% of uninsured deposits. The collateral must be placed with the Federal Reserve Bank or a third party bank, which serves as the District's agent. The collateral placed with the Federal Reserve Bank or the third party bank is in the name of the District and the District is responsible for the release of the collateral securities.

At June 30, 2015, all investments of the District were invested in Georgia Fund 1, the local government investment pool administered by the State of Georgia. The Georgia Fund 1 investment pool is not subject to credit risk classification and the carrying amount of $14,554,186 is reported at fair value. These investments are considered cash equivalents.

Credit risk. State statutes authorize the District 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 banker's acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2015, the District's following investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

Investment	Maturities	Fair Value
Georgia Fund 1	56 day weighted average	$ 14,554,186

NOTE 4. RECEIVABLES

Receivables at June 30, 2015 for the District's individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	General	District-wide Capital Projects	Nonmajor Governmental Funds	Total
Receivables:				
Intergovernmental	$ 2,723,490	$ -	$ 534,877	$ 3,258,367
Property taxes	4,102,255	-	-	4,102,255
Sales taxes	-	420,618	-	420,618
Accounts	5,399	-	-	5,399
Gross receivables	6,831,144	420,618	534,877	7,786,639
Less: Allowance for uncollectibles	(40,399)	-	-	(40,399)
Net receivables	$ 6,790,745	$ 420,618	$ 534,877	$ 7,746,240

NOTE 5. PROPERTY TAXES

The City of Decatur, Georgia bills and collects property taxes for the District. 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, and the second billing is mailed no later than October 20. The billings are considered due upon receipt by the taxpayer; however, the billings are considered delinquent on June 1 and December 20. After these dates, penalties and interest may be assessed by the City.

As discussed in Note 1, the District records deferred inflows of resources related to the property tax levies. At June 30, 2015, the District reports a deferred inflow of resources - unearned revenue of $12,282,208 for the 2015 tax year digest collections which are budgeted to fund fiscal year 2016 operations as reported in both the balance sheet for governmental funds as well as the government-wide statement of net position. Furthermore, in the General Fund, the District reports a deferred inflow of resources - unavailable property taxes of $735,319 which consists of the 2014 tax year digest (and prior fiscal year taxes) not collected within 60 days of June 30, 2015.

NOTE 6. CAPITAL ASSETS

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

Governmental activities	Balances Beginning	Additions	Transfers to Service and Deletions	Balances Ending
Capital assets, not being depreciated				
Land	$ 907,473	$ -	$ -	$ 907,473
Construction in progress	7,630,336	1,566,893	(7,943,486)	1,253,743
Total	8,537,809	1,566,893	(7,943,486)	2,161,216
Capital assets, being depreciated				
Land improvements	171,269	146,941	-	318,210
Buildings and building improvements	76,107,856	7,796,545	-	83,904,401
Equipment	5,332,137	679,941	(109,331)	5,902,747
Total	81,611,262	8,623,427	(109,331)	90,125,358
Less accumulated depreciation for:				
Land improvements	(20,349)	(17,972)	-	(38,321)
Buildings and building improvemnets	(4,514,543)	(1,724,972)		(6,239,515)
Equipment	(3,043,389)	(502,417)	105,604	(3,440,202)
Total	(7,578,281)	(2,245,361)	105,604	(9,718,038)
Total capital assets, being depreciated, net	74,032,981	6,378,066	(3,727)	80,407,320
Governmental activities capital assets, net	$ 82,570,790	$ 7,944,959	$ (7,947,213)	$ 82,568,536

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
Instruction	$ 2,028,840
General administration	8,134
School administration	16,211
Maintenance and operation of plant	48,220
Student transportation	118,685
Food services operation	25,271
Total depreciation expense - governmental activities	$ 2,245,361

NOTE 7. LONG-TERM DEBT

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Governmental activities:						
Certificates of participation:						
Series 2010	$ 9,740,000	$ -	$ (285,000)	$ 9,455,000	$ 295,000	$ 9,160,000
Series 2014	18,120,000	-	-	18,120,000	335,000	17,785,000
Intergovernmental payable, City of Decatur	5,415,000	-	-	5,415,000	1,770,000	3,645,000
Unamortized premiums	750,456	-	(101,554)	648,902	-	648,902
Capital leases	3,894,444	372,569	(711,402)	3,555,611	582,857	2,972,754
Net pension liability	40,293,641	3,440,894	(13,526,646)	30,207,889	-	30,207,889
Compensated absences	118,589	107,904	(88,966)	137,527	103,145	34,382
Governmental activities long-term liabilities	$ 78,332,130	$ 3,921,367	$ (14,713,568)	$ 67,539,929	$ 3,086,002	$ 64,453,927

For governmental activities, the net pension liability, compensated absences and capital leases are generally liquidated by the General Fund. The certificates of participation and the intergovernmental payable to the City of Decatur will be liquidated by the District-wide Capital Projects Fund. Beginning balance for long-term debt and obligations has been restated as a result of the implementation of GASB Statement No. 68 and 71. For further discussion, see footnote 13.

NOTE 7. LONG-TERM DEBT

Certificates of Participation. In April 2014, the District entered into a lease agreement with the Georgia Municipal Association, Inc. ("GMA"). The funding of the lease was provided by the issuance of $18,120,000 Certificates of Participation Series 2014 by GMA. The proceeds from the Certificates were used to finance the acquisition and construction of school buildings and facilities for the District and the costs incurred in connection with the execution and delivery of the certificates. The lease agreement with GMA provides that the District owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in annual installments of $335,000 to $1,060,000 beginning in November 2014 and ending May 2044. Interest is payable at rates of 2.00% to 5.25%.

Fiscal Year Ending, June 30	Principal	Interest	Total
2016	$ 335,000	$ 769,938	$ 1,104,938
2017	345,000	763,238	1,108,238
2018	355,000	752,888	1,107,888
2019	370,000	738,688	1,108,688
2020	385,000	723,888	1,108,888
2021-2025	2,160,000	3,376,238	5,536,238
2026-2030	2,665,000	2,869,700	5,534,700
2031-2035	3,355,000	2,181,375	5,536,375
2036-2040	4,155,000	1,382,769	5,537,769
2041-2044	3,995,000	433,075	4,428,075
Total	$ 18,120,000	$ 13,991,797	$ 32,111,797
Plus: Unamortized premium	543,250		
Total	$ 18,663,250		

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation. In January 2010, the District entered into a lease agreement with the Georgia School Boards Association, Inc. (the "Association"). The funding of the lease was provided by the issuance of $10,295,000 Taxable Certificates of Participation, Build America Bonds, Direct Payment, Series 2010 by the Association. The lease agreement with the Association provides that the District owns their portion of the assets and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in annual installments of $275,000 to $625,000 beginning in May 2013 to May 2037. Interest is payable at rates of 2.70% to 5.55%.

Fiscal Year Ending, June 30	Principal	Interest	Total
2016	$ 295,000	$ 549,728	$ 844,728
2017	300,000	537,485	837,485
2018	310,000	524,135	834,135
2019	320,000	509,410	829,410
2020	330,000	493,890	823,890
2021-2025	1,820,000	2,200,793	4,020,793
2026-2030	2,190,000	1,640,168	3,830,168
2031-2035	2,665,000	903,105	3,568,105
2036-2037	1,225,000	116,550	1,341,550
Total	$ 9,455,000	$ 7,475,264	$ 16,930,264

Intergovernmental Payable. In December 2012, the City of Decatur, on behalf of the District, 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 2.00%. The District will fund the notes with special purpose local option sales tax (SPLOST) revenues and thus the District has an intergovernmental payable to the City of Decatur equal to the outstanding notes. The proceeds from the notes were used for the cost of acquiring, constructing, and equipping certain capital projects for the District.

The intergovernmental payable currently outstanding is as follows:

Fiscal Year Ending, June 30	Principal	Interest	Total
2016	$ 1,770,000	$ 90,600	$ 1,860,600
2017	1,805,000	54,850	1,859,850
2018	1,840,000	18,400	1,858,400
Total	5,415,000	$ 163,850	$ 5,578,850
Plus: Unamortized premium	105,652		
Total	$ 5,520,652		

NOTE 7. LONG-TERM DEBT (Continued)

Capital Leases. The District has entered into an agreement for the purpose of renovating a school facility. Under the terms of the agreement, the District will assure that the payments of principal and interest on the capital lease are made in a timely manner through June 1, 2025. The total monthly payment is $20,966.

The District has entered into an agreement for software and under the terms of the agreement the District will assure that the payments of principal and interest are made in a timely manner through July 2015. The total annual payment is $45,000.

The District has entered into three (3) agreements for numerous Apple computers and under the terms of the agreement the District will assure that the payments of principal and interest are made in a timely manner through September 2016. The total annual payment is $257,947.

The District has entered into two (2) agreements for buses and under the terms of the agreement the District will assure that the payments of principal and interest are made in a timely manner through August 2021 and July 2022. The total annual payments are $10,912 and $130,564, respectively.

The following is an analysis of assets under capital leases as of June 30, 2015:

Asset	Governmental Activities
Building improvements, software, and buses (acquisition costs)	$ 5,005,795
Less accumulated depreciation	(906,779)
Net depreciable capital assets under leases	$ 4,099,016

Annual depreciation of these assets is included in depreciation expense.

NOTE 7. LONG-TERM DEBT (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2016	$ 696,013
2017	518,267
2018	393,066
2019	393,066
2020	393,015
2021-2025	1,671,465
Total minimum lease payments	4,064,892
Less: amount representing interest	(509,281)
Present value of minimum lease payments	3,555,611
Less: current liabilities	(582,857)
Total due in more than one fiscal year	$ 2,972,754

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances as of the fiscal year ended June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 390,236
District-wide Capital Projects Fund	Nonmajor governmental funds	65,166
Nonmajor governmental funds	Nonmajor governmental funds	19,184
		$ 474,586

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers as of the fiscal year ended June 30, 2015 are as follows:

Transfers In	Transfers Out	Amount
General Fund	District-Wide Capital Projects Fund	$ 1,478,079
Nonmajor governmental funds	District-Wide Capital Projects Fund	38,212
Nonmajor governmental funds	General Fund	216,112
District-Wide Capital Projects Fund	General Fund	4,467,608
		$ 6,200,011

NOTE 9. RETIREMENT PLANS

Teachers Retirement System of Georgia (TRS)

Plan Description. The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained at www.trsga.com/publications.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRPB-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRPB-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Funding Policy. TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by state law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2015, were 6% of annual salary. Employer contributions required for fiscal year 2015 were 13% of annual salary as required by the most recent actuarial valuation.

Covered employees contributions for the fiscal years ended June 30, 2015, 2014, and 2013 were $1,652,491, $1,477,421, and $1,408,605, respectively. The District's contributions to TRS for the fiscal years ended June 30, 2015, 2014, and 2013 were $3,587,737, $2,995,534, and $2,653,597, respectively, equal to the annual required contribution for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. Effective July 1, 2014, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the District's accounting for pension amounts. The information discussed below is presented in accordance with this new standard.

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the State of Georgia for certain public school support personnel. The amount recognized by the District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 30,207,889
State of Georgia's proportionate share of the net pension liability associated with the District	284,890
Total	$ 30,492,779

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability in the amount of $30,207,889. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2014. At June 30, 2014, the employer proportion was 0.239106%, which was an increase of 0.0079% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of $2,324,359 and revenue of $28,254 for support provided by the State of Georgia for certain support personnel. At June 30, 2015, the District reported deferred outflows of resources and defered inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 10,531,111
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,116,535	-
Employer contributions subsequent to the measurement date	3,587,737	-
Total	$ 4,704,272	$ 10,531,111

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

The District's contributions subsequent to the measurement date of $3,587,737 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30:	
2016	$ (2,379,019)
2017	(2,379,019)
2018	(2,379,019)
2019	(2,379,021)
2020	101,500
Total	$ (9,414,576)

Actuarial Asumptions. The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 – 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-Retirement Benefit Increases	1.50% semi-annually

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 through June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 55,669,087	$ 30,207,889	$ 9,241,122

NOTE 9. RETIREMENT PLANS (Continued)

Teachers Retirement System of Georgia (TRS) – Continued

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at http://www.trsga.com.

Public School Employees Retirement System (PSERS)

Plan Description. PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits Provided. A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions. The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

NOTE 9. RETIREMENT PLANS (Continued)

Public School Employees Retirement System (PSERS) (Continued)

Pension Liabilities and Pension Expense

At June 30, 2015, the District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the state's proportionate share of the net pension liability associated with the District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the District	$ 272,575

The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The state's proportion of the net pension liability associated with the District was based on actuarially determined contributions paid by the state during the fiscal year ended June 30, 2014.

For the year ended June 30, 2015, the District recognized pension expense of $23,671 and revenue of $23,671 for support provided by the State of Georgia.

Acturial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table set forward one year for males for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

NOTE 9. RETIREMENT PLANS (Continued)

Public School Employees Retirement System (PSERS) (Continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

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

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss for claims associated with torts; theft of, damage to and destruction of assets; errors and omissions; natural disaster; workers compensation, and unemployment compensation. The District participates in the Georgia School Boards Association Risk and Insurance Management System (the "System"), a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the System. The District pays an annual premium to the System for its general insurance coverage. Additional coverage is provided through agreements by the System with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), general liability (including coverage for sexual harassment, molestation, and abuse) and automobile risks. Payment of excess insurance for the System varies by line of coverage.

The District is self-insured with regard to unemployment compensation claims. The District accounts for its claims within the General Fund with an expenditure and a liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The District unemployment claims during fiscal years ended June 30, 2015 and 2014 totaled $4,801 and $22,849, respectively.

The following describes the changes in the claims liability over the last two (2) fiscal years.

Fiscal Year	Beginning of Fiscal Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Fiscal Year Claims Liability
2015	$ -	$ 4,801	$ (4,801)	$ -
2014	-	22,849	(22,849)	-

The District participates in the Georgia School Boards Association Workers' Compensation Fund (the "Fund"), a public entity risk pool organized on July 1, 1992 to develop, implement, and administer a program of workers' compensation self-insurance for its member organizations. The District pays an annual premium to the Fund for its general insurance coverage. Additional insurance coverage is provided through an agreement by the Fund with Safety National to provide coverage for potential losses sustained by the Fund in excess of $100,000 loss per occurrence, up to the statutory limit.

The District has purchased surety bonds to provide additional insurance coverage as follows:

Position covered	Amount
Superintendent	$ 100,000
All other employees	100,000

NOTE 11. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audits and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the financial statements for such contingencies.

For the fiscal year ended June 30, 2015, the District has contractual commitments on uncompleted contracts totaling $13,084,618. These contracts relate to construction and renovation projects at various facilities throughout the District.

NOTE 12. POSTEMPLOYMENT BENEFITS

Georgia Retiree Health Benefit Fund

Plan Description. The District contributes to the Georgia Retiree Health Benefit Fund ("GRHBF"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Department of Community Health (the "DCH"). GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for GRHBF. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

Funding Policy. The contribution requirements of the plan members and participating employers are established and may be amended by the Board of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

NOTE 12. POSTEMPLOYMENT BENEFITS (Continued)

Georgia Retiree Health Benefit Fund (Continued)

Participating employers are statutorily required to contribute in accordance with the employer contribution rate established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2015, were as follows:

For certified teachers, librarians and regional service agencies and certain other eligible participants:
July 2014 – June 2015 $945.00 per member per month
For non-certified school personnel:
July 2014 – June 2015 $596.20 per member per month

No additional contribution was required by the Board of Community Health for fiscal year 2015 or contributed to GRBHF to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board of Community Health in accordance with the State plan for other postemployment benefits and are subject to appropriation. The District's contributions to the health insurance plans for the fiscal year ended June 30, 2015, 2014, and 2013 were $7,092,415, $5,969,890, and $6,753,247, respectively, which equaled the annual required contribution.

NOTE 13. RESTATEMENTS

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pension Plans- an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* the District is required to change its accounting treatment of the pension liabilities and the related pension expense. The new standard requires that the District's proportionate share of the net pension liability be recorded on the statement of net position for its governmental activities. Therefore, in conjunction with the implementation of Statement No. 68 and 71, the following restatement was required to the beginning net position of governmental activities to properly recognize the District's net pension liability and related deferred outflows of resources for contributions subsequent to the measurement date as of the end of the prior period:

Governmental Activities:	
Net Position, June 30, 2014, as previously reported	$ 80,512,936
Recognition of the beginning of the measurement period deferred outflows of resources for contributions made subsequent to the measurement period fiscal year 2014.	2,995,535
Recognition of the beginning net pension liability in accordance with GASB Statement 68.	(40,293,641)
Net Position, June 30, 2014, restated	$ 43,214,830

NOTE 14. SUBSEQUENT EVENT

Subsequent to fiscal year end, the City Commission of the City of Decatur, Georgia approved a resolution for the issuance of general obligation debt in the aggregate principal amount not to exceed $75,000,000 for the use by the City Schools of Decatur. As of the audit report date, these bonds have not been issued.

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM (TRS)

	2015
District's proportion of the net pension liability	0.239106%
District's proportionate share of the net pension liability	$ 30,207,889
State of Georgia's proportionate share of the net pension liability assocated with the District	284,890
Total	$ 30,492,779
District's covered-employee payroll	24,393,599
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	124%
Plan fiduciary net position as a percentage of the total pension liability	84.03%

Note: *Schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.*

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM (TRS)

	2015	2014	2013
Contractually required contribution	$ 3,587,737	$ 2,995,534	$ 2,653,597
Contributions in relation to the contractually required contribution	3,587,737	2,995,534	2,653,597
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 27,541,506	$ 24,393,599	$ 23,256,766
Contributions as a percentage of covered-employee payroll	13.03%	12.28%	11.41%

Note: *Schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.*

CITY OF DECATUR BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS RETIREMENT SYSTEM (TRS)

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirment, disability, and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three (3) years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the fiscal year June 30, 2015 reported in that schedule:

Valuation date	June 30, 2012
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	7-year smoothed market
Inflation rate	3%
Salary increases	3.75 - 7.00%, including inflation.
Investment Rate of Return	7.5%, net of pension plan investment expense including inflation.
Post-Retirement Benefit Increases	1.50% semi-annually

CITY OF DECATUR BOARD OF EDUCATION

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM (PSERS)

		2015
District's proportion of the net pension liability		0.0%
District's proportionate share of the net pension liability	$	-
State of Georgia's proportionate share of the net pension liability assocated with the District		272,575
Total	$	272,575
District's covered-employee payroll	$	646,925
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		N/A
Plan fiduciary net position as a percentage of the total pension liability		88.29%

Note: *Schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.*

CITY OF DECATUR BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM (PSERS)

Changes of assumptions: The last experience investigation was prepared for the five-year period ending June 30, 2009, and based on the results of the investigation various assumptions and methods were revised and adopted by the board on December 16, 2010. The next experience investigation will be prepared for the period July 1, 2009 through June 30, 2014.

CITY OF DECATUR BOARD OF EDUCATION
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

SCHOOL FOOD SERVICES To account for the monies and commodities received from the federal and state governments and the School Food Service's cafeteria sales for the purpose of maintaining the District's breakfast, lunch, and snack programs.

LOTTERY PROGRAMS To account for the Pre-K program administered by the District.

FEDERAL PROGRAMS To account for various federal grant monies received by the District.

CITY OF DECATUR BOARD OF EDUCATION

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
ASSETS	School Food Services	Lottery Programs	Federal Programs	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 454,003	$ -	$ -	$ 454,003
Receivables:				
Intergovernmental	33,181	-	501,696	534,877
Due from other funds	8,671	10,513	-	19,184
Inventory	27,632	-	-	27,632
Total assets	$ 523,487	$ 10,513	$ 501,696	$ 1,035,696
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 10,513	$ 21,963	$ 32,476
Salaries payable	74,020	-	-	74,020
Due to other funds	-	-	474,586	474,586
Total liabilities	74,020	10,513	496,549	581,082
FUND BALANCES				
Fund balances:				
Nonspendable:				
Inventory	27,632	-	-	27,632
Restricted for:				
School food operations	421,835	-	-	421,835
Federal programs		-	5,147	5,147
Total fund balances	449,467	-	5,147	454,614
Total liabilities and fund balances	$ 523,487	$ 10,513	$ 501,696	$ 1,035,696

CITY OF DECATUR BOARD OF EDUCATION

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

	Special Revenue Funds			
	School Food Services	Lottery Programs	Federal Programs	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental - federal	$ 592,012	$ -	$ 1,671,927	$ 2,263,939
Intergovernmental - state	37,006	718,765	-	755,771
Charges for services	1,012,370	-	-	1,012,370
Investment income	436	-	-	436
Other revenue	40,924	-	-	40,924
Total revenues	1,682,748	718,765	1,671,927	4,073,440
EXPENDITURES				
Instruction	-	936,686	1,213,939	2,150,625
Support services:				
Pupil services	-	-	70,694	70,694
Improvement of instructional services	-	-	266,482	266,482
Grant administration	-	-	111,353	111,353
Student transportation services	-	-	15,111	15,111
Other support services	-	-	30,751	30,751
Food services operation	1,676,284	-	-	1,676,284
Total expenditures	1,676,284	936,686	1,708,330	4,321,300
Excess (deficiency) of revenues over (under) expenditures	6,464	(217,921)	(36,403)	(247,860)
OTHER FINANCING SOURCES				
Transfers in	-	217,921	36,403	254,324
Total other financing sources	-	217,921	36,403	254,324
Net change in fund balance	6,464	-	-	6,464
FUND BALANCE, beginning of fiscal year	443,003	-	5,147	448,150
FUND BALANCE, end of fiscal year	$ 449,467	$ -	$ 5,147	$ 454,614

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2012 Issue

	Original Estimated Cost	Current Estimated Cost	Amount Expended in Current Year	Amount Expended in Prior Years	Total Amount Expended to Date	Project Status
To demolish existing structures or portions thereof at Renfroe Middle School and to design, acquire, construct, renovate, modify, add to, repair, replace, improve, and equip Renfroe Middle School and the surrounding green space, including the conversion of the area formerly used as a gymnasium for use as classrooms.	$ 960,000	$ 1,075,005	$ 117,112	$ 954,497	$ 1,071,609	Closed
Acquisition of facilities leased by the City Schools of Decatur, including the College Heights Early Learning Center and the 4-5 Academy at Fifth Avenue, as not existing and as hereafter improved.	4,415,000	4,415,000	1,100,444	2,018,658	3,119,102	Ongoing
To acquire, design, construct, renovate, modify, add to, repair, replace, demolish all or a portion of, improve and equip existing school buildings and other buildings and facilities, including green space, useful or desirable in connection there within, including:						
4-5 Academy at Fifth Avenue	2,355,000	3,515,765	124,497	3,332,230	3,456,727	Closed
Oakhurst Elementary School	2,990,116	2,990,777	2,268	2,951,846	2,954,114	Closed
Westchester Elementary School	1,300,000	1,247,678	402,583	530,147	932,730	Closed
Glennwood Elementary School	30,000	29,800	5,675	14,900	20,575	Closed
Decatur High School	-	500,000	147,931	-	147,931	Ongoing
Various School Improvements	-	271,247	217,997	-	217,997	Ongoing
School improvement and maintenance projects throughout the City Schools of Decatur, including but not limited to, HVAC renovations, repairs and replacements; roofing repairs and replacements; electrical repairs, renovations and upgrades, including but not limited to cost-saving energy efficiency capital projects; boiler renovations, repairs and upgrades; and other similar capital improvements.	2,000,000	1,463,751	776,140	441,488	1,217,628	Ongoing
To acquire, including, but not limited to, through lease-purchase, design, construct and equip a new Central Office for the City Schools of Decatur, including parking.	3,015,000	2,870,000	178,371	129,524	307,895	Ongoing
Debt Service on intergovernmental payable to the City of Decatur for general obligation sales tax notes	850,000	450,000	108,300	506,282	614,582	Ongoing
To acquire computers or similar technology for the use of students and staff in and outside of the classroom.	200,000	199,486	-	171,739	171,739	Ongoing
Total	$ 18,115,116	$ 19,028,509	$ 3,181,318	$ 11,051,311	$ 14,232,629	

Reconciliation of the Schedule of Approved Local Option Sales Tax Projects expenditures to the Capital Projects Fund total expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds:

Expenditures from above paid for by SPLOST funding	$ 3,181,318
Expenditures not reflected above that were paid from other local sources of the School System	2,246,321
Total Capital Projects Expenditures	**$ 5,427,639**

II. CONTINUING DISCLOSURE SECTION
(Unaudited)

The following statistical section is presented to be in compliance with continuing disclosure requirements for the following debt issues:

$18,120,000 Certificates of Participation
(City Schools of Decatur Project), Series 2014

And

$10,295,000 Taxable Certificates of Participation
(City Schools of Decatur Project), Series 2010

And

$5,415,000 City of Decatur, Georgia
Sales Tax Bonds Series 2012

CITY OF DECATUR BOARD OF EDUCATION

GENERAL INFORMATION - CUSIPS
JUNE 30, 2015

$18,120,000 Georgia Municipal Association, Inc. Certificates of Participation
(City Schools of Decatur Project), Series 2014

Item	CUSIP	No	Date
1	24310P	AA7	2016
2	24310P	AB5	2017
3	24310P	AC3	2018
4	24310P	AD1	2019
5	24310P	AE9	2020
6	24310P	AF6	2021
7	24310P	AG4	2022
8	24310P	AH2	2023
9	24310P	AJ8	2024
10	24310P	AK5	2025
11	24310P	AL3	2026
12	24310P	AM1	2027
13	24310P	AN9	2028
14	24310P	AP4	2029
15	24310P	AQ2	2030
16	24310P	AR0	2034
17	24310P	AS8	2039
18	24310P	AT6	2044

$5,415,000 City of Decatur, Georgia Sales Tax Bonds Series 2012

Item	CUSIP	No	Date
1	243109	FJ9	2015
2	243109	FK6	2016
3	243109	FL4	2017

$10,295,000 Taxable Certificates of Participation (City Schools of Decatur Project), Series 2010

Item	CUSIP	No	Date
1	243124	AB0	2014
2	243124	AC8	2015
3	243124	AD6	2016
4	243124	AE4	2017
5	243124	AF1	2018
6	243124	AG9	2019
7	243124	AH7	2020
8	243124	AJ3	2021
9	243124	AK0	2022
10	243124	AL8	2023
11	243124	AM6	2024
12	243124	AN4	2025
13	243124	AP9	2030
14	243124	AQ7	2037

CITY OF DECATUR BOARD OF EDUCATION

SCHOOL BUILDINGS (UNAUDITED)
JUNE 30, 2015

School Name	Grades	Active Enrollment	Size of Site (acres)	Occupied Year [1]	Number of Instructional Units
College Heights	PreK	191	5.50	1955	17
Clairemont	K-3	313	4.08	1936	18
Glennwood	K-3	264	4.13	1913	16
Oakhurst	K-3	467	5.85	1916	24
Westchester	K-3	286	6.38	2014	15
Winnona Park	K-3	399	4.13	1923	18
4/5 Academy	4-5	772	3.92	2011	35
Renfroe	6-8	1,018	8.02	1972	51
Decatur	9-12	1,165	16.61	1965	56
Totals		4,875	58.62		250

[1] Occupied year represents the year during which the school was initially opened and utilized for instructional purposes but does not reflect the most recent year of subsequent additions, improvements or renovations, if any to the facility.

CITY OF DECATUR BOARD OF EDUCATION

ACTIVE PERSONNEL (UNAUDITED)
LAST SEVEN FISCAL YEARS

Category	2015	2014	2013	2012	2011	2010	2009
Teachers	407	385	339	314	284	239	234
Support	273	268	259	239	244	217	217
Administrators	39	40	36	35	36	33	31
Totals	719	693	634	588	564	489	482

CITY OF DECATUR BOARD OF EDUCATION

SALES & USE TAX RECEIPTS
LAST SEVEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year ended June 30,	Sales & Use Tax Receipts
2015	$ 3,534
2014	3,384
2013	3,303
2012	2,528
2011	2,357
2010	2,375
2009	2,316

CITY OF DECATUR BOARD OF EDUCATION

LEGAL DEBT MARGIN INFORMATION - CITY OF DECATUR, GEORGIA (UNAUDITED)
JUNE 30, 2015
(amounts expressed in thousands)

Gross Tax Digest	$ 1,648,186
Debt Limit (10% of Assessed Value)	164,819
Amount of Debt Applicable to Debt Limit	33,502
Less Amount set aside for repayment of general obligation debt	(1,160)
Total net debt applicable to limit	32,342
Legal Debt Margin	$ 132,477

CITY OF DECATUR BOARD OF EDUCATION

TAX DIGEST HISTORY (UNAUDITED)
LAST SEVEN TAX YEARS
(amounts expressed in thousands)

	Tax Year						
Property Type	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Residential	$ 1,104,202	$ 1,003,607	$ 1,000,689	$ 993,586	$ 1,000,018	$ 996,485	$ 964,144
Commercial	190,813	175,035	167,430	158,863	162,993	165,632	159,731
Personal Property	21,507	23,054	22,174	21,086	20,649	20,385	18,346
Utility	15,153	14,640	14,299	13,590	15,989	16,474	16,893
Motor Vehicle	47,331	42,384	49,311	46,724	46,120	50,081	49,015
Gross Digest	1,379,006	1,258,720	1,253,903	1,233,849	1,245,769	1,249,057	1,208,129
Maintenance & Operation City Exemptions	98,373	111,549	126,914	125,110	122,579	118,900	157,384
City Net M&O Digest	$ 1,280,633	$ 1,147,171	$ 1,126,989	$ 1,108,739	$ 1,123,190	$ 1,130,157	$ 1,050,745
Maintenance & Operation School Exemptions	65,278	66,559	65,244	65,429	63,621	66,711	64,211
School Net M&O Digest	$ 1,313,728	$ 1,192,161	$ 1,188,659	$ 1,168,420	$ 1,182,148	$ 1,182,346	$ 1,143,918
Estimated Actual Value	$ 2,758,012	$ 2,517,440	$ 2,507,806	$ 2,467,698	$ 2,491,538	$ 2,498,114	$ 2,416,258

CITY OF DECATUR BOARD OF EDUCATION

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
LAST SEVEN TAX YEARS

Government	Tax Year 2014	2013	2012	2011	2010	2009	2008
Direct Rates							
City of Decatur Board of Education:							
Operating	20.500	20.900	20.900	20.900	19.900	19.900	19.900
Overlapping Rates							
City of Decatur:							
Maintenance & Operating	11.580	11.580	11.580	11.680	11.595	11.595	11.595
Bonds	1.420	1.420	1.420	1.320	1.440	1.440	1.440
DeKalb County:							
Maintenance & Operating	8.220	10.710	10.430	10.430	8.000	8.000	7.990
Bonds	1.670	1.920	2.420	2.420	1.940	1.940	1.960
Special Service	22.650	22.350	16.080	16.080	18.620	18.620	17.820
Hospital	0.800	0.800	0.940	0.940	0.960	0.960	0.840
State	0.100	0.150	0.250	0.250	0.250	0.250	0.250
Total Direct & Overlapping Rates	66.940	69.830	64.020	64.020	62.705	62.705	61.795

CITY OF DECATUR BOARD OF EDUCATION

PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST SEVEN TAX YEARS
(amounts expressed in thousands)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Tax Year	Taxes Levied for the Tax Year	Amount	Percentage of Levy	Collections in Subsequent Fiscal Years	Amount	Percentage of Levy
2014	$40,749	$17,539	47.0%	$23,076	$40,615	99.7%
2013	$36,499	$17,139	47.0%	$19,356	$36,495	100.0%
2012	$35,781	$17,185	48.0%	$18,593	$35,778	100.0%
2011	$35,855	$16,759	46.7%	$19,092	$35,851	100.0%
2010	$34,872	$16,682	47.8%	$18,190	$34,872	100.0%
2009	$35,153	$15,442	43.9%	$19,701	$35,143	100.0%
2008	$33,106	$14,364	43.4%	$18,678	$33,042	99.8%

CITY OF DECATUR BOARD OF EDUCATION

TAX REVENUE SOURCES - CITY OF DECATUR, GEORGIA (UNAUDITED)
LAST SEVEN FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year Ended June 30,						
Tax Source	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2010**
General Property Tax	$ 17,700	$ 15,100	$ 14,824	$ 14,769	$ 14,765	$ 15,360	$ 14,508
Franchise Tax	1,564	1,451	1,486	1,510	1,466	1,377	1,364
Sales Tax	5,675	4,944	4,580	3,706	694	617	641
Insurance Tax	1,046	997	963	907	977	1,006	1,016
Other Taxes	515	502	501	425	421	388	383
Total	$ 26,500	$ 22,994	$ 22,354	$ 21,317	$ 18,323	$ 18,748	$ 17,912

[(1)]Includes penalties and interest on delinquent taxes, business personal property tax, payments in lieu of tax, and homestead tax credit reimbursement.

CITY OF DECATUR BOARD OF EDUCATION

PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
JUNE 30, 2015

Taxpayer	Taxable Assessed Value	Percentage of Taxable Assessed Value
DTC Partners LLC	$ 14,798,400	0.98 %
RS Decatur Office LLC	11,470,550	0.76
Ashton Park Trace Apartments	11,145,650	0.73
GH and P Acquisition Entity	9,408,586	0.62
Commerce Plaza Office Partners	9,226,689	0.61
RREF II DB DRI LLC	9,085,579	0.60
G and E Healthcare Reit	8,505,276	0.56
AT&T Georgia DBA Bellsouth	8,477,012	0.56
Decatur Properties LLC	8,021,050	0.53
Georgia Power	6,508,212	0.43
Totals	$ 96,647,003	6.37%

CITY OF DECATUR BOARD OF EDUCATION

ANNUAL FINAL BUDGET (GAAP BASIS) - CITY OF DECATUR, GEORGIA (UNAUDITED)
FOR THE FISCAL YEARS ENDING JUNE 30, 2015 AND 2014
(amounts expressed in thousands)

	Fiscal Year Ending June 30,	
	2015	2014
Revenues		
Taxes	$ 17,837	$ 15,558
Licenses and permits	1,450	1,338
Intergovernmental	428	385
Fines and forfeitures	1,337	1,001
Charges for services	1,572	1,261
Interest income	-	1
Other revenues	131	106
Proceeds from sale of capital assets	9	10
Transfers	326	(2,594)
Total Revenue	23,090	17,066
Expenditures		
General government	8,439	7,370
Public safety	8,803	8,620
Public works	3,265	3,217
Recreation	1,770	1,513
Total Expenditures	22,277	20,720
Net change in fund balance	813	(3,654)
Fund balance, beginning of fiscal year	5,502	8,746
Fund balance, end of fiscal year	$ 6,315	$ 5,092

III. SINGLE AUDIT SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Decatur Board of Education, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Decatur Board of Education's basic financial statements, and have issued our report thereon dated December 1, 2015. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Decatur Board of Education's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Decatur Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Decatur Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Decatur Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 1, 2015

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Superintendent and Members of
the City of Decatur Board of Education
Decatur, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Decatur Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Decatur Board of Education's major federal programs for the fiscal year ended June 30, 2015. The City of Decatur Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Decatur Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Decatur Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Decatur Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Decatur Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City of Decatur Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Decatur Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Decatur Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 1, 2015

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	3100	$ 83,464
National School Lunch Program	10.555	3100	505,438
National School Lunch Program			588,902
Total Child Nutrition Cluster			588,902
Other Programs			
Commercial Warehouses for Storage and Delivery of USDA Foods	10. 560		3,111
Total U.S. Department of Agriculture			592,013
U.S. Department of Education			
Exceptional Student Services Cluster			
Pass-Through From Georgia Department of Education:			
Part B-Exceptional Student			
Flow Through	84.027	2824	621,636
Preschool	84.173	2820	26,533
Total Exceptional Student Services Cluster			648,169
Title I Part A Cluster			
Pass-Through From Georgia Department of Education:			
Part A - Title I			
Grants to Local Educational Agencies	84.010	1750	689,027
Total Title I Part -A Cluster			689,027
Education for the Homeless Children and Youth Cluster			
Pass-Through From Georgia Department of Education:			
Stewart B. McKinney Homeless Assistance Act			
Education for Homeless Children and Youth	84.196	1800	32,516
Total Education for Homeless Children and Youth Cluster			32,516

(Continued)

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FUNDING AGENCY PROGRAM/GRANT	CFDA NUMBER	PASS-THROUGH ENTITY ID NUMBER	EXPENDITURES
Other Programs			
Pass-Through From Georgia Department of Education:			
Title II			
Improving Teacher Quality	84.367	1784	205,910
Title III			
Limited English Proficient (LEP)	84.365	1816	8,992
Vocational Education-Basic Grants to States			
CTE Perkins IV Grant Program Improvement	84.048	3315	21,208
Race to the Top	84.395	4239	8,400
Total U.S. Department of Education			1,593,014
U.S. Department of Defense			
Direct			
Department of the Army			
R.O.T.C. Program	Unknown	1862	93,237
Total Expenditures of Federal Awards			$ 2,299,472

Notes to the Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the accrual basis of accounting.

The District did not provide Federal Assistance to any Subrecipient.

(1) The amounts shown for the Food Distribution Program represent the Federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the District during the current fiscal year.

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified?	_____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified?	_____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	_____ yes __X__ no

Identification of major program:

Name of Federal Program or Cluster / CFDA Number

Title I Part A Cluster CFDA #84.010

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	__X__ yes _____ no

CITY OF DECATUR BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section II – Financial Statement Findings and Responses

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

CITY OF DECATUR BOARD OF EDUCATION

STATUS OF PRIOR FISCAL YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section IV – Status of Prior Audit Findings

None noted related to the federal award programs