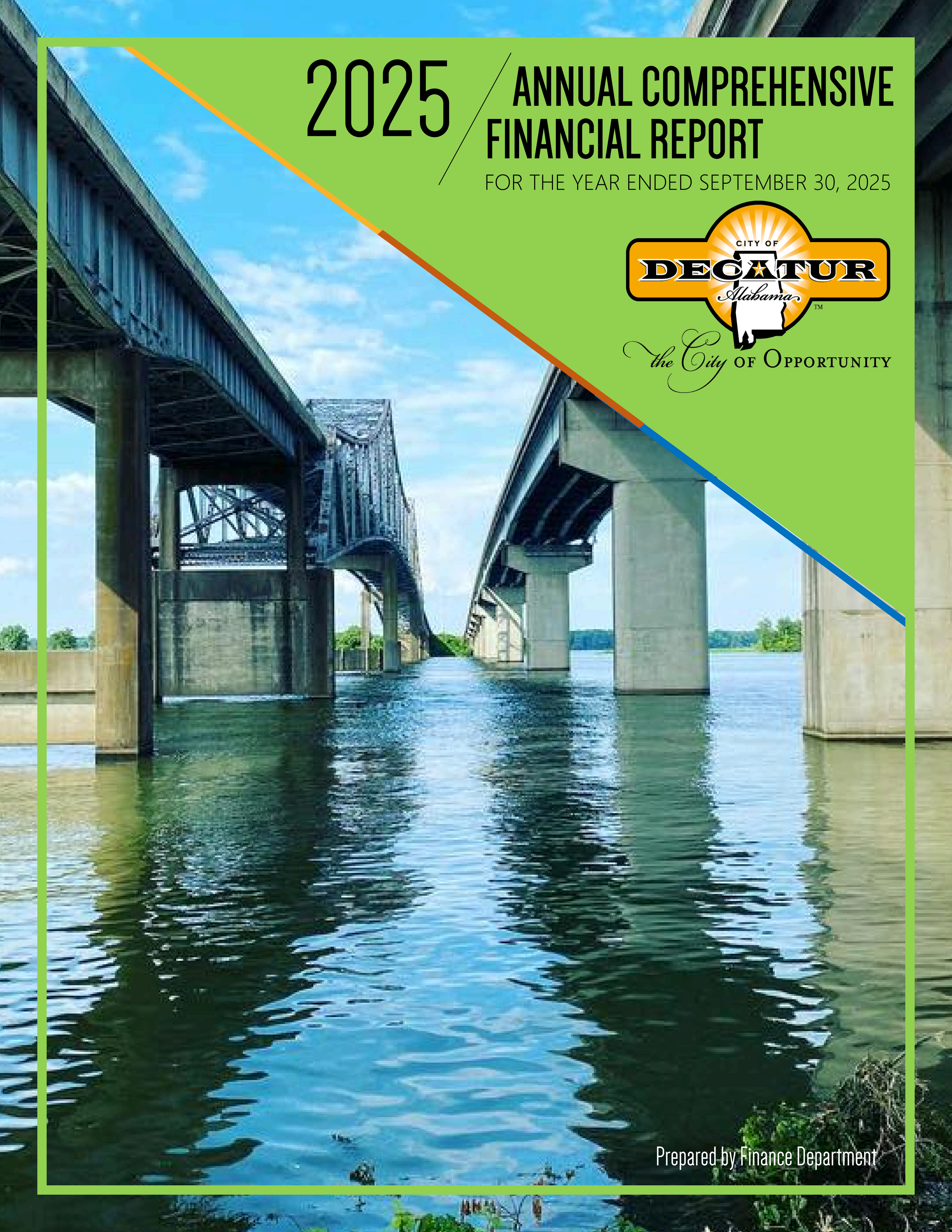

2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

CITY OF DECATUR Alabama

the City of Opportunity

Prepared by Finance Department

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur
Alabama

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

City of Decatur
Annual Comprehensive Financial Report
September 30, 2025

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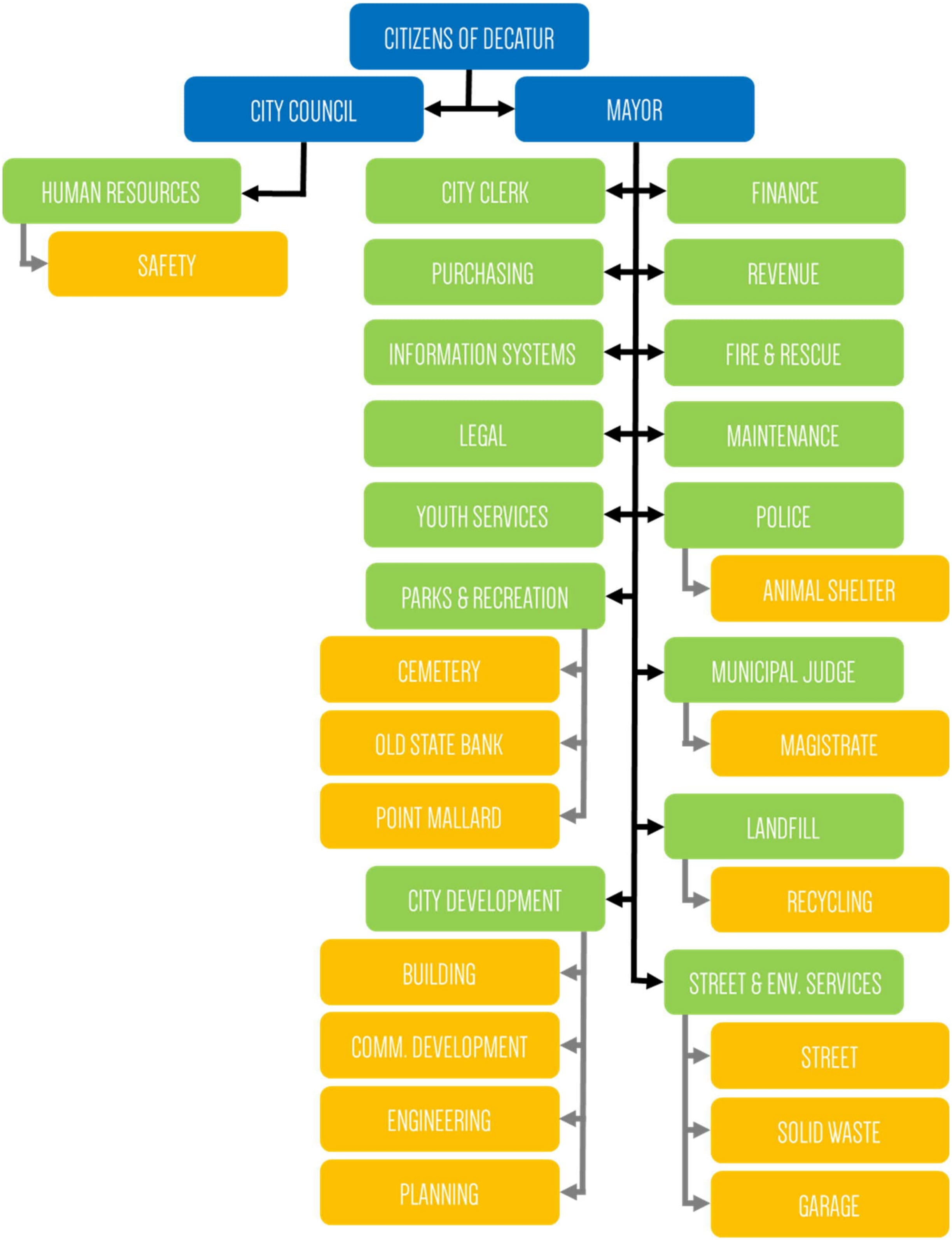
CITIZENS OF DECATUR
CITY COUNCIL
MAYOR
HUMAN RESOURCES
SAFETY
CITY CLERK
FINANCE
PURCHASING
REVENUE
INFORMATION SYSTEMS
FIRE & RESCUE
LEGAL
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YOUTH SERVICES
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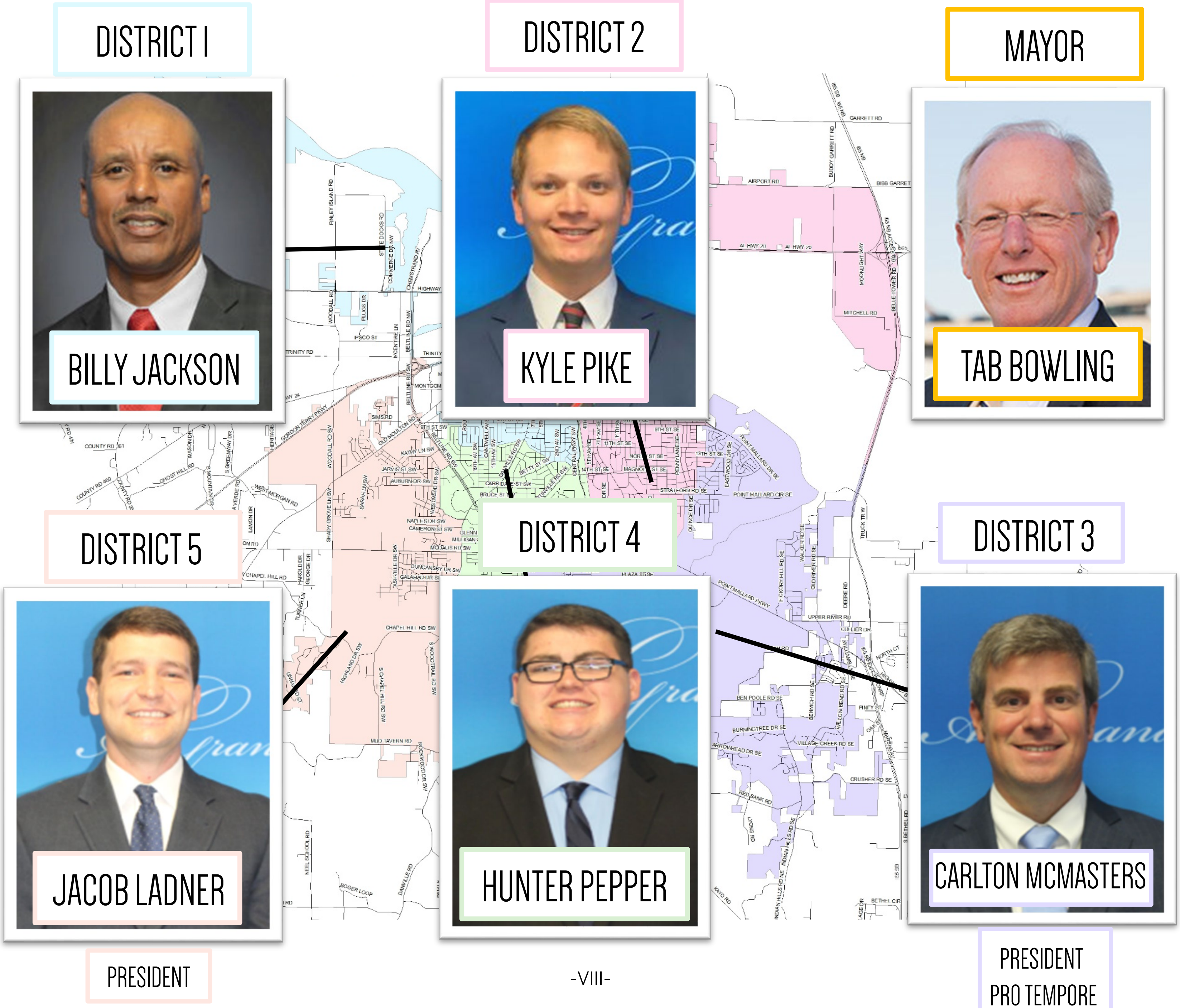
MUNICIPAL JUDGE
MAGISTRATE
LANDFILL
RECYCLING
CITY DEVELOPMENT
BUILDING
COMM. DEVELOPMENT
ENGINEERING
PLANNING
STREET & ENV. SERVICES
STREET
SOLID WASTE
GARAGE

Boards and Commissions

Historic Preservation Commission
Industrial Development Board
Public Building Authority
Housing Authority
Board of Examinations and Appeals
Parks & Recreation Board
Old Bank Building Board
Community Preservation Board
Downtown Redevelopment Authority
Decatur Library Board
Planning Commission
Board of Zoning and Adjustment
Decatur Animal Services Board
Personnel Board
Municipal Utilities Board
City Board of Education
Educational Building Authority
Bingo Review Committee
Medical Clinic Board

City / County Boards

North Central Mental Retardation Authority
State Products Mart Authority
E-911 Board
Decatur/Morgan County Port Authority
EMS Advisory Committee
Mental Health Center of North Central Alabama
Board of Equalization
Healthcare Authority of Morgan County
Airport Authority
Decatur/Morgan County Farmer's Market
Morgan County Industrial Park & Economic Development Cooperative District
Downtown Parking Advisory Task Force


DISTRICT 1
BILLY JACKSON
DISTRICT 2
KYLE PIKE
MAYOR
TAB BOWLING
DISTRICT 5
JACOB LADNER
PRESIDENT
DISTRICT 4
HUNTER PEPPER
DISTRICT 3
CARLTON MCMASTERS
PRESIDENT PRO TEMPORE

Department Directors

Chief Financial Officer	Kyle Demeester
City Attorney	Herman Marks
City Clerk	Stephanie Simon
Building	Dane Shaw
Community Development & Planning	Dane Shaw
Engineering	Dane Shaw
Fire Chief	Tracy Thornton
Information Systems	Brad Phillips
Municipal Judge	Ta’kisha Gholston
Landfill	Wanda Tyler
Parks & Recreation	Jason Lake
Personnel	Richelle Sandlin
Police Chief	Todd Pinion
Street & Environmental Services	Daniel Boutwell
Youth Services	Brandon Watkins

Other Key Personnel

City Engineer	Carl Prewitt
Finance Manager	Dawn Runager
Maintenance Supervisor	Kurt Johnson
Purchasing Agent	Jeremy Sherrill
Revenue Administrator	Lori Rossetti
Solid Waste/Street Department	Reginald Carter

June 30, 2026

To the Honorable Mayor, Members of the City Council and Citizens of Decatur, Alabama

The Annual Comprehensive Financial Report of the City of Decatur, Alabama, for the fiscal year ending September 30, 2025 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. This report including the exhibits and statistical data contained herein, has been prepared by the Finance Department of the City of Decatur in conformity with the standards established by the Governmental Accounting Standards Board and complies with accounting principles generally accepted in the United States of America (GAAP). We believe the data as presented is accurate in all material aspects, and that it is presented in a manner to fairly set forth the financial position and results of operations of the City.

An accounting system is designed to assemble, analyze, clarify, record and report financial data. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable but not absolute assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition, and (2) the valuation of costs and benefits requires estimates and judgments made by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Key controls are evaluated periodically by the City's finance department.

Alabama state law requires an annual audit to be made, in accordance with generally accepted auditing standards, of all books and accounts of the City by independent certified public accountants. This requirement has been met and the report of D. Wates and Associates, PC, for the fiscal year ended September 30, 2025 is included in this report. In addition to this year's annual audit, the City also will have a single audit, in accordance with federal regulations. The single audit report is published for the public and will be issued separately.

The legal level of budgetary control, the level at which management cannot overspend the budget without the approval of the city council, is at the departmental level. The City's budget development process is data-driven and strategically aligned with operational priorities. Revenue projections are developed through comprehensive analysis of historical performance, economic trends, and current financial indicators, while expenditure planning incorporates departmental needs, policy initiatives, and personnel requirements. Operating and capital expenditures are funded through anticipated revenues and, when appropriate, available unassigned fund balance in accordance with sound fiscal management practices. Throughout the fiscal year, the Finance Department collaborates with department leadership to conduct monthly and quarterly budget-to-actual reviews to monitor financial performance, ensure budgetary compliance, and proactively address variances. Any necessary budget amendments are presented to and approved by the Decatur City Council in accordance with established governance procedures.

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

Profile of the Government

Decatur, Alabama was named in honor of the illustrious naval hero, Commodore Stephen Decatur, famed for his gallantry in the conflict with the Barbary States of North Africa, and later in the War of 1812. The town was incorporated December 8, 1826 by an act of the legislature.

Decatur, the county seat of Morgan County, is situated in northern Alabama, on the Tennessee River, midway between Nashville, Tennessee (110 miles to the north), Birmingham, Alabama (85 miles to the south), Atlanta, Georgia (200 miles to the east), and Memphis, Tennessee (200 miles to the west). Downtown Huntsville, Alabama is twenty miles east of Decatur.

Since October 1968, the City of Decatur has been governed by a mayor-council form of government. The mayor is chief executive officer of the city and is elected by general election to a four-year term. The city council is the legislative body and consists of five (5) members, who are also elected for four-year terms. Prior to 1988, members of the city council were elected on an "at large" basis. In 1988, the city council established five (5) electoral districts, one of which is primarily African American in population. An election was held August 23,1988, on a "single member district" basis to fill all five places on the city council, elections continue to be held on a quadrennial basis.

The City of Decatur provides a full range of services. These include police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, recreational facilities (34 parks comprising 1,500 acres, 51 tennis courts, 27 pickle ball courts, 3 recreation centers, 35 ball fields, 5 pools, 2 golf courses both public & private, 40.5 acres of soccer fields), cultural events, community services, and general administrative services. Utility services are provided through a separate Municipal Utilities Board, which is a major proprietary fund included in the City's financial statements.

The city operates Point Mallard Park, a premier outdoor family park on the Tennessee River, and home of America's first wave pool. The city continues to make investments in the park to attract visitors to the area as well as serve the citizens of Decatur.

The City maintains budgetary controls to ensure compliance with legal provisions in the annually appropriated budgets adopted by the City Council. Activities of the general fund and special revenue funds are included in the budget process. A formal budget is not adopted for the debt service funds because effective control is achieved through the related debt's indenture provisions. Although not legally required, the City Council also approves an operating budget for the Landfill enterprise fund. A formal amendment to the original budget is adopted after the Council reviews and approves changes at mid-year. All annual appropriations lapse at year-end.

The city operates Point Mallard Park, a premier outdoor family park on the Tennessee River, and home of America's first wave pool. The city continues to make investments in the park to attract visitors to the area as well as serve the citizens of Decatur.

Local Economy

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

Decatur/Morgan County is home to approximately 145 Industries, including 12 Fortune 500 companies and 7 Global 500 companies. Decatur, AL Metro ranked in the top 10 overall in Site Selection Magazine's rankings for project activity taking place across the nation. Industry expansion had 12 announcements this past year totaling $108M in investment while creating 78 new jobs. We would be remiss to not mention the accomplishments and growth of our industrial taxpayers – which also factor into future development needs. The following notes are worth highlighting:

- GreenPoint Ag completed their renovation of a historic building on Lee Street, downtown Decatur. Renovations to the 32,000 sf of space moved 100 employees into the new space and add twelve additional employees will be added to their staff over a three-year period
- Career Academies of Decatur began the 2024-2025 school year as Decatur City Schools' third high school with over 250 full time students. Offering a non-traditional classroom setting, the career tech high school blends essential academic coursework with hands on training in a variety of skilled professions. This unique educational experience allows students to take core classes that are tailored to reinforce their career paths, equips them with workforce ready skills and opens doors to a wide range of future career possibilities.

- $30 million in investment to the EV Technology Center at Alabama Robotics Technology Park. This 40,000 square foot facility, set to open in early 2026, will prepare Alabama's workforce for the future of electric vehicle (EV) manufacturing and other emerging technologies.
- The City of Decatur continues to gather data points as it relates to a second river bridge. The study conducted provided various route alternates. The next action steps will be for environmental analysis to occur.
- The Alabama Port Authority announced the expansion of an inland port in Decatur, Alabama. In a partnership with CSX, the port will complete rail connectivity from intermodal container transfer facility at the Port of Mobile. This will connect the state's southern port to the central/northern parts of the state. It is noted, $100 billion of statewide economic impact in a calendar year is created from the Port of Mobile and Forbes has named them the second fastest growing port of entry in all of the United States. Discussion related to this expansion continues in fiscal year 2025.
- Polyplex USA – $100M expansion adding 100 jobs
- Nucor Towers & Structures announced the opening of a $240M advanced manufacturing facility, creating 203 full-time jobs with the average salary of $95K.
- Aleut Real Estate has begun their construction of a $33M hangar project at Pryor Field Regional Airport, also adding 50 jobs
- J.M. Smucker Co., which operates Meow Mix and Big Heart Pet Brands, is making nearly $28M in facility upgrades to their Decatur plant.
- Letco Medical, a pharmaceutical company, is expanding its facility with an estimated capital investment of$4.5M and adding 18 new jobs over 3 years.

In addition to the industrial expansion, the city continues to see retail establishments locate into Decatur. Residential areas are also seeing expansion in correlation to the increased demand for housing. Some of the more notable items that occurred in 2025 are the following:

- Downtown parcels of land will be transformed into apartments who plan to bring 100 Class A apartment units, along with retail real estate to the City's downtown district.
- Legacy Cove continues to see activity as it relates to their 15 river view estate properties
- City Harbor along the Tennessee River continues as the project remains in its planning phase. A $30M investment that will bring shops, restaurants, lodging and entertainment to the City's riverfront.
- Decatur's 2nd Avenue downtown also saw an influx of development, welcoming the first downtown hotel in Fairfield Inn and Suites, a multi-story parking garage and the Alabama Center of Arts (ACA) student dormitory (3 story – 49 apartments); The ACA has also committed to a STEAM Imagination Center, Academy for Music and Movement, library, fitness center and a culinary arts center -all downtown Decatur.
- Wilson Morgan Park Recreation center and Sportsplex entered and remain in the construction stage of the projects in fiscal year 2025.
- Cook Real Estate is partnering with Land Innovation and began design phase of South Brook. This is a mixed-use community at the site of the old Decatur Country Club. Homes, shops, restaurants, trails and green spaces are included in the master plan which is expected to welcome more than 1,200 residents and create around 450 jobs in its commercial spaces.
- State funding sums to almost $2M for Decatur in 2025 with investment into the expansion of Carnegie Visual Arts Center, repairs to Old State Bank, creation of the Decatur Scottsboro Boys Civil Rights Museum and supporting the Best and Brightest initiative.
- Clearview Cancer Institute has helped revitalize a main throughway in the city by building a brand new $54M facility where they provide state of the art cancer treatment to patients from all over the region

Overall revenues continued its trend of exceeding budgeted projections and City management continues to support a conscientious effort to provide quality of life attractions and services to our city. These overwhelming factors position the City of Decatur favorably for growth.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. This was the thirty third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirement, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is possible because of the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to our independent auditors, Darrell Wates and Associates, PC, Certified Public Accountants. We would also like to thank the Mayor and members of the City Council for their interest and support of the financial operations of the City.

Respectfully,

Kyle Demeester
Chief Financial Officer
City of Decatur

FINANCIAL SECTION

CITY OF DECATUR Alabama

the City of Opportunity

Darrell W. Wates, CPA, PC
dba D. Wates and Associates
Certified Public Accountants / Consultants
820 6th Ave SE / P.O. Box 5220 Decatur, AL 35601

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the City Council City of
Decatur, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, major fund budget to actual comparison, and the aggregate remaining fund information of the City of Decatur, Alabama (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Decatur, Alabama's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business- type activities, the aggregate discretely presented component units, each major fund, major fund budget to actual comparison, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Decatur's Board of Education ("Board of Education"), which is a discretely presented component unit of the City, or the financial statements of the Municipal Utilities Board Enterprise Fund ("Utilities Board"), a business-type activity and major proprietary fund. The Board of Education represents 100 percent of the assets, net position, and revenues of the discretely presented component units as of September 30, 2025, The Utilities Board represents 91.58 percent, 89.74 percent, and 94.64 percent, respectively, of the assets, net position and revenues of the Business-Type Activities and proprietary funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Board of Education and Utilities Board are based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 5I to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, as of October 1, 2024. This standard significantly changed the reporting of the City's compensated absences liability. Our opinions are not modified with respect to this matter

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Darrell W. Wates, CPA, PC
dba D. Wates and Associates
Certified Public Accountants / Consultants
820 6th Ave SE / P.O. Box 5220 Decatur, AL 35601

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 4, the pension information starting on page 108, and the other post-employment information starting on page 113 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of operating expenses and general and administrative expenses, schedule of insurance, and members of the board are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, schedules of operating expenses and general and administrative expenses, schedule of insurance, and members of the board are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the City of Decatur, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Decatur, Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Decatur, Alabama's internal control over financial reporting and compliance.

DWA

Darrell W. Wates, CPA, PC
Certified Public Accountants
Decatur, Alabama

June 30, 2026

Phone: 256-898-017 Fax: 256-898-0182 www.watescpa.com

As management of the City of Decatur (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the challenges of the coming and subsequent years), (d) identify any material deviations from the financial plan (the adopted budget) and (e) identify individual fund issues or concerns.

Because the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and known facts, we encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two 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 City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets 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 the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

Government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities of the City include general government, public safety, public works, public services, educational, community service, community development, and personnel board functions. The educational function relates to financial resources provided to the Decatur Board of Education for support of the city school system.

Business-type activities of the City include the Municipal Utilities Board and Sanitary Landfill. These activities are collectively referred to in the financial statements as those of the primary government.

The government-wide financial statements can be found beginning on page 23 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

The city maintains 18 individual governmental funds.

- The General Fund, School Fund and Capital Improvements Fund are considered to be major funds, and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds. The General Fund is the chief operating fund of the City.

- The 15 other governmental funds are considered to be non-major governmental funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found beginning on page 27 of this report.

Proprietary Funds

The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitary landfill and recycling fund and the Municipal Utilities Board Fund. The Municipal Utilities Board is the only major proprietary fund. Also, the Decatur Morgan Landfill and Recycling is presented as a separate column in the proprietary fund statements as it is the only other proprietary fund and is a non-major fund.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements provide information as follows.

The basic proprietary fund financial statements can be found beginning on page 32 of this report.

Fiduciary Funds

A Fiduciary fund is used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City of Decatur's own programs. The City maintains only one fiduciary fund related to the trust for the Other Post-Employment Benefit Plan of the Municipal Utilities Board. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 37 of this report.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 39 of this report.

Financial Reporting Entity
The financial reporting entity consists of the City government and its component units, which are legally separate organizations for which the City if financially accountable.

Blended Component Units
Certain component units, despite being legally separate from the City, are reported as if they were part of the City, because in addition to the City being financially accountable for them, they provide services exclusively to the City. The blended component unit reported as a nonmajor governmental fund is Personnel Board.

Discretely Presented Component Units
Certain component units are discretely presented, because, while the City is financially accountable for them, they do not provide services exclusively to the government itself.

The Board of Education for Decatur City Schools is presented discretely in the City's financial statements as a major component unit. Complete financial statements (including MD&A) of the component unit may be obtained from the Finance Department of the City.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for most of its governmental funds, a comparison of budget to actual results is provided for these funds to demonstrate compliance with the budget. This information and the combining non-major funds statements referred to earlier can be found beginning on page 131 of this report.

Financial Analysis of the Government-Wide Financial Statements
Net position may serve as a useful indicator of a government's financial position.

Beginning net position balances for both governmental and business type activities were restated due to the implementation of beginning of year net positions due to the change in accounting principle caused by the implementation of GASB 101, Compensated Absences. The cumulative effect of this change resulted in an increase in beginning net position of $921 thousand and $9 thousand for business type activities. Changes are detailed in Note 5I.

The City's combined net position was $464 million as of September 30, 2025, an increase of $68.48 million from 2024.

The City's governmental activities showed a relatively strong financial position in fiscal year 2025, with a $50.45 million (86%) increase in net position from current year operations.
Business type activities saw an increase in total net position of $18.03 million (5%), experiencing stable growth.
Key elements of these changes are as follows in Table 1: Changes in Net Position

Table 1

City of Decatur's Changes in Net Position

	Governmental Activities			Business Type Activities			Total	
	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024
REVENUES								
Program revenues:								
Charges for services	$ 25,586,139	$ 24,208,254	$ 1,377,885	$ 180,150,505	$ 168,092,345	$ 12,058,160	$ 205,736,644	$ 192,300,599
Operating grants and contributions	2,338,834	2,674,546	(335,712)	-	-	-	2,338,834	2,674,546
Capital grants and contributions	33,791,131	12,166,807	21,624,324	3,320,171	4,046,029	(725,858)	37,111,302	16,212,836
General revenues							-	-
Sales taxes	66,289,974	64,976,826	1,313,148	-	-		66,289,974	64,976,826
Property taxes and payments in lieu of taxes	24,200,435	23,372,377	828,058	-	-	-	24,200,435	23,372,377
Other taxes	14,174,780	13,809,564	365,216	-	-	-	14,174,780	13,809,564
Interest on investments	8,890,735	6,522,999	2,367,736	7,457,056	8,745,972	(1,288,916)	17,636,707	15,268,971
Other revenue	239,892	1,275,761	(1,035,869)	431,734	(400,943)	832,677	671,626	874,818
Total revenues	175,511,920	149,007,134	26,504,786	191,359,466	180,483,403	10,876,063	366,871,386	329,490,537
EXPENSES								
General government	19,392,728	17,045,753	2,346,975	-	-	-	19,392,728	17,045,753
Public safety	33,445,021	32,297,848	1,147,173	-	-	-	33,445,021	32,297,848
Public works	12,872,963	13,313,127	(440,164)	-	-	-	12,872,963	13,313,127
Public services	18,952,364	18,068,092	884,272	-	-	-	18,952,364	18,068,092
Educational assistance	30,820,021	29,927,548	892,473	-	-	-	30,820,021	29,927,548
Community service contracts	4,247,065	4,182,518	64,547	-	-	-	4,247,065	4,182,518
Community development	2,511,199	1,507,993	1,003,206	-	-	-	2,511,199	1,507,993
Interest on long-term debt	2,631,971	2,636,549	(4,578)	-	-	-	2,631,971	2,636,549
Unallocated depreciation	962,225	1,042,871	(80,646)	-	-	-	962,225	1,042,871
Municipal Utilities Board	-	-	-	162,296,782	152,300,177	9,996,605	162,296,782	152,300,177
Sanitary Landfill	-	-	-	10,258,684	9,137,340	1,121,344	10,258,684	9,137,340
			-				-	
Total expenses	125,835,557	120,022,299	5,813,258	172,555,466	161,437,517	11,117,949	298,391,023	281,459,816
Increase (decrease) in net position before transfer	49,676,363	28,984,835	20,691,528	18,804,000	19,045,886	(241,886)	68,480,363	48,030,721
Transfers	774,296	771,089	3,207	(774,296)	(771,089)	(3,207)	-	-
Increase (decrease) in net position	50,450,659	29,755,924	20,694,735	18,029,704	18,274,797	(245,093)	68,480,363	48,030,721
Net position - beginning of year, as restated	58,681,878	28,925,954	29,755,924	336,772,901	318,498,104	18,274,797	395,454,779	347,424,058
Net position - end of year	$ 109,132,537	$ 58,681,878	$ 50,450,659	$ 354,802,605	$ 336,772,901	$ 18,029,704	$ 463,935,142	$ 395,454,779

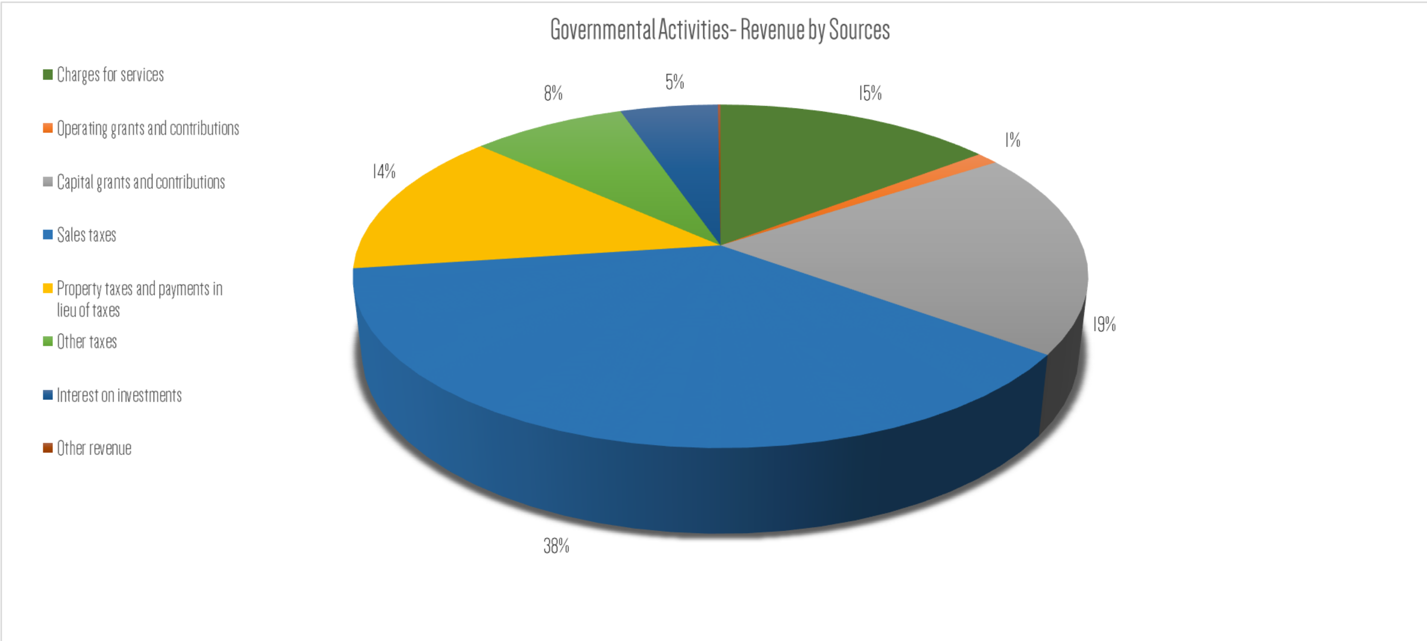
In FY2025, government-wide revenues increased of $37.4 million (11%) over FY2024 and government-wide expenses shows an increase $16.9 million (6%) over FY2024.

The major components to the change in government-wide revenue increase are as follows:

- Increase of $21.6 million in governmental capital grants and contributions revenue due primarily to recognized revenues previously deferred from PFAS settlement proceeds and ARPA State and Local Fiscal Recovery Funds
- Increase in governmental general revenues specifically sales & use taxes, experiencing a growth of 2% and exceeding management's projected 1% growth.
- Increase of $2.3 million governmental interest on investments due to better investment performance and maintaining higher cash balances and the timing of spending on large capital projects in progress.
- Other governmental activities revenue decreased $1 million from prior year due to large receipts pertaining to business license audits in 2024.
- Total revenues by the Municipal Utilities Board increased by $10.8 million due primarily to a $10.3 million (10%) increase in charges for services of the Electric System through increased usage
- Gas System charges for services increased in 2025 by $2.1 million (16%) through increased usage.
- Sanitary Landfill charges for services decreased $731 thousand from prior year. The Landfill had experienced an increase in FY 2023 due to the temporary closure of another area landfill which reopened at the end of FY 2024.

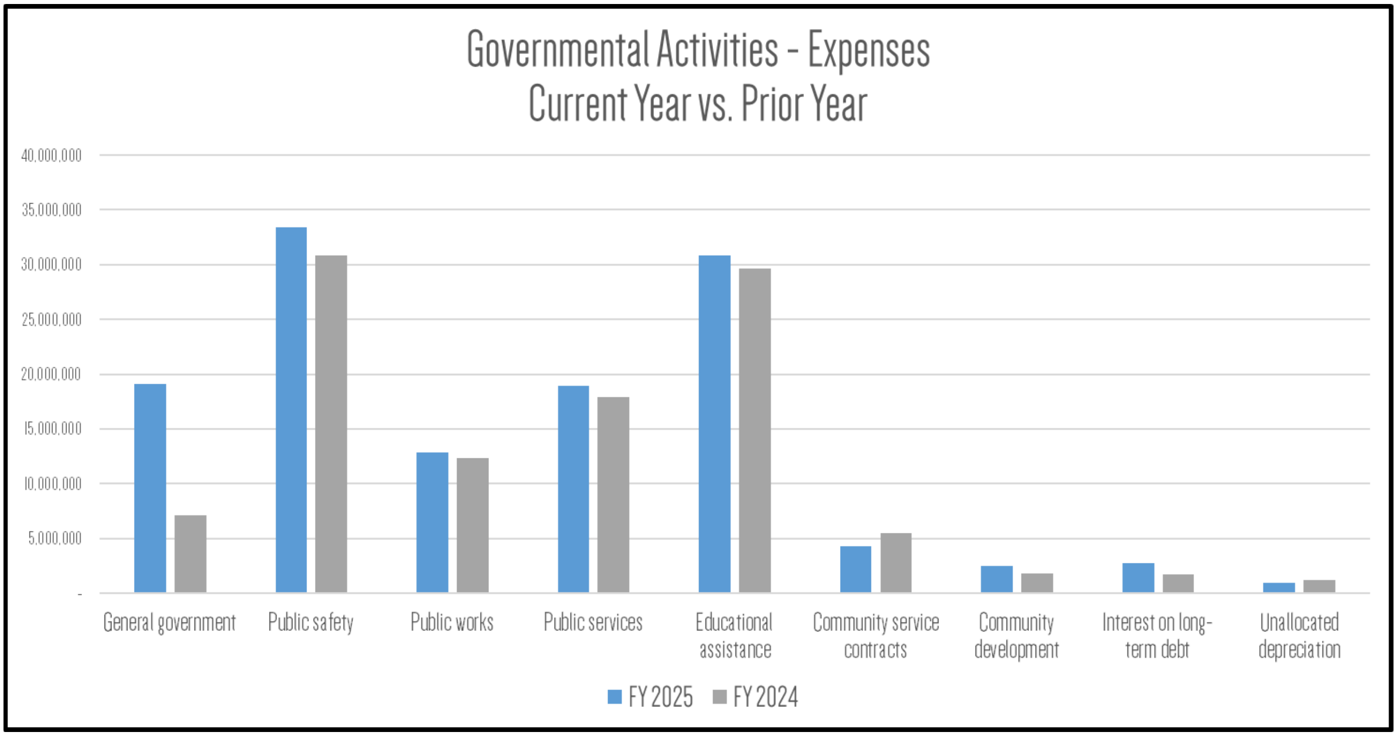
Management's Discussion and Analysis- Continued

The following graph breaks down governmental revenues by sources.



The major components to the change in government-wide expense increase are as follows:

- Nearly every function of government experienced increases in expenses.
- Public works expense decreased $440 thousand from FY2024 due to the reduction in resurfacing projects in 2025. Although additional funding was appropriated at midyear in 2024 from general fund unassigned balance, contracted resurfacing crews were unavailable to complete projects before the end of fiscal year 2025 and these project budgets were carried forward to 2026.
- General government had the largest increase in expense with a $2.3 million (14%) increase over 2024. In addition to a normal inflationary expense increases and an increase in insurance premiums, the majority of this increase is due to the reduction in Other Post Employment Benefit (OPEB) liability. This reduction caused an actual increase in expense for this category because the reduction in expense in fiscal 2024 was more than the reduction of expense in fiscal 2025. The City discontinued the practice of paying other post-employment benefits for City employees beginning service after October 2009. As a result, the expected long-term liability resulting from the OPEB benefits has steadily decreased and is expected to continue in this manner as no additional retirees are added to the plan. Details regarding OPEB related expense can be found in Note 5E.
- Public safety expense increased over 2024 due to an increase in personnel expense ($1.34 million or 5%). The fire department saw the largest increase with market raises for battalion chiefs, overtime at station houses due to staffing shortages and a citywide cost of living adjustment.
- Community development also experienced a large increase in expense with a 66% increase from 2024. This increase can be explained primarily by payments to subrecipients increase of $827 thousand through Community Development Block Grant home assistance programs and ARPA State and Local Fiscal Recovery Funds disbursement to a mental health center.
- Sanitary Landfill's increase of $1.1 million related to increased personnel and administrative costs.
- Municipal Utiltiies Board' $9.9 million increase is mostly attributed purchased electricity ($7.26 million increase or 9%).



Increases and decreases of net position may over time serve as a useful indicator of changes in a government's financial position. In the case of the City's governmental activities for FY2025, the city's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $109.1 million, an increase in the net position of $50.5 million from FY2024.

The City's financial outlook improved in fiscal year 2025. The governmental activities net unrestricted deficit decreased from fiscal year 2024 to fiscal year 2025, driven by a decrease in total liabilities while assets increased.

- Governmental assets before transfers increased $16.5 million due to an increase in capital and right to use assets, particularly construction in progress.
- Total liabilities decreased by $41.26 million primarily from the reduction in unearned deferred revenues used to fund capital projects with PFAS settlement proceeds and ARPA State and Local Fiscal Recovery Funds.
- Relative to deferred outflows/inflows, while total pension liability increased, the net pension liability of the City decreased by $7.96 million primarily because of increased net position of the plan assets from increases in contributions & net investment income. The net OPEB liability decreased by $1.89 million and it will continue to decrease because of the City's policy change in 2009 detailed in Note 5E.
- The City's policy is to maintain, at all times, a minimum reserve equal to 3 months (90 days) of general fund operating expenditures. $25.23 million of the general fund's $35 million committed fund balance is related to this reserve.
- The largest portion of the City's net position, $125.38 million, is reflected in its investment in capital assets (e.g. land, buildings, improvements other than buildings, construction in progress, infrastructure and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.
- $1 million of the governmental activities net position is restricted for capital improvements.

- In addition to capital improvements, $9.49 million of the City's net position represents resources that are restricted for responding the opioid health crisis, law enforcement activities, highway and street resurfacing and special events and $1.7 million that is non-spendable. These funds are subject to restrictions as to how they may be used with such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law).
- The unrestricted net position of governmental funds is a deficit of $26.81 million primarily due to long-term liabilities for bonds, compensated absences, net pension liability and other postemployment benefits. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. More information regarding the City's budgeting process is found on page 15 of this report.
- At the close of fiscal year 2025, total net position for business-type activities increased $18 million over 2024 to $354.8 million. This 5% increase equates to $17.1 million increase in net investment in capital assets, $1.1 million increase in net position restricted for debt service, and a $312,751 decrease in unrestricted net position.
- Contributing to the increase for business type activities is Municipal Utilities Board construction of new wastewater treatment facilities.
- Despite the $8.2 million reduction in noncurrent liabilities due to debt payments made by the Municipal Utilities Board, total business-type activities liabilities increased $4.23 million. This increase was primarily due to the increase in accounts payable for major projects underway at the end of fiscal year 2025 by both the Municipal Utilities Board and Sanitary Landfill.

See Table 2: Net Position for further details:

Table 2

City of Decatur's Net Position

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024
Assets								
Current and other asset	$ 168,524,147	$ 181,644,779	$ (13,120,632)	$ 235,540,033	$ 274,457,043	$ (38,917,010)	$ 404,064,180	$ 456,101,822
Capital and Right to use leased assets	177,140,142	147,487,494	29,652,648	423,535,691	354,872,507	68,663,184	600,675,833	502,360,001
Total assets	345,664,289	329,132,273	16,532,016	659,075,724	629,329,550	29,746,174	1,004,740,013	958,461,823
Deferred outflows of Resources								
Losses on debt refundings	513,625	607,491	(93,866)	1,521,162	1,715,353	(194,191)	2,034,787	2,322,844
OPEB Contributions	4,947,793	3,037,211	1,910,582	8,570,171	10,957,971	(2,387,800)	13,517,964	13,995,182
Pension contributions subsequent to measurement date	14,897,899	18,260,154	(3,362,255)	5,723,086	8,557,440	(2,834,354)	20,620,985	26,817,594
Total deferred outflows of resources	20,359,317	21,904,856	(1,545,539)	15,814,419	21,230,764	(5,416,345)	36,173,736	43,135,620
Liabilities								
Long-term liabilities outstanding	211,575,441	225,439,459	(13,864,018)	259,199,896	267,358,560	(8,158,664)	470,775,337	492,798,019
Other liabilities	32,065,083	59,459,929	(27,394,846)	53,680,766	41,287,641	12,393,125	85,745,849	100,747,570
Total liabilities	243,640,524	284,899,388	(41,258,864)	312,880,662	308,646,201	4,234,461	556,521,186	593,545,589
DEFERRED INFLOWS OF RESOURCES								
Lease related	1,740,093	1,929,518	(189,425)	-	-	-	1,740,093	1,929,518
Excess of actual earnings over projected earnings on OPEB plan investments	4,387,298	5,526,345	(1,139,047)	3,012,887	3,707,467	(694,580)	7,400,185	9,233,812
Excess of actual earnings over projected earnings on pension plan investments	7,123,151	-	7,123,151	4,193,989	1,433,745	2,760,244	11,317,140	1,433,745
Total deferred inflows of resources	13,250,542	7,455,863	5,794,679	7,206,876	5,141,212	2,065,664	20,457,418	12,597,075
Net position								
Net investment in capital assets	125,379,910	100,224,709	25,155,201	294,180,551	276,986,961	17,193,590	419,560,461	377,211,670
Restricted:								
Debt service	-	-	-	24,188,110	23,039,245	1,148,865	24,188,110	23,039,245
Capital Improvements	1,072,725	1,218,018	(145,293)	-	-		1,072,725	1,218,018
Other	9,493,644	6,938,424	2,555,220	-	-	-	9,493,644	6,938,424
Unrestricted (deficit)	(26,813,742)	(49,699,273)	22,885,531	36,433,944	36,746,695	(312,751)	9,620,202	(12,952,578)
Total net position	$ 109,132,537	$ 58,681,878	$ 50,450,659	$ 354,802,605	$ 336,772,901	$ 18,029,704	$ 463,935,142	$ 395,454,779

Capital Asset and Debt Administration

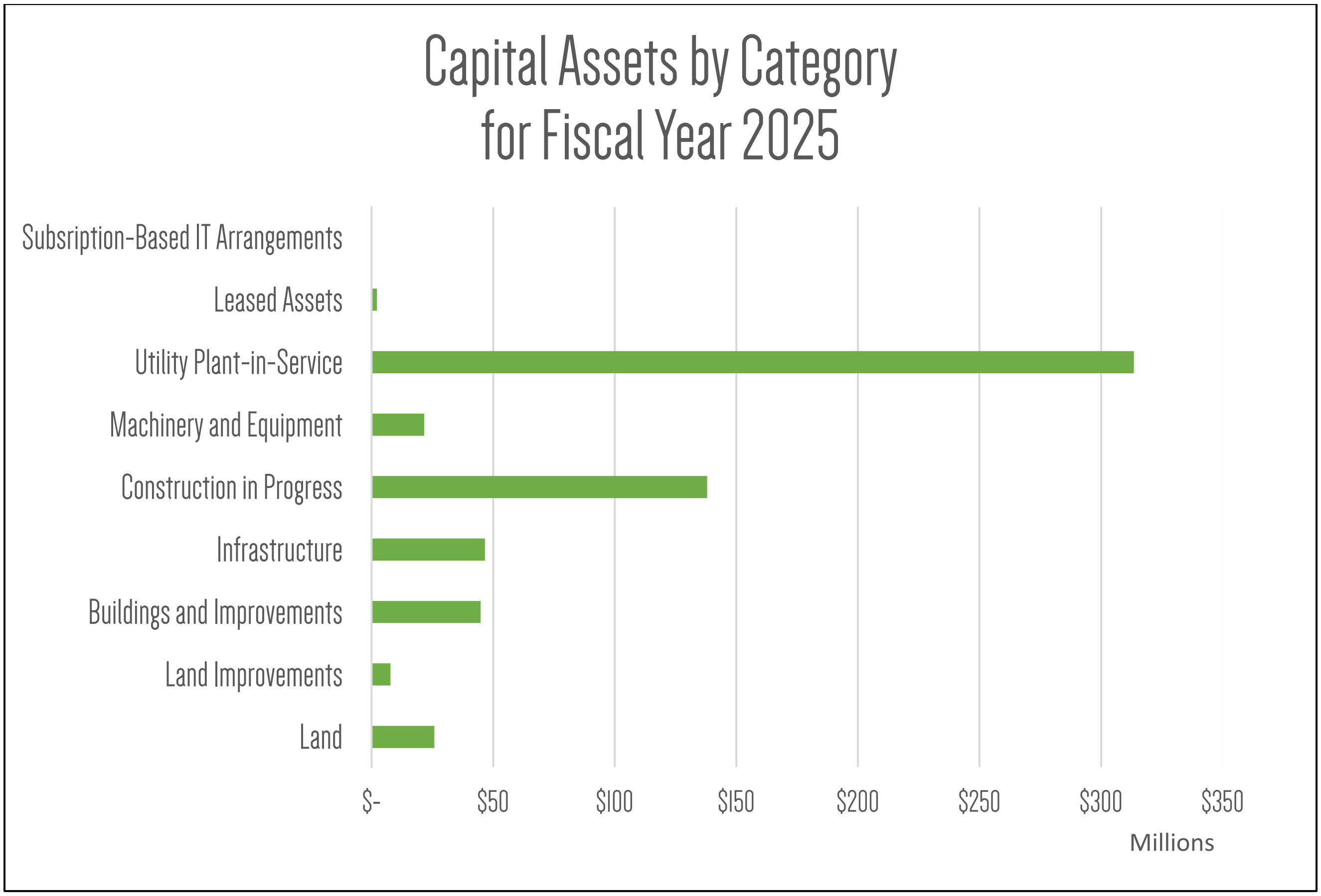
Table 3

City of Decatur's Capital Assets

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024
Land	$ 21,453,285	$ 20,878,249	$ 575,036	$ 4,350,093	$ 4,350,093	$ -	$ 25,803,378	$ 25,228,342
Land improvements	7,806,939	8,220,915	(413,976)	-	-	-	7,806,939	8,220,915
Buildings and improvements	31,993,755	32,261,263	(267,508)	12,837,602	13,858,127	(1,020,525)	44,831,357	46,119,390
Infrastructure	46,631,456	49,818,249	(3,186,793)	-	-	-	46,631,456	49,818,249
Construction in progress	54,058,926	21,161,831	32,897,095	83,908,828	31,962,576	51,946,252	137,967,754	53,124,407
Machinery and equipment	12,657,304	12,465,632	191,672	8,989,324	7,894,602	1,094,722	21,646,628	20,360,234
Utility plant-in-service	-	-	-	313,449,844	296,807,109	16,642,735	313,449,844	296,807,109
Leased assets	2,208,447	2,453,421	(244,974)	-	-	-	2,208,447	2,453,421
SBITA's	330,030	227,934	102,096	-	-	-	330,030	227,934
	$ 177,140,142	$ 147,487,494	$ 29,652,648	$ 423,535,691	$ 354,872,507	$ 68,663,184	$ 600,675,833	$ 502,360,001

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2025 totals $600.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, utility plant-in-service, park facilities, roads, curbs and gutters, streets and sidewalks, greenways, drainage and sewer systems.
- Total capital assets increased $98.3 million from FY2024.
- Capital assets used by governmental activities (including leased assets) increased $29.6 million primarily attributable to various street improvement projects in progress as well as the construction of two new recreational facilities.
- Capital assets used for business-type activities increased by $68.6 million primarily due to the construction of new wastewater treatment facilities of the utility systems within the Municipal Utilities Board Fund and the construction of new cells at the Decatur-Morgan Landfill.

Additional information on the City's capital assets can be found in Note 4B of the Notes to the Financial Statements.



Major Capital Events during the Fiscal Year

- $17.5 million was spent on construction of a new recreation center at Wilson Morgan Park.
- $9.2 million was spent on construction of a new sports facility.
- $3.2 million was spent on property and rights of way acquisition, engineering and construction, for major road projects beneficial to the City's transportation needs and to promote residential and commercial growth.
- $2.3 million was spent on heavy equipment for the Landfill and Recycling Departments.
- $2.1 million was spent on heavy equipment and vehicles for the Sanitation Department.
- $747 thousand was spent on construction of a new covered pickleball facility.
- $728 thousand was spent on new vehicles for the Police Department.
- $658 thousand was spent on construction of a new covered tennis facility.
- $627 thousand was spent on renovations and upgrades to various city parks.
- $576 thousand was spent on the conversion of the Point Mallard Ice Rink into a new Event Center.
- $65.6 million increase in capital assets (net of depreciation) for replacement of utility infrastructure across systems of the Municipal Utilities Board.
- $2.4 million was spent on construction of a new waste disposal cell for the Landfill Department.

Long-Term Debt

The City, through the Chief Financial Officer, in conjunction with the Mayor and City Council is charged with issuing debt to finance the City's capital program. Total outstanding long-term debt for the City as of September 30, 2025 was $270.8 million, a decrease of $9.9 million.

Debt for Governmental Activities

$74.59 million is debt backed by the full faith and credit of the City. Long-term debt of the governmental activities decreased by $4.4 million due in large part to the normal scheduled principal payments on outstanding debt. No new warrants were issued in FY2025 for governmental activities.

Debt for Business-Type Activities

Long-term debt of Business-Type Activities is fully attributable to Decatur Utilities (the Municipal Utilities Board Fund). Decatur Morgan Landfill & Recycling (Landfill) has no outstanding debt. Decatur Utilities and the City issue revenue bonds primarily to finance improvements to the water and wastewater systems. These bonds are repaid from revenues derived by DU from operation of the systems. Debt for Decatur Utilities decreased from FY2024 by $5.5 million through the paying down of debt principal and no new debt was issued in FY2025.

Table 4

City of Decatur's Outstanding Debt
General Obligation and Revenue Debt

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024	Change	September 30, 2025	September 30, 2024
Governmental Activities								
General obligation warrants	$ 74,595,000	$ 78,965,000	$ (4,370,000)	$ -	$ -	$ -	$ 74,595,000	$ 78,965,000
Revenue warrants	-	-	-	193,587,094	199,102,207	(5,515,113)	193,587,094	199,102,207
Lease obligations	2,309,413	2,468,793	(159,380)	-	-	-	2,309,413	2,468,793
Subscription-based IT arrangements'	308,969	196,558	112,411	-	-	-	308,969	196,558
	$ 77,213,382	$ 81,630,351	$ (4,416,969)	$ 193,587,094	$ 199,102,207	$ (5,515,113)	$ 270,800,476	$ 280,732,558

Bond Ratings

The City's general obligation bond rating:

Standard & Poor's Corporation: AA
Moody's Investor Services, Inc. Aa2

Other than debt paid from proprietary fund revenue sources (e.g. revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2025, the City's allocable debt outstanding was $122.8 million less than the legal debt limit. Additional information regarding the City's long-term debt and leases can be found in Notes 4D and 4E of the Notes to the Financial Statements.

Financial Analysis of Governmental Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned, assigned, and committed fund balance categories may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Table 5 summarizes the changes in the fund balances of the City's governmental funds.
As stated earlier, the General Fund is the chief operating fund of the City and the City has 3 major funds: General Fund, School Fund and Capital Improvements Fund.

Table 5

	Governmental Funds				
	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total
Fund balances September 30, 2024	$ 60,246,041	$ -	$ 47,589,929	$ 10,406,338	$ 118,242,308
Revenues	100,996,929	31,064,441	26,197,044	14,556,521	172,814,935
Expenditures	(91,067,388)	(31,064,441)	(27,400,195)	(13,223,040)	(162,755,064)
Other financing sources (uses)	(3,832,931)	-	7,038,854	(1,933,399)	1,272,524
Fund balances September 30, 2025	$ 66,342,651	$ -	$ 53,425,632	$ 9,806,420	$ 129,574,703

The City's General Fund is required to adopt an annual budget prepared on a basis generally consistent with Generally Accepted Accounting Principles (GAAP). Fiscal year-end surpluses can be used in future fiscal years. After expenditures and transfers, the General Fund reported an operating surplus of $66.3 million, a 10% increase in its fund balance between FY2024 and FY2025.
Fund balance in General Fund is $656 thousand non-spendable, $1,724 restricted, $35 million committed and $30.6 million unassigned.
The School Fund has no fund balance as all revenues are transferred to the school board.
The Capital Improvements Fund accounts for the financing of the City's capital projects. Sources of funding include issuance of City debt and PFAS settlement. The ending fund balance is $53.4 million, with the entire fund balance committed to capital improvements and purchases.
Other governmental funds include all special revenue funds and smaller capital improvement funds. This fund balance decreased to $9.8 million in FY2025.

General Fund Budget

Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. The City's budget process is statistically based, analyzing trends in conjunction with historical actuals and policy and departmental need changes. Revenues are projected and the City's estimated operating and personnel expenditures are funded by these revenue projections and unassigned fund balance, if needed. The City's Finance staff along with department directors perform monthly and quarterly reviews of the budget in order to prevent overages. Budget amendments are approved by City Council where needed throughout the year.

General Fund Budgetary Highlights-Revenues

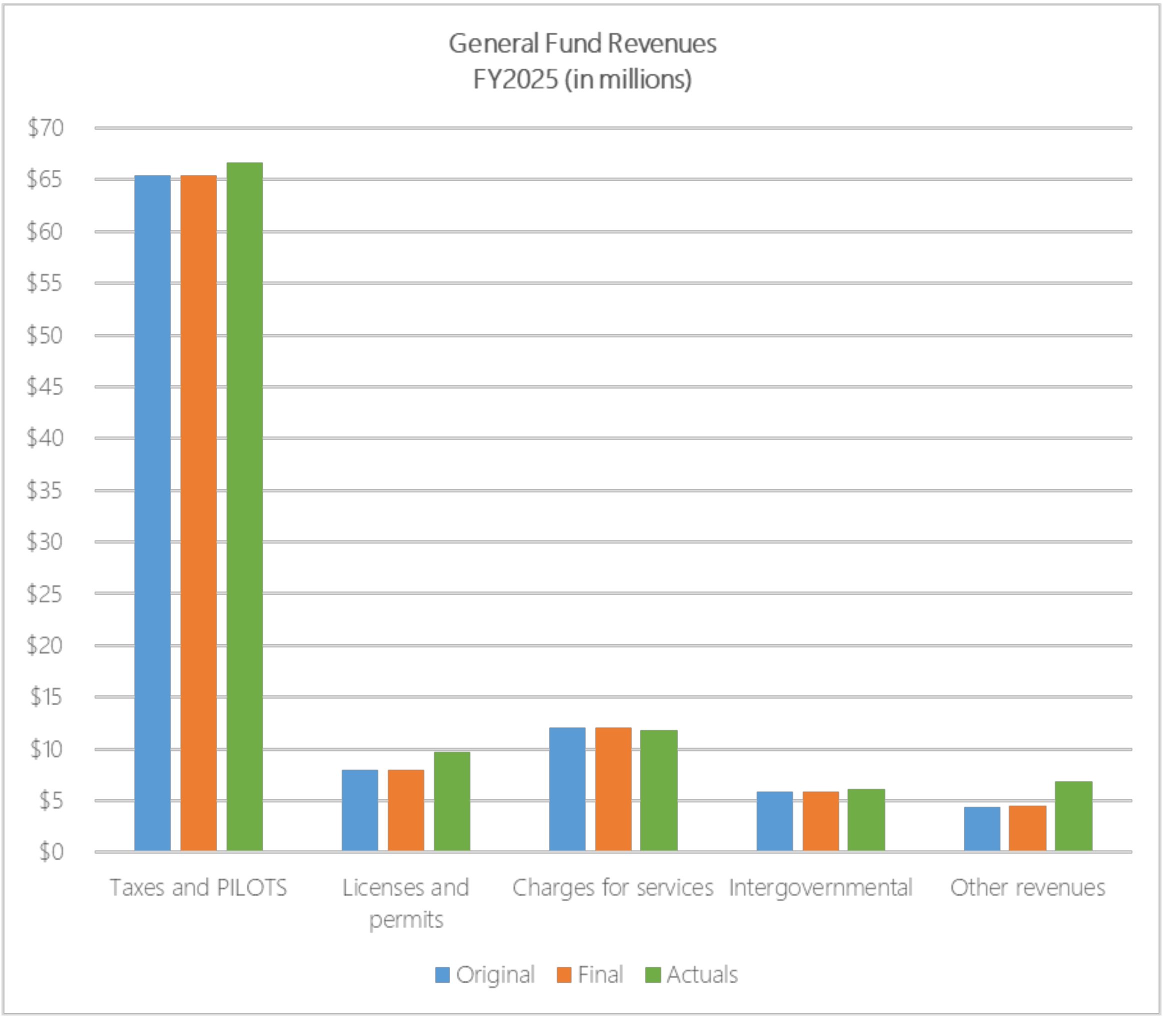


Table 6 summarizes actual revenues by category and compare revenues with the fiscal year's adopted budget and modified budget.

Table 6

General Fund Revenues FY 2025

	Original	Final	Actuals	(Negative)
Taxes and PILOTS	$ 65,473,518	$ 65,473,518	$ 66,636,410	$ 1,162,892
Licenses and permits	8,027,800	8,027,800	9,683,123	1,655,323
Fines and forfeitures	592,100	592,100	867,333	275,233
Revenues from money & property	2,384,962	2,384,962	5,229,268	2,844,306
Charges for services	12,017,550	12,017,550	11,804,961	(212,589)
Intergovernmental	5,851,523	5,851,523	6,058,413	206,890
Gifts & donations	-	55,804	56,628	824
Other revenues	1,410,015	1,480,015	660,793	(819,222)
Total Revenues	95,757,468	95,883,272	100,996,929	5,113,657

- Taxes and payments in lieu of tax exceeded revenue projections $1.16 million (2%).
    - Sales and use tax (net of refunds) projections were projected to remain stable with an $361 thousand increase over FY2024 actuals. Despite larger than usual payouts in compliance audits, the actual increase was $891 thousand. This can be attributed to increased local consumer confidence in spending. However, this reflects not only a $708 thousand (2%) increase in local sales tax but also a $474 thousand (14%) increase in simplified sellers use tax (SSUT) as online sales through outlets such as Amazon become more of the norm for purchasing taxable goods.
- License and permit revenues exceeded projections by $1.65 million (21%).
    - Business license increased $1.3 million over FY2024 and exceeded projected revenues by $1.3 million. The increase in business license revenue is a result of increased compliance efforts and contractors working on large projects in the city.
    - Building permits revenues were also a contributing factor exceeding projections by $314 thousand (39%). FY2025 revenues were projected to return to FY2023 levels due to a large area business expansion in FY2024. However, due to many commercial and City projects that began, actual permit revenues did not decrease from FY 2024.
- Charges for services revenues were less than projected revenues by $212 thousand primarily due to frequent Point Mallard Aquatic center closures due to weather.
- Other revenues did not meet budget projections with a shortfall of $819 thousand due a decline in revenue from sales of capital assets and prior year revenue adjustment projections being overestimated.
- $2.9 million actuals over budget were recognized in revenues from money and property due to better investment performance and higher cash balances. The City anticipated a significant decrease for FY2026 due to the timing of spending on the large number of capital projects in progress.

General Fund Budgetary Highlights-Expenditures

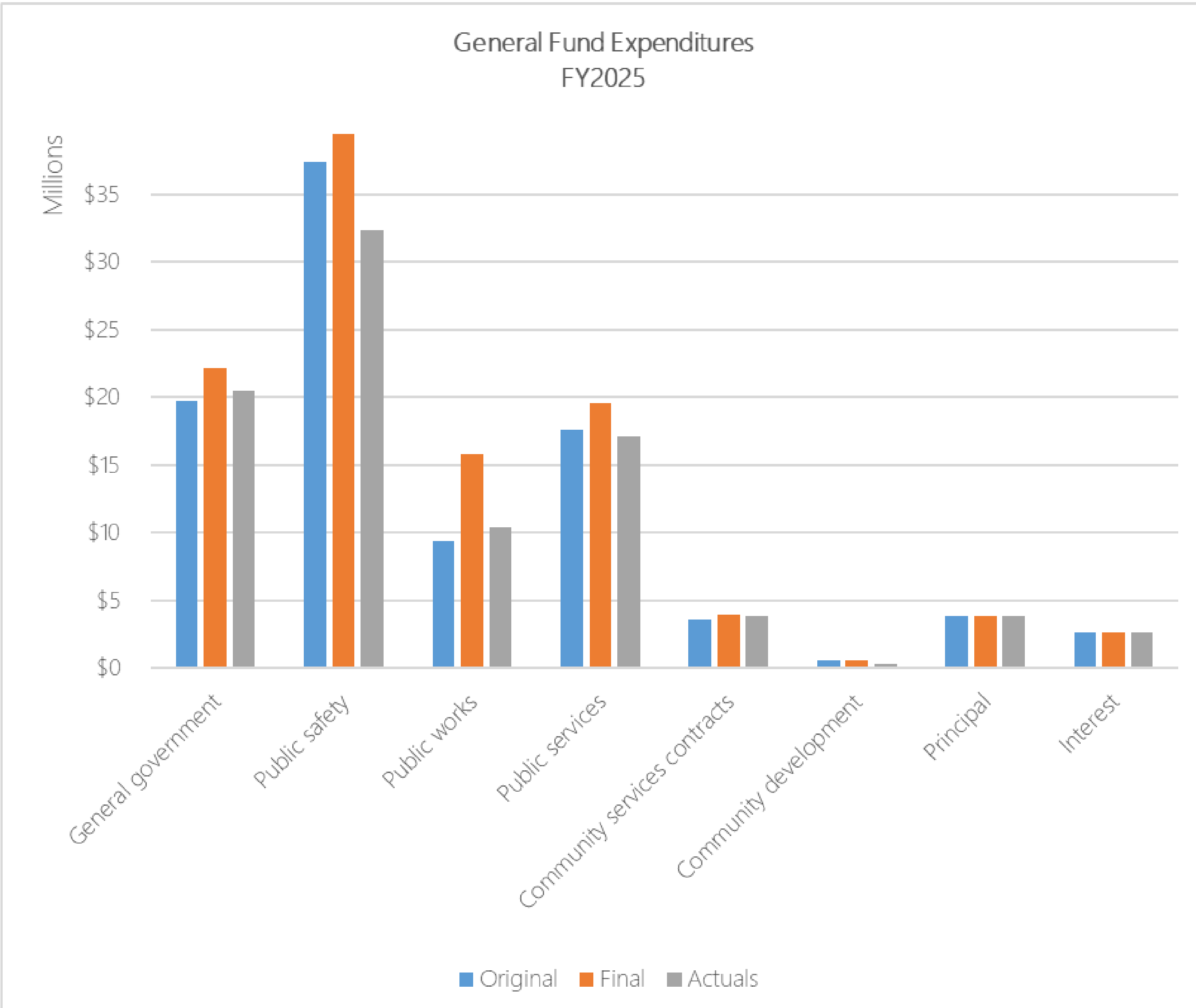


Table 7

General Fund Expenditures FY 2025

	Original	Final	Actuals	
General government	19,781,625	22,175,849	20,510,680	1,665,169
Public safety	37,371,941	39,403,384	32,354,378	7,049,006
Public works	9,377,437	15,812,449	10,392,600	5,419,849
Public services	17,624,093	19,533,898	17,120,778	2,413,120
Educational assistance	-	-	-	-
Community services contracts	3,586,792	3,938,060	3,828,045	110,015
Community development	612,368	612,368	307,958	304,410
Debt Service				
Principal	3,889,877	3,902,889	3,884,141	18,748
Interest	2,651,037	2,669,727	2,668,806	921
Total Expenditures	94,895,170	108,048,624	91,067,386	16,981,238

- Public safety expenditures in General Fund in FY2025 experienced the largest variance in budgeted amounts to actuals at $7 million under budget. This is due in large part to staffing shortages of the Police department. The headcount is budgeted as recruiting efforts continue. Although, Fire department personnel expenditures increased from FY2024, there was an available budget of $1.8 million remaining at the end of the year also due to staffing shortages.
- Public works actual expenditures were $5.4 million less than budgeted primarily due to ongoing resurfacing and capital projects budgeted but unspent in FY2025 that have rolled forward to FY2026.
- Public services expenditure budget had a remaining budget of $2.4 million.
    - Parks and Recreation contract mowing expense was lower than projected and capital projects ongoing that were carried forward to FY2026.
    - Point Mallard Aquatic Center personnel and operating expense was lower than projected due to weather affecting seasonal operations.
- General government's expenditure budget had remaining budget of $1.6 million.
    - City clerk was budgeted for a run-off election that was not used in addition to a capital outlay expenditure for a new software that was not spent in FY2025 but carried forward to FY2026.
    - Information Systems operating was the largest part of the budget variance with $132 thousand in capital outlay for software implementation carried forward to FY 2026 and $363 thousand in non-capital hardware and software services that was not purchased/implemented due to timing in fiscal 2025 but were considered for fiscal 2026.

General Fund Surplus

At the end of the fiscal year 2025, for General Fund, the total fund balance was $66.3 million with $656 thousand non-spendable, $1,724 restricted, $35 million committed and $30.7 million unassigned. $1.8 million of general fund unassigned fund balance was budgeted for sanitation department vehicles in the FY2026 original budget. General fund unassigned fund balance is used to fund various capital expenditures and projects, cash matches for grant opportunities that arise during the fiscal year and other unforeseen and new expenditures.

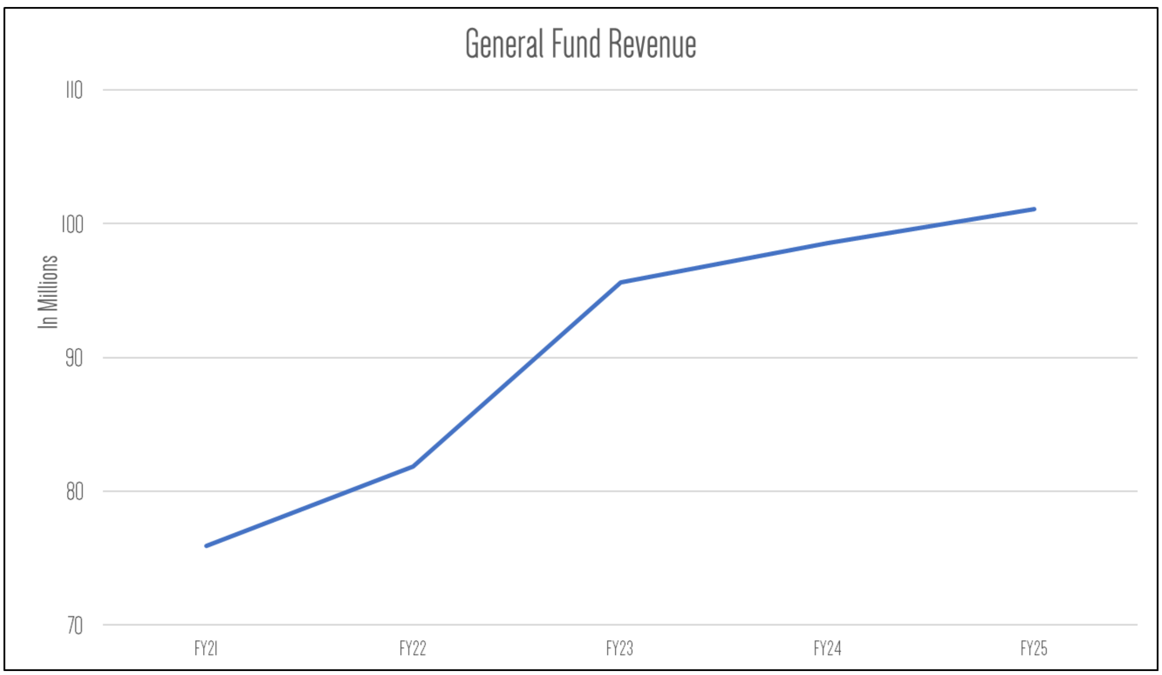
Economic Factors and Next Year's Budget

The CFO, Mayor and City Council have considered many factors in the development of the fiscal year 2026 budget.

Regarding revenues, the approach to the original budget process was similar to the budget process for FY2025 as it was one of cautious optimism for moderate growth with potential challenges stemming from a weaker national economy and higher consumer costs. Revenue projections are based on estimates from the source of the revenue as well as trend analysis, historical data, and current economic conditions. Fiscal year 2026's General Fund budget was prepared with revenues and expenditures remaining relatively flat to fiscal year 2026 projected amounts of analysis done August 2026. While encouraged by 2025's investment gains and wage growth, management took a conservative approach to fiscal year 2026's budget due to concerns of rising inflation, potential for slowing labor market and more cautious, necessity driven spending that directly impacts the City's largest revenue source, Sales and Use tax.

While conservative with revenue forecasting for original budget, City leaders and management constantly monitor revenue performance making adjustments to budgets where needed.

The graph below illustrates the 5-year trend of General Fund revenues, exhibiting steady growth.



With the expansion of commercial and residential growth, City management believes revenues will meet budgetary goals. Real property in the City has not experienced decreases in taxable assessed value and no decrease is anticipated and no increase in assessed rates are known at this time. Reassessments are done annually by Morgan County on a rotating basis. The North Alabama region as a whole reinforces management's estimates, as we continue to see an economic boost from job creation to new tourist investments. The region remains a premier destination to live.

Management's Discussion and Analysis- Continued

Management also believes the segment of goods or services purchased in the City would be classified as essential and necessity-driven, thus preventing a large fluctuation in estimated revenues.

With Sales and Use taxes remaining fairly steady year over year, it is anticipated that business license revenues will also remain steady.

The City's new covered tennis and pickleball facilities opened in fiscal year 2025. In addition, the City's $52.5 million recreation center with natatorium is slated to open in FY2026 as well as the renovated Point Mallard Event Center. These centers will provide increased City services not only to its residents, but will also provide venues for new revenue generating events. Another project nearing completion is a $15 million sportsplex that will also provide city services to residents in addition to hosting revenue-generating sports tournaments.

With the city's initiative to recruit new festivals and tournaments, there is reason to be encouraged by new local revenues spurred by tourisms. The City welcomes Rock the South, a 3-day music festival held annually in June for which Decatur is now a permanent home. This event is projected to generate new sales & use revenues, parking revenues, lodgings tax revenues and business license revenue.

Cook Natural Science Museum received a state grant to expand and create the North Alabama STEM Center. City management believes this expansion project will generate revenue for the City and local businesses through increased tourism. The City will construct, own and operate a new parking deck facility for this center which will also generate local revenues.

With unemployment in the City decreasing from 2.8% in FY2024 to an estimated 2.5% in September 2025 and 1.9% in December, management remains optimistic that the local economy will remain strong.

Regarding FY 2026 budgets, departmental operating and personnel budgets were level funded in operations to accommodate normal salary increases as well as current vacancies with active recruitment. The emerging competitive pay environment in North Alabama specifically, remained constant from last year. While there was no council approved cost of living adjustment budgeted for FY2026, employees who had worked for the City who were outside of their probationary period received a one-time pay increase of $2000.

In an effort to more affordably achieve aging fleet replacement, City management presented a fleet lease arrangement to City Council which was approved. The pilot program included 30 non-public safety, light duty vehicles in FY2025 and the program will continue replacing the same number of vehicles annually with buybacks beginning in the sixth year. Heavy equipment is still being purchased on a life cycle replacement plan. The expense of the life cycle replacement plan is partially offset by higher trade in values at replacement.

Because of the City's detailed budget process whereby department heads work closely with elected leaders, CFO and the Finance department, there is a regularly reinforced concept to be responsible stewards of the City's funds. Budgets are created based upon thorough financial analysis of past trends, discernment of ordinary and necessary expenditures, and examined by the Finance department throughout the year. Through this careful oversight by Finance liaisons, strong internal controls and reinforcement of stewardship ideals, expenditures are expected to meet budget goals.

Lastly, in addition to the City Council's concerted effort to improve facilities and infrastructure for the City's residents, there is also a focus on seeking and utilizing grants and other funding to help offset the cost of these capital projects therefore maximizing the potential of tax revenues.

Request for Information

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers and creditors.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kyle Demeester, Chief Financial Officer, P.O. Box 488 Decatur, Alabama 35602, by calling (256) 341-4550, or by sending an email to kdemeester@decatur-al.gov.

This report and other City financial information are available on the City's website at www.decaturalabamausa.com.

BASIC FINANCIAL STATEMENTS

CITY OF
DECATUR
Alabama
the City of Opportunity

City of Decatur
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	$ 150,869,942	$ 122,435,105	$ 273,305,047	$ 38,277,124
Receivables (net of allowances)				
Accounts	893,716	20,519,091	21,412,807	-
Taxes	6,323,688	-	6,323,688	-
Leases	1,875,261	-	1,875,261	-
Due from governmental entities	7,286,214	-	7,286,214	28,393,038
Inventories	142,575	3,439,422	3,581,997	436,087
Prepaid items	378,746	-	378,746	-
Other	174,201	462,441	636,642	-
Internal balances	579,804	(579,804)	-	-
Restricted assets				
Cash & investments, at cost	-	89,263,778	89,263,778	6,785,974
Capital assets				
Land and construction in process	75,512,211	88,258,921	163,771,132	17,154,416
Other assets, net of accumulated depreciation	99,089,454	335,276,770	434,366,224	168,776,347
Right to use leased assets, net of accumulated amortization	2,208,447	-	2,208,447	141,768
Subscription-based IT arrangements, net of accumulated amortization	330,030	-	330,030	-
TOTAL ASSETS	345,664,289	659,075,724	1,004,740,013	259,964,754
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	513,625	1,521,162	2,034,787	-
OPEB contributions subsequent to measurement date	4,947,793	8,570,171	13,517,964	70,093,525
Pension contributions subsequent to measurement date	14,897,899	5,723,086	20,620,985	24,712,657
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,359,317	15,814,419	36,173,736	94,806,182

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
LIABILITIES				
Accounts payable	10,723,214	20,358,269	31,081,483	894,602
Accrued liabilities	2,042,538	3,375,826	5,418,364	11,074,302
Contract retainages	1,049,430	778,546	1,827,976	-
Due to component units	2,972,248	-	2,972,248	-
Due to governmental entities	439,036	-	439,036	-
Customer deposits	464,802	18,341,156	18,805,958	-
Unearned revenue	14,373,818	10,826,969	25,200,787	22,175
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,355,000	5,355,000	-
Noncurrent liabilities				
Due within one year	9,501,987	2,552,046	12,054,033	9,644,629
Due in more than one year	202,073,454	251,292,850	453,366,304	300,121,361
TOTAL LIABILITIES	243,640,527	312,880,662	556,521,189	321,757,069
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	21,330,000
Lease related	1,740,093	-	1,740,093	-
Net difference between projected and actual earnings on OPEB plan investments	4,387,298	3,012,887	7,400,185	36,015,942
Net difference between projected and actual earnings on pension plan investments	7,123,151	4,193,989	11,317,140	19,472,000
TOTAL DEFERRED INFLOWS OF RESOURCES	13,250,542	7,206,876	20,457,418	76,817,942
NET POSITION				
Net investment in capital assets	125,379,910	294,180,551	419,560,461	60,266,136
Restricted for:				
Debt service	-	24,188,110	24,188,110	16,790,070
Capital improvement	1,072,725		1,072,725	-
Opioid abatement	6,322,676		6,322,676	
Law enforcement/corrections	987,330		987,330	
Highways and streets	460,633	-	460,633	
Special events	1,724	-	1,724	6,563,690
Perpetual care:			-	
Expendable	-	-	-	-
Nonexpendable	1,721,281	-	1,721,281	-
Unrestricted	(26,813,742)	36,433,944	9,620,202	(127,423,971)
TOTAL NET POSITION	$ 109,132,537	$ 354,802,605	$ 463,935,142	$ (43,804,075)

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

City of Decatur
Statement of Activities
For the Year Ended September 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE CHARGES FOR SERVICES	PROGRAM REVENUE OPERATING GRANTS & CONTRIBUTIONS	PROGRAM REVENUE CAPITAL GRANTS & CONTRIBUTIONS	NET REVENUE (EXPENSE) & CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES	NET REVENUE (EXPENSE) & CHANGES IN NET POSITION BUSINESS-TYPE ACTIVITIES	NET REVENUE (EXPENSE) & CHANGES IN NET POSITION TOTAL	NET REVENUE (EXPENSE) & CHANGES IN NET POSITION COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 19,392,728	$ 9,385,330	$ -	$ 536,898	$ (9,470,500)	$ -	$ (9,470,500)	$ -
Public safety	33,445,021	5,060,721	28,705	-	(28,355,595)	-	(28,355,595)	-
Public works	12,872,963	5,801,441	943,365	1,598,416	(4,529,741)	-	(4,529,741)	-
Public services	18,952,364	5,338,647	59,328	22,452,318	8,897,929	-	8,897,929	-
Educational assistance	30,820,021	-	-	-	(30,820,021)	-	(30,820,021)	-
Community development	2,511,199	-	1,307,436	9,203,499	7,999,736	-	7,999,736	-
Community service contracts	4,247,065	-	-	-	(4,247,065)	-	(4,247,065)	-
Interest on long-term debt	2,631,971	-	-	-	(2,631,971)	-	(2,631,971)	-
Unallocated depreciation	962,225	-	-	-	(962,225)	-	(962,225)	-
TOTAL GOVERNMENTAL ACTIVITIES	125,835,557	25,586,139	2,338,834	33,791,131	(64,119,453)	-	(64,119,453)	-
BUSINESS-TYPE ACTIVITIES								
Municipal Utilities Board	162,296,782	170,485,223	-	2,994,523	-	11,182,964	11,182,964	-
Sanitary Landfill	10,258,684	9,665,282	-	325,648	-	(267,754)	(267,754)	-
TOTAL BUSINESS-TYPE ACTIVITIES	172,555,466	180,150,505	-	3,320,171	-	10,915,210	10,915,210	-
TOTAL PRIMARY GOVERNMENT	298,391,023	205,736,644	2,338,834	37,111,302	(64,119,453)	10,915,210	(53,204,243)	-
COMPONENT UNIT								
Decatur City Board of Education	160,297,882	9,508,626	85,318,559	2,959,625	-	-	-	(62,511,072)
TOTAL COMPONENT UNIT	$ 160,297,882	$ 9,508,626	$ 85,318,559	$ 2,959,625	-	-	-	(62,511,072)
		GENERAL REVENUES						
		Sales & use taxes			66,289,974	-	66,289,974	27,103,554
		Property taxes and payments in lieu of taxes			24,200,435	-	24,200,435	24,763,996
		Other taxes			14,174,780	-	14,174,780	926,884
		Interest on investments			8,890,735	7,457,056	16,347,791	1,751,752
		Other			239,892	431,734	671,626	4,947,820
		Transfers			774,296	(774,296)	-	-
		TOTAL GENERAL REVENUES & TRANSFERS			114,570,112	7,114,494	121,684,606	59,494,006
		CHANGE IN NET POSITION			50,450,659	18,029,704	68,480,363	(3,017,066)
		Net position, beginning - as previously stated			57,761,206	336,764,088	394,525,294	(69,551,309)
		Adjustment for change in accounting principle - GASB 101 implementation			920,672	8,813	929,485	-
		Net position, beginning			58,681,878	336,772,901	395,454,779	(40,787,009)
		NET POSITON, ENDING			$ 109,132,537	$ 354,802,605	$ 463,935,142	$ (43,804,075)

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

City of Decatur
Governmental Funds
Balance Sheet
September 30, 2025

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash & investments	$ 60,184,699	$ 1,458,137	$ 72,537,913	$ 12,221,950	$ 146,402,699
Cash with fiscal agents	3,846,575	-	-	620,668	4,467,243
Receivables (net of allowances)					
Accounts	724,202	528	-	168,986	893,716
Taxes	4,972,409	1,306,695	-	44,584	6,323,688
Leases	1,875,261	-	-	-	1,875,261
Due from other funds	818,780	20,816	-	65,450	905,046
Due from governmental entities	840,306	186,366	12,854	6,246,688	7,286,214
Deposits	71,405	-	85,792	17,004	174,201
Prepaids	378,746	-	-	-	378,746
Inventories	142,575	-	-	-	142,575
Total assets	73,854,958	2,972,542	72,636,559	19,385,330	168,849,389
Deferred Outflows of Resources	-	-	-	-	-
Liabilities					
Accounts payable	3,527,624	294	5,300,496	1,894,800	10,723,214
Accrued liabilities	878,252	-	-	30,281	908,533
Contract retainages	-	-	1,049,430	-	1,049,430
Due to other funds	325,242	-	-	-	325,242
Due to component units	-	2,972,248	-	-	2,972,248
Due to governmental entities	19,912	-	122,612	296,512	439,036
Customer deposits	464,802	-	-	-	464,802
Total liabilities	5,215,832	2,972,542	6,472,538	2,221,593	16,882,505
Deferred Inflows of Resources					
Unavailable revenue	556,382	-	12,738,389	7,357,317	20,652,088
Lease related	1,740,093	-	-	-	1,740,093
Total deferred inflows of resources	2,296,475	-	12,738,389	7,357,317	22,392,181
Fund balance					
Nonspendable	656,489	-	-	1,721,281	2,377,770
Restricted	1,724	-	-	5,583,581	5,585,305
Committed	35,007,762	-	53,425,632	2,501,558	90,934,952
Unassigned	30,676,676	-	-	-	30,676,676
Total fund balance	66,342,651	-	53,425,632	9,806,420	129,574,703
Total liabilities, deferred inflows and fund balance	$ 73,854,958	$ 2,972,542	$ 72,636,559	$ 19,385,330	$ 168,849,389

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

City of Decatur
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2025

Total fund balance per Governmental Funds Balances Sheet	$ 129,574,703
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets and right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	177,140,142
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds.	6,278,270
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds	(58,293,797)
The deferred outflows of resources, deferred inflows of resources, and the net other post employment benefits liability related to the City's other post retirement plans are not expected to be liquidated with expendable financial resources and therefore, are not reported in the funds.	(58,810,911)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(86,755,870)
Net position of governmental activities	$ 109,132,537

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

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2025

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Sales & use taxes	$ 50,335,033	$ 15,954,941	$ -	$ -	$ 66,289,974
Property taxes	5,447,122	12,677,095	-	-	18,124,217
Other taxes	10,854,255	1,846,075	-	528,111	13,228,441
Licenses & permits	9,683,123	-	-	-	9,683,123
Fines & forfeitures	867,333	-	-	356,400	1,223,733
Revenues from money & property	5,229,268	-	3,273,787	645,143	9,148,198
Charges for services	11,804,961	-	-	-	11,804,961
Intergovernmental	6,058,413	586,330	464,755	12,652,797	19,762,295
Gifts & donations	56,628	-	-	-	56,628
Other revenues	660,793	-	22,458,502	374,070	23,493,365
Total revenues	100,996,929	31,064,441	26,197,044	14,556,521	172,814,935
Expenditures					
Current					
General government	20,510,680	-	-	1,677,145	22,187,825
Public safety	32,354,378	-	29,513	695,932	33,079,823
Public works	10,392,600	-	1,211,701	3,238,954	14,843,255
Public services	17,120,780	-	26,158,981	4,122,158	47,401,919
Educational assistance	-	30,820,021	-	-	30,820,021
Community services contracts	3,828,045	244,420	-	174,600	4,247,065
Community development	307,958	-	-	2,200,558	2,508,516
Debt service					
Principal	3,884,141	-	-	1,002,665	4,886,806
Interest and fiscal charges	2,668,806	-	-	111,028	2,779,834
Total expenditures	91,067,388	31,064,441	27,400,195	13,223,040	162,755,064
Excess (deficiency) of revenues over expenditures	9,929,541	-	(1,203,151)	1,333,481	10,059,871
Other Financing Sources (Uses)					
Leases (as lessee)	227,856	-	-	-	227,856
Inception of subscription-based IT arrangements	270,372	-	-	-	270,372
Transfers in	4,005,827	-	7,394,872	2,927,463	14,328,162
Transfers (out)	(8,336,986)	-	(356,018)	(4,860,862)	(13,553,866)
Total other financing (uses) sources	(3,832,931)	-	7,038,854	(1,933,399)	1,272,524
Net change in fund balance	6,096,610	-	5,835,703	(599,918)	11,332,395
Fund balance, beginning	60,246,041	-	47,589,929	10,406,338	118,242,308
Fund balance, ending	$ 66,342,651	$ -	$ 53,425,632	$ 9,806,420	$ 129,574,703

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

City of Decatur
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2025

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

Net change in fund balances - total governmental funds	$ 11,332,395
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 expenditures exceeded depreciation expense.	30,029,227
Governmental funds report the sales of capital assets as revenues and, unlike the Statement of Activities, do not recognize the effect of the cost of those assets and their related depreciation. This is the amount by which the cost of assets sold, minus their accumulated depreciation, was exceeded by the proceeds from the sales. This amount is included in Other revenue in the Statement of Activities.	(376,579)
Revenues in the statement of activities that do not provide current financial resources	3,098,689
For governmental funds, the issuance of long-term debt (e.g. warrants and leases) provide current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. 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.	4,532,280
Other expenses reported in the Statement of Activities that do not require current financial resources.	1,834,647
Change In Net Position Of Governmental Activities	$ 50,450,659

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

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
For the Year Ended September 30, 2025

	General Fund				School Fund			
	Budget			Variance with Final Budget Positive				Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)	Original Budget	Final Budget	Actual Amounts	(Negative)
Revenues								
Taxes and payments in lieu of taxes	$ 65,473,518	$ 65,473,518	$ 66,636,410	$ 1,162,892	$ 29,700,701	$ 29,700,701	$ 30,478,111	$ 777,410
Licenses and permits	8,027,800	8,027,800	9,683,123	1,655,323	-	-	-	-
Fines and forfeitures	592,100	592,100	867,333	275,233	-	-	-	-
Revenues from money and property	2,384,962	2,384,962	5,229,268	2,844,306	-	-	-	-
Charges for services	12,017,550	12,017,550	11,804,961	(212,589)	-	-	-	-
Intergovernmental	5,851,523	5,851,523	6,058,413	206,890	625,000	625,000	586,330	(38,670)
Gifts and donations	-	55,804	56,628	824	-	-	-	
Other revenues	1,410,015	1,480,015	660,793	(819,222)	-	-	-	-
Total revenues	95,757,468	95,883,272	100,996,929	5,113,657	30,325,701	30,325,701	31,064,441	738,740
Expenditures								
Current								
General government	19,781,625	22,175,849	20,510,680	1,665,169	-	-	-	-
Public safety	37,371,941	39,403,384	32,354,378	7,049,006	-	-	-	-
Public works	9,377,437	15,812,449	10,392,600	5,419,849	-	-	-	-
Public services	17,624,093	19,583,995	17,120,780	2,463,215	-	-	-	-
Educational assistance	-	-	-	-	30,081,281	30,081,281	30,820,021	(738,740)
Community services contracts	3,586,792	3,938,060	3,828,045	110,015	244,420	244,420	244,420	-
Community development	612,368	612,368	307,958	304,410				
Debt service								
Principal	3,889,877	3,902,889	3,884,141	18,748	-	-	-	-
Interest	2,651,037	2,669,727	2,668,806	921	-	-	-	-
Total expenditures	94,895,170	108,098,721	91,067,388	17,031,333	30,325,701	30,325,701	31,064,441	(738,740)
Excess of revenues over expenditures	862,298	(12,215,449)	9,929,541	22,144,990	-	-	-	-
Other Financing Sources (Uses)								
Leases (as lessee)	-	227,856	227,856	-				
Inception of subscription-based IT arrangements	-	270,428	270,372	(56)				
Transfers in	72,000	282,371	4,005,827	3,723,456	-	-	-	-
Transfers out	(1,270,553)	(5,104,997)	(8,336,986)	(3,231,989)	-	-	-	-
Total other financing sources (uses)	(1,198,553)	(4,324,342)	(3,832,931)	491,411	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(336,255)	(16,539,791)	6,096,610	22,636,401	-	-	-	-
Fund balance, beginning	60,246,041	60,246,041	60,246,041	-	-	-	-	-
Fund balance, ending	$ 59,909,786	$ 43,706,250	$ 66,342,651	$ 22,636,401	$ -	$ -	$ -	$ -

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

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2025

	Municipal Utilities Board	Sanitary Landfill	Totals
Assets			
Current assets			
Cash & cash equivalents	$ 92,026,154	$ 30,408,951	$ 122,435,105
Receivables (net of allowance)			
Accounts	14,576,153	824,131	15,400,284
Other	1,928,839	3,189,968	5,118,807
Due from other funds	-	325,242	325,242
Inventories, at cost	3,439,422	-	3,439,422
Other	462,441	-	462,441
Total current assets	112,433,009	34,748,292	147,181,301
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	89,263,778	-	89,263,778
Capital assets:			
Land	3,058,294	1,291,799	4,350,093
Buildings	5,477,886	2,357,141	7,835,027
Improvements other than buildings	-	15,028,934	15,028,934
Furniture & equipment	-	14,455,614	14,455,614
Utility plant in service	550,873,294	-	550,873,294
Construction work in progress	80,716,443	3,192,385	83,908,828
Less accumulated depreciation	(237,423,450)	(15,492,649)	(252,916,099)
Total capital assets (net of accumulated depreciation)	402,702,467	20,833,224	423,535,691
TOTAL NONCURRENT ASSETS	491,966,245	20,833,224	512,799,469
Total assets	604,399,254	55,581,516	659,980,770
Deferred Outflows of Resources			
OPEB contribution	8,427,004	143,167	8,570,171
Pension contributions subsequent to measurement date	5,137,234	585,852	5,723,086
Deferred cost on refunding	1,521,162	-	1,521,162
Total deferred outflows of resources	15,085,400	729,019	15,814,419

Note: Due to the Sanitary Landfill being the only nonmajor proprietary fund, it has been shown as an individual column on the face of this statement.

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

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2025

	Municipal Utilities Board	Sanitary Landfill	Totals
Liabilities			
Current liabilities			
Accounts payable	17,275,394	3,082,875	20,358,269
Accrued liabilities	3,255,499	120,327	3,375,826
Contract retainages	-	778,546	778,546
Compensated absences	122,723	61,284	184,007
Claims payable	-	100,000	100,000
Customer deposits	18,341,156	-	18,341,156
Revenue warrants payable - current	5,355,000	-	5,355,000
Deferred revenue	10,826,969	-	10,826,969
Due to other funds	905,046	-	905,046
Total current liabilities	56,081,787	4,143,032	60,224,819
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	11,500,100	11,500,100
Revenue notes payable	188,232,094	-	188,232,094
Compensated absences	1,104,503	46,818	1,151,321
Claims payable	-	100,000	100,000
Net pension liability	23,667,946	2,442,218	26,110,164
Net other postemployment benefit liability	25,051,981	1,415,229	26,467,210
Total noncurrent liabilities	238,056,524	15,504,365	253,560,889
Total liabilities	294,138,311	19,647,397	313,785,708
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	3,012,887	-	3,012,887
Net difference between projected and actual earnings on pension plan investments	3,944,801	249,188	4,193,989
Total deferred inflows of resources	6,957,688	249,188	7,206,876
Net Position			
Net investment in capital assets	273,347,327	20,833,224	294,180,551
Restricted for debt service	24,188,110	-	24,188,110
Unrestricted	20,853,218	15,580,726	36,433,944
Total net position	$ 318,388,655	$ 36,413,950	$ 354,802,605

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

City of Decatur
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2025

	Municipal Utilities Board	Sanitary Landfill	Totals
Operating revenue			
Charges for services	$ 170,485,223	$ 9,665,282	$ 180,150,505
Total operating revenue	170,485,223	9,665,282	180,150,505
Operating expenses			
Personnel, operations & maintenance	126,470,370	4,817,348	131,287,718
Closure and postclosure costs	-	2,585,241	2,585,241
Depreciation and amortization	14,991,737	1,901,743	16,893,480
Administrative costs	15,699,659	954,352	16,654,011
Total operating expenses	157,161,766	10,258,684	167,420,450
Operating income (loss)	13,323,457	(593,402)	12,730,055
Nonoperating revenue (expenses)			
Interest income	6,270,929	1,186,127	7,457,056
Interest expense	(5,135,016)	-	(5,135,016)
Bad debt recoveries (expense)	-	-	-
Intergovernmental grant income	-	325,648	325,648
Gain (loss) on disposition of assets	-	136,920	136,920
Miscellaneous revenue (expense)	-	294,814	294,814
Total nonoperating revenue (expenses)	1,135,913	1,943,509	3,079,422
Income (loss) before contributions, transfers & special items	14,459,370	1,350,107	15,809,477
Capital contributions	2,994,523	-	2,994,523
Special item	-	-	-
Transfers in	-	14,881	14,881
Transfers (out)	(789,177)	-	(789,177)
Change in net position	16,664,716	1,364,988	18,029,704
Total net position, beginning - as previously stated	301,723,939	35,040,149	336,764,088
Adjustment for change in accounting principle - GASB 101 implementation	-	8,813	8,813
Total net position, beginning - as restated	301,723,939	35,048,962	336,772,901
Total net position, ending	$ 318,388,655	$ 36,413,950	$ 354,802,605

Note: Due to the Sanitary Landfill being the only nonmajor proprietary fund, it has been shown as an individual column on the face of this statement.

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

City of Decatur
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2025

	Municipal Utilities Board	Sanitary Landfill	Totals
Operating activities			
Receipts from customers and users	$169,595,613	$ 9,895,424	$ 179,491,037
Payments to suppliers	(103,798,019)	(3,148,954)	(106,946,973)
Payments to employees	(28,356,805)	(1,867,462)	(30,224,267)
Non-operating cash payments	-	-	-
Net cash provided by operating activities	37,440,789	4,879,008	42,319,797
Noncapital financing activities			
Payments received from advances to other funds	-	138,817	138,817
Transfers in	-	14,881	14,881
Transfers (out)	(789,177)	-	(789,177)
Net cash provided by noncapital financing activities	(789,177)	153,698	(635,479)
Capital and related financing activities			
Grant proceeds	-	325,648	325,648
Acquisition and construction of capital assets	(80,658,999)	(4,907,727)	(85,566,726)
Proceeds from sale of capital assets	-	151,940	151,940
Capital contributions	2,994,523	294,814	3,289,337
Principal payments on capital leases	-	-	-
Principal payments on warrants	(5,285,000)	-	(5,285,000)
Interest paid on warrants	(5,182,861)	-	(5,182,861)
Net cash (used) by capital and related financing activities	(88,132,337)	(4,135,325)	(92,267,662)
Investing activities			
Decrease (increase) in restricted assets	55,847,762	-	55,847,762
Miscellaneous non-operating income	-	-	-
Interest received	6,270,929	1,186,127	7,457,056
Net cash provided (used) by investing activities	62,118,691	1,186,127	63,304,818
Net increase (decrease) in cash and cash equivalents	10,637,966	2,083,508	12,721,474
Cash and cash equivalents, beginning	81,388,188	28,325,443	109,713,631
Cash and cash equivalents, ending	$ 92,026,154	$ 30,408,951	$ 122,435,105

Note: Due to the Sanitary Landfill being the only nonmajor proprietary fund, it has been shown as an individual column on the face of this statement.

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

	Municipal Utilities Board	Sanitary Landfill	Totals
Operating income (loss)	$ 13,323,457	$ (593,402)	$ 12,730,055
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	14,991,737	1,901,743	16,893,480
Landfill postclosure costs	-	(242,914)	(242,914)
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(1,553,459)	230,142	(1,323,317)
Accounts payable	8,245,807	2,882,275	11,128,082
Contract retainages	-	778,546	778,546
Inventory	(157,339)	-	(157,339)
Prepaid items	(501,300)	-	(501,300)
Due to (from) other funds	1,073,663	-	1,073,663
Accrued liabilities	-	50,389	50,389
Net pension liability	674,476	(44,468)	630,008
Net OPEB obligation	1,077,157	(83,303)	993,854
Customer deposits	266,590	-	266,590
Net cash provided by operating activities	$ 37,440,789	$ 4,879,008	$ 42,319,797

Note: Due to the Sanitary Landfill being the only nonmajor proprietary fund, it has been shown as an individual column on the face of this statement.

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

Statement of Fiduciary Net Position – OPEB Plan
September 30, 2025

	Municipal Utilities Board
Assets	
Cash & cash equivalents	$ 941,796
Investments	
Equity	10,440,793
Balanced	311,651
Fixed	2,994,428
Other exchange products	733,399
Total investments	14,480,271
Total assets	15,422,067
Liabilities	-
Net position restricted for other postemployment benefit plan	$ 15,422,067

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

City of Decatur
Municipal Utilities Board
Statement of Changes in Fiduciary Net Position – OPEB Plan
For the Year Ended September 30, 2025

		Municipal Utilities Board
Additions		
Contributions		
Employer	$	2,797,398
Investment income		
Interest and dividend income		398,775
Net appreciation (loss) in fair value of investments		940,633
Total investment income		1,339,408
Total additions		4,136,806
Deductions		
Benefit payments		1,692,774
Administrative expenses		53,918
Total deductions		1,746,692
Net change in fiduciary net position		2,390,114
Net position restricted for other postemployment benefit plan		
Beginning of year		13,031,953
End of year	$	15,422,067

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF DECATUR Alabama

the City of Opportunity

Table of Contents

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The City of Decatur, Alabama (the “City”) was established in 1820, incorporated in 1826, and since October 1968 has been governed by an elected Mayor and five-member Council. The City is the County Seat of Morgan County.

The City complies with Accounting Principles Generally Accepted in the United States of America (GAAP). The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The blended component unit, although a legally separate entity, is in substance part of the government’s operations, and so data from this unit is combined with data of the primary government. The City has one component unit that meets the blended criteria. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. Each blended and discretely presented component unit has a September 30 year-end.

Primary Government

The primary government consists of various departments, agencies and other organizational units governed directly by the mayor and council of the City of Decatur. The following organizations were evaluated and found to be an integral part of the primary government. This means that all financial information is integrated into the body of the primary government and they are in no way separate from that entity.

- Community Preservation Board
- Board of Examination and Appeals for Construction Industries
- Board of Zoning Adjustment
- City of Decatur Business Development Board
- City of Decatur Historic Preservation Commission
- Landfill
- Old Bank Board
- Parks and Recreation Board
- Planning Commission
- Municipal Utilities Board

Blended Component Unit

Personnel Board: The Personnel Board is responsible for overseeing all employee related matters for the City. Responsibilities of the Board include maintaining employee records, reviewing payroll data and approving new employees and pay increases. The members of the Board are appointed by the City Council and the City provides financial support to the Board. The Personnel Board is presented as a governmental fund type.

Discretely Presented Component Unit

City of Decatur Board of Education: The Board of Education is responsible for elementary and secondary education within the government’s jurisdiction. The voters elect the members of the Board and the Board approves all budgets. However, the Board is fiscally dependent upon the government due to the tax levies received from the City of Decatur. The Board of Education is presented as a governmental fund type.

Note 1 – Summary of Significant Accounting Policies - Continued

Complete financial statements for the Board of Education, a component unit, may be obtained at the entity's administrative offices.

Board of Education
212 Fourth Avenue Southeast
Decatur, Alabama 35601

Separate financial statements are not prepared for the Personnel Board.

B. Government-wide and Fund Financial Statements

Financial information of the City, the primary government, and the Board of Education, the City's component unit, is presented as follows:

- *Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.

- *Government-wide financial statements* consist of a statement of net position and a statement of activities.

  These statements report all activities of the primary government and its component units. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges from services and are usually intended by management to be financially self-sustaining.

  The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

- *Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental and proprietary funds.

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 proprietary fund financial statements. All assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the City are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 – Summary of Significant Accounting Policies - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Sales taxes, payments in lieu of taxes, property taxes, licenses and permits, courts fines and costs, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

The following are the City's major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the government, except those accounted for in another fund.
- The *Capital Improvements Fund* account for financial resources used to refund other G.O. Warrants held by the City and for future capital projects related to additional funding received from debt issued and settlement income directly committed to capital projects
- The *School Fund* accounts for the specific revenues that are for specific expenditures – which include sales and use tax, and the designated portion of the tobacco tax, general property tax, automotive tax, and tax-equivalent – Electric and Water departments.

The following are the City's major enterprise funds:

- The *Municipal Utilities Board* Fund accounts for the operations of the Municipal Utilities Board (commonly referred to as Decatur Utilities), which provides electricity, gas, water, and wastewater treatment to the City of Decatur and other regions. Decatur Utilities is managed by a three-member Board appointed by the City Council.

Additionally, the City reports the following fund types:

Governmental Funds:

- The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects or permanent funds). Such funds are established when required by statute, charter provision, local ordinance, or executive decision to finance particular functions or activities.
- The *Capital Projects Funds* account for financial resources from bond proceeds and other sources which have been committed for future capital projects.
- The *Permanent Fund* accounts for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds:

- *Enterprise Funds* account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Note 1 – Summary of Significant Accounting Policies - Continued

Fiduciary Funds:

- *The Fiduciary Fund for the Municipal Utilities Board's defined benefit OPEB plan* accounts for the accumulation of resources for OPEB benefit payments to qualified employees. It is reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Municipal Utilities Board enterprise fund are charges to customers for services and fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Alabama, Alabama counties, or the general obligations of Alabama Municipalities.

Cash and investments classified as restricted assets on the Municipal Utilities Board Enterprise Fund balance sheet were created per the warrant indentures and are to be used only for the repayment of outstanding revenue warrants of the Municipal Utilities Board Enterprise Fund.

State statute requires the City and its component units to invest in or collateralize funds with direct obligations of the United States, obligations of certain Federal agencies for which the full faith and credit of the United States of America has been pledged, general obligation issues of other states, the State of Alabama, Alabama counties and Alabama Municipalities.

Investments are stated at fair value, generally based on quoted market prices, except for money market investments and U.S. Treasury obligations with original maturities greater than three months from the date of acquisition, which are reported at costs plus any accrued interest which approximates fair value.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Note 1 – Summary of Significant Accounting Policies - Continued

Amounts receivable and payable from federal, state, county, and local governments are classified as "due from/to other governmental entities." The only individually significant amounts due from any single entity as of September 30, 2025, was $844,696 due from Morgan County for various tax receivables, $568,999 due from the State of Alabama for various tax receivables, and $4,247,241 due from the State of Alabama related to the City's share of opioid litigation settlement funds.

Ad valorem, sales, franchise and liquor taxes and beverages licenses and taxes recorded within the General Fund and the non-major governmental funds are recognized under the susceptible to accrual concept.

Non-current portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their measurement focus. Special reporting treatments are used to indicate however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of Governmental Fund type revenues represented by noncurrent receivables are deferred until they become current receivables and are reported as deferred inflows of resources for unavailable revenue. Noncurrent portions of non-revenue related long-term loans receivable are offset by non-spendable fund balance.

Property taxes are levied in May for the following year beginning October 1, at which time a lien is attached. These taxes are due and payable on October 1 and delinquent after December 31 in each year (except with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by June 15th following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are collected. The taxes are collected by the Morgan County Revenue and License Commissioners and remitted to the City net of a collection fee ranging from 1 to 4 percent for the different taxes.

Privilege licenses and city liquor taxes are collected directly by the City and recorded when received since they are taxpayer-assessed.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The costs of Governmental Fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the purchases method to account for monthly medical insurance payments. The average monthly payment is $712,226.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets tangible in nature, with an initial individual cost in excess of thresholds, which are defined on the following page, as set by Council and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. When capital assets are disposed, the cost and related accumulated depreciation are removed, and any gain or loss arising from the disposal is credited or charged to operations.

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.

Note 1 – Summary of Significant Accounting Policies - Continued

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

Property, plant and equipment of the component units are generally recorded using the same policy as the City.

Depreciation of all exhaustible capital assets except infrastructure is charged as an expense against their operations or functions whereas the infrastructure depreciation is unallocated. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, are capitalized based on the thresholds below and further depreciated using the straight-line method over the estimated useful lives as follows:

Asset Type	Capitalization Threshold	Estimated Useful Lives
Land	All	N/A
Building and improvements	$ 40,000	10 - 40 years
Land improvements	$ 40,000	12 - 25 years
Furniture, equipment, and other	$ 10,000	3 - 12 years
Infrastructure	$ 100,000	15 - 50 years
Utility plant-in-service	$ 10,000	5 - 50 years
Right-to-use Asset / Subscription-Based Information Technology	$ 20,000	Varies by underlying agreement

Compensated Absences

City employees may accumulate up to three-hundred and seventy (370) days of sick leave. Employees of the City who were employed by the City prior to January 1, 2013 and who have twenty-five (25) years of service or, who have reached sixty (60) years of age and have 10 years of service, are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. Employees of the City hired after January 1, 2013 who have reached sixty-two (62) years of age (age 56 for certified full-time firefighter and law enforcement officer) and have 10 years of service credit are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. The liability is calculated according to GASB Statement No. 101, where a liability is recognized for accumulated compensated absences that are attributable to services already rendered, accumulated for future use, and “more likely than not” to be used for time off or paid out. Amounts are accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it only at the time they mature. Amounts not expected to be liquidated with expendable available financial resources are considered to be and are accrued as a long-term liability within the governmental activities of the government-wide statement of net position and within the proprietary fund statement of net position. Compensated absences have been historically liquidated through the fund from which the employee is paid, which is primarily, the General Fund and the Sanitary Landfill, a nonmajor proprietary fund. All reimbursable leave is paid at the time of an employee’s resignation or retirement.

Note 1 – Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources

The City has deferred outflows and deferred inflows of resources. The deferred outflows of resources are a consumption of net assets by the City that is applicable to a future reporting period and consists of the unamortized amounts for losses on debt refunding as well as pension contributions made subsequent to the measurement date for reporting of net pension liabilities. Deferred inflows of resources are an acquisition of net assets by the City that is applicable to a future reporting period and consists of unavailable revenue and net differences between projected and actual earnings on pension plan investments.

Net Position

Net position is classified and displayed in three components, as applicable:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at fiscal year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of net investment in capital assets.

Restricted - Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense/expenditure is incurred for purposes for which there are both restricted and unrestricted assets available, it is the City's policy to apply those expenses/expenditures to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted - All other assets that constitute the components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories and the non-revenue related long-term portion of loans receivable; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance- This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance- Amounts committed by ordinance by the highest level of decision-making (City Council) cannot be used for any other purpose unless the highest level of decision-making (City Council) removes or changes the specified use by taking the same type of action imposing the commitment or by its language it expires. An ordinance and a resolution are equally binding to the City.

Assigned fund balance- This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts with "intent" to be used for specific purposes or may designate a finance committee or official for that purpose. Currently the City has not assigned a committee or official for that purpose and therefore has not classified any fund balances as assigned.

Note 1 – Summary of Significant Accounting Policies - Continued

Unassigned fund balance- This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The City Council has set a General Fund minimum fund balance target at 25% or 3 months of budgeted expenditures and resolves to maintain unassigned fund balance at a minimum of 10% of budgeted revenues. At fiscal year-end, there were sufficient funds to meet the reserve and exceed the requirement by more than $20 million. The General Fund Operating Expenditure Reserve is classified as committed and can only be used in state of emergencies as declared by City Council and during revenue shortfall situations as defined by policy and determined by City Council.

E. GASB Accounting Pronouncements

Pronouncements effective for the 2025 Financial Statements:

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City has implemented GASB Statement 101 in this annual report as noted in Note 5-I.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosure*. This Statement amends NCGA Interpretation 6, Notes to Financial Statements Disclosures, paragraph 5. This Statement enhances financial reporting by requiring governments to disclose vulnerabilities due to certain concentrations or constraints. A government will be required to disclose concentration and constraints that meet the required criteria whenever the information is known to the government prior to the issuance of the financial statements, the concentration or constraint makes the reporting unit vulnerable to the risk of substantial impact, and an event or events associated with the concentration or constraint that could have caused a substantial impact could have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. The City determined no such arrangements applied relative to GASB 102 in fiscal year 2025.

Pronouncements issued, but not yet effective, which will be adopted by the City in future years:

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

In September 2024, the GASB issued Statement No. 104, Disclosures of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Management is in the process of determining the effects that the adoption of these statements will have on the City's basic financial statements.

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

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

Warrants Payable	$ 78,449,490
Leases payable	2,309,413
Subscription-based IT arrangements	308,969
Accrued interest payable	1,134,005
Compensated absences	3,538,591
Claims Payable	1,015,402
	$ 86,755,870

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

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

Capital outlay	$ 40,166,132
Capital contributions	-
Depreciation expense on capital assets	(9,524,189)
Amortization expense on right to use leased assets	(444,440)
Amortization expense on subscription-based IT arrangements	(168,276)
	$ 30,029,227

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements - Continued

Another element of that reconciliation states that "governmental funds report the sales of capital assets as revenues and, unlike the Statement of Activities, do not recognize the effect of the cost of those assets and their related depreciation. This is the amount by which the cost of assets sold, minus their accumulated depreciation, was exceeded by the proceeds from the sales. This amount is included in Other revenue in the Statement of Activities". The details of this difference are as follows:

Cost of capital assets disposed	$ (3,423,621)
Accumulated depreciation on disposed capital assets	3,047,042
	$ (376,579)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., warrants and leases) provides current financial resources and the repayment of long-term debt consumes current financial resources. 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." The details of this difference are as follows:

Debt issued or incurred:	
Lease obligations	$ (227,856)
Subscription-based IT arrangements	(270,372)
Principal repayments and debt forgiveness:	
General obligation debt	4,370,000
Lease obligations	387,236
Subscription-based IT arrangements	157,961
Amortization of premium, discounts, and refunding loss	115,311
	$ 4,532,280

Another element of that reconciliation states that "other expenses reported in the statement of activities that do not require current financial resources." The detail of this difference is as follows:

Compensated absences	$ (263,712)
Claims	(17,366)
Accrued interest	32,552
Net pension obligation	(2,781,363)
Other postemployment expenses	4,864,536
	$ 1,834,647

Note 3 - Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following section describes the budgeted and non-budgeted funds:

Annually-Budgeted Governmental Funds

General Fund

Special Revenue Funds

- 7 Cent Gas Tax Fund
- 4&5 Cent Gas Tax Fund
- Rebuild Alabama Gas Tax Fund
- School Fund
- Personnel Board Fund
- Alabama Capital Improvement Trust Fund
- Docket Fees Fund
- Room Occupancy Fund
- Corrections Fund
- Drug Seizure Fund
- Opioid Settlement Fund

Governmental Funds Not Annually-Budgeted

Special Revenue Funds

- Grant Fund
- Municipal Court Fund

Capital Projects Funds

- Capital Improvement Fund
- Sewer Fund
- 2016 Capital Improvements Fund

Permanent Fund

- Perpetual Care Fund

The Municipal Utilities Board Fund is managed by a separate board appointed by the City Council. This Fund is independent of the City's budgeting process. The Community Development Fund adopts a grant-length budget as prescribed by grantor provisions. The Debt Service Funds are not annually budgeted since budgetary control exists through general obligation bond indenture provisions. While annual budgets are adopted for the Capital Projects Funds for management purposes, budgetary control is exercised using formally adopted project length budgets.

The City Council adopts budgets on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds, with the exception of the Community Development Fund.

The legal level of budgetary control is the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments and expenditure requests, which result in a budget overrun, require the approval of the City Council. The council reviews and approves these changes at mid-year when a formal amendment to the original budget is adopted. All annual appropriations lapse at year-end.

Prior to the beginning of the fiscal year, each city department prepares budget requests for submission to the finance department that will compile them and, together with an estimate of anticipated revenues, submit them to the mayor's office. The mayor and budget staff begins individual department reviews with department heads.

After changes are recommended and budget schedules are updated, the budget is finalized for submission to the City Council. The City Council reviews the budget, makes changes, and approves the budget. Budgeted amounts are as originally adopted, or as amended by the City Council.

Note 3 - Stewardship, Compliance and Accountability – Continued

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as either committed or assigned in fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

On or before October 1 of each year, the City of Decatur Board of Education, a discretely presented component unit, is required to prepare and submit to the state superintendent of education the annual budget to be adopted by the Board. The city superintendent of education or Board cannot approve any budget for operations of the school system for any fiscal year, which shows expenditures in excess of income estimated to be available, plus any balances on hand. The superintendent, with the approval of the Board, has the authority to make changes within the approved budget provided that a deficit is not incurred by such changes. The superintendent may approve amendments to program budgets without Board approval. Individual amendments to the budget as originally adopted are not considered material.

B. Excess of Expenditures over Appropriations

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2025:

General Fund – General Government Function		
Mayor and Council – Personnel Expenses	$	2,786
Purchasing – Operating Expenses		1,689
Information Services – Personnel Expenses		12,609
Miscellaneous		410,431
Safety – Personnel Expenses		211
General Fund – Public Services Function		
Cemetery – Personnel Expenses	$	1,783
Pt. Mallard Golf Course – Operating Expenses		3,888
Community Service Contracts		
Decatur Convention and Visitors' Bureau	$	61,252

The excess expenditures were provided by available fund balance in the related funds.

Note 4 – Detailed Notes on All Funds

A. Deposits and Investments

The following information is provided to give an indication of the steps the City takes to protect its cash deposits and the level of risk assumed for certain investments.

At fiscal year end, the entire bank balances of the City, and the Board of Education were covered by federal depository insurance and insured by the Security for Alabama Funds Enhancement, or SAFE Program. The SAFE Program is administered by the State Treasurer according to State of Alabama statute. Any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law.

The City has an established investment policy in line with state legal requirements including but not limited to Alabama Code Sections 11-81-19, 11-81-20 and 11-81-21 (“Investment Statutes”) and Title 41, Chapter 14A of the Code of Alabama (“Safe Act”). The policy is reviewed on an ongoing basis by an investment committee consisting of the Chief Financial Officer, the City Clerk, the Mayor and two (2) members of Council to ensure it addresses the needs and risks of the City. The policy sets limits by instrument and issuer (within instrument) and establishes a diversified investment strategy, and minimum credit quality.

A reconciliation of cash and investments as shown on the Combined Balance Sheet for the primary government is as follows:

Cash and deposits	$ 340,755,670
Certificates of deposit	8,136,087
Money market mutual funds	209,685
Total cash & cash equivalents	349,101,442
US Government Guaranteed Small Business Investment Companies	8,813,918
US Government Guaranteed Small Business Administration Obligations	4,653,465
Total Fixed income investments	13,467,383
Total	$ 362,568,825
Per Governmental Funds Balance Sheet	
Cash and investments	146,402,699
Cash with fiscal agents	4,467,243
	150,869,942
Per Proprietary Funds Statement of Net Position	
Cash and investments	122,435,105
Restricted cash for debt service	89,263,778
	211,698,883
Total	$ 362,568,825

Note 4 – Detailed Notes on All Funds – Continued

Component Unit

The discretely presented component Unit, the Board of Education, held only cash on hand or with financial institutions at year-end.

Investments

Statutes authorize the City to invest in obligations of the U. S. Treasury, obligations of any state of the United States, general obligations of any Alabama county or city board of education secured by pledge of the three-mill school tax and other obligations as outlined in the Code of Alabama 1975, Section 19-3-120 and Section 19-3-120.1. As noted above, the City has further implemented its own investment policy. This policy does not violate any authorizations already provided by the State. The Board of Education currently holds no deposits or other investments.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect fair value of an investment. Generally, the longer maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's formal investment policy ensures that securities mature to meet operating cash requirements to avoid the need to sell on the open market prior to maturity. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The maturities of the City's debt securities are as follows:

	Fair Value	Percent of Total
Less than five years	$ 737,114	5.47%
Five to ten years	10,952,542	81.33%
Ten to twenty years	365,184	2.71%
Twenty to thirty years	1,412,543	10.49%
	$13,467,383	100.00%

Credit risks

As described above, state law limits the kind of investments the City can make. The City has made no further laws in addition to state law related to investments allowed. The City's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. The Board of Education currently holds no deposits or other investments.

Note 4 – Detailed Notes on All Funds – Continued

Custodial credit risk

The City requires all bank deposits, which includes USTO money market funds held by banks, be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE Program, which was the case for all bank deposits as of September 30, 2025, except for minor cash deposits and cash on hand. The SAFE Program is administered by the State Treasurer, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law. Also, the deposits with banks complied with state investment policies.

The Board of Education's investment policy limits the custodial credit risk by only investing in U.S. Government obligations and certificates of deposit.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by
- correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable inputs requires judgment by City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

Note 4 – Detailed Notes on All Funds – Continued

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments. The methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the City's investment manager from third party service providers.

The City applies fair market value updates to its securities on an ongoing basis. Security pricing is provided by a third party, and is reported at least monthly to the City by its investment manager. Assets are categorized by asset type, which is a key component of determining hierarchy levels.

Asset types allowable per the City's investment policy generally fall within hierarchy level 1 and 2. The City recorded its investments at fair value, and primarily uses the Market Approach to valuing each security.

As of September 30, 2025, the city had the following investments:

Investment Vehicle	Fair Value	Fair Value Hierarchy	Credit Quality
U.S. Government Debt			
U.S. Government Guaranteed Small Business Investment Companies	8,813,918	2	N/A
U.S. Government Guaranteed Small Business Administration Obligations	4,653,465	2	N/A
	$13,467,383		

As of September 30, 2025, the Municipal Utilities Board's OPEB Trust had the following investments:

Investment Vehicle	Fair Value	Fair Value Hierarchy	Credit Quality
Equity Securities:			
Mutual Funds	$ 8,103,433	1	N/A
Exchange Trade Products	2,337,360		
	$10,440,793		
Balanced Funds	311,651	1	N/A
Fixed	2,994,428		
Other Exhange Products	733,399	1	N/A
	$ 14,480,271		

Note 4 – Detailed Notes on All Funds – Continued

Fair Value

Investments in money market funds and non-negotiable certificates of deposit are exempt from fair value hierarchy disclosures per paragraph 69.c. of GASB Statement 72, *Fair Value Measurement and Application*, and are valued at the City's cost and any accrued interest on these investments.

B. Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2025 was as follows:

	Balance September 30, 2024	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2025
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 20,878,249	$ 619,368	$ (44,332)	$ -	$ 21,453,285
Construction in progress	21,161,831	34,081,777	(24,576)	(1,160,106)	54,058,926
Total capital assets, not being depreciated / amortized	42,040,080	34,701,145	(68,908)	(1,160,106)	75,512,211
Building and improvements	70,963,618	1,267,239	(618,934)	265,861	71,877,784
Land improvements	41,677,007	119,678	(153,547)	798,916	42,442,054
Furniture, equipment, and other	42,635,804	3,551,365	(2,025,395)	95,329	44,257,103
Infrastructure	144,616,860	28,477	-	-	144,645,337
Leased buildings and improvements	1,812,079	62,650	(491,896)	-	1,382,833
Leased equipment	1,345,541	165,206	(64,941)	-	1,445,806
Subscription-based IT arrangements (SBITA's)	288,148	270,372	-	-	558,520
Total capital assets, being depreciated / amortized	303,339,057	5,464,987	(3,354,713)	1,160,106	306,609,437
Less accumulated depreciation/ amortization for:					
Building and improvements	(38,702,355)	(1,717,927)	618,934	(82,681)	(39,884,029)
Land improvements	(33,456,092)	(1,291,101)	129,968	(17,890)	(34,635,115)
Furniture, equipment, and other	(30,170,172)	(3,299,891)	1,769,693	100,571	(31,599,799)
Infrastructure	(94,798,611)	(3,215,270)	-	-	(98,013,881)
Leased buildings and improvements	(398,605)	(130,902)	464,618	-	(64,889)
Leased equipment	(305,594)	(313,538)	63,829	-	(555,303)
Subscription-based IT arrangements (SBITA's)	(60,214)	(168,276)	-	-	(228,490)
Total accumulated depreciation / amortization	(197,891,643)	(10,136,905)	3,047,042	-	(204,981,506)
Total capital assets, being depreciated / amortized, net	105,447,414	(4,671,918)	(307,671)	1,160,106	101,627,931
Governmental activities capital assets, net	$ 147,487,494	$ 30,029,227	$ (376,579)	$ -	$ 177,140,142

Note 4 – Detailed Notes on All Funds – Continued

Capital asset activity for business-type activities for the year ended September 30, 2025 was as follows:

Business-Type Activities:	Balance September 30, 2024	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2025
Capital assets, not being depreciated:					
Land	$ 4,350,093	$ -	$ -	$ -	$ 4,350,093
Construction in progress	31,962,576	83,049,411	(31,103,159)	-	83,908,828
Total capital assets, not being depreciated	36,312,669	83,049,411	(31,103,159)	-	88,258,921
Capital assets, being depreciated:					
Buildings and improvements	23,181,493	128,877	(466,346)	19,937	22,863,961
Furniture, equipment and other	12,567,680	2,328,430	(420,559)	(19,937)	14,455,614
Utility plant-in-service	524,339,083	31,168,126	(4,440,071)	-	551,067,138
Total capital assets, being depreciated	560,088,256	33,625,433	(5,326,976)	-	588,386,713
Less accumulated depreciation for:					
Buildings and improvements	(9,323,366)	(683,056)	466,346	(19,937)	(9,560,013)
Furniture, equipment and other	(4,673,078)	(1,218,687)	405,538	19,937	(5,466,290)
Utility plant-in-service	(227,531,974)	(14,991,737)	4,440,071	-	(238,083,640)
Total accumulated depreciation	(241,528,418)	(16,893,480)	5,311,955	-	(253,109,943)
Total capital assets, being depreciated, net	318,559,838	16,731,953	(15,021)	-	335,276,770
Business-Type activities capital assets, net	$ 354,872,507	$ 99,781,364	$ (31,118,180)	$ -	$ 423,535,691

Depreciation expense of $962,225 for the Governmental activities Infrastructure assets is not allocated to the functions. The depreciation expense for all other depreciable assets is charged to functions/programs of the primary government as follows:

Governmental Activities:	
General governmental	$ 874,551
Public Safety	1,738,944
Public Works	3,975,194
Public Services	2,585,991
Total allocated depreciation/amortization expense - governmental activities	9,174,680
Total unallocated depreciation expense - governmental activities	962,225
Total depreciation/amortization expense - governmental activities	$ 10,136,905

Note 4 – Detailed Notes on All Funds – Continued

Business-type Activities:		
Municipal Utilities Board Fund	$	14,991,737
Sanitary Landfill Fund		1,901,743
Total depreciation expense - business-type activities	$	16,893,480

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2025 was as follows:

	Balance September 30, 2024	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2025
Capital assets, not being depreciated / amortized:					
Land	$ 15,343,058	$ 1,503,108	$ -	$ -	$ 16,846,166
Construction in progress	11,346,238	308,280	(11,346,268)	-	308,250
Total capital assets, not being depreciated	26,689,296	1,811,388	(11,346,268)	-	17,154,416
Capital assets, being depreciated / amortized:					
Buildings and improvements	238,887,369	16,897,840	-	-	255,785,209
Furniture, equipment and other	17,446,486	1,074,749	(118,580)	-	18,402,655
Leased equipment	850,607	-	-	-	850,607
Total capital assets, being depreciated	257,184,462	17,972,589	(118,580)	-	275,038,471
Less accumulated depreciation / amortization for:					
Buildings and improvements	(86,971,473)	(7,349,395)	-	-	(94,320,868)
Furniture, equipment and other	(10,088,960)	(1,105,039)	103,350		(11,090,649)
Leased equipment	(496,188)	(212,651)	-	-	(708,839)
Total accumulated depreciation / amortization	(97,556,621)	(8,667,085)	103,350	-	(106,120,356)
Total capital assets, being depreciated, net	159,627,841	9,305,504	(15,230)	-	168,918,115
Component Unit capital assets, net	$ 186,317,137	$ 11,116,892	$ (11,361,498)	$ -	$ 186,072,531

Note 4 – Detailed Notes on All Funds – Continued

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2025 is as follows:

Due From:	Due To: General Fund	School Fund	Non-major Government	Non-major Proprietary	Total Due From
General Fund	$ -	$ -	$ -	$ 325,242	$ 325,242
Municipal Utilities Board	818,780	20,816	65,450	-	905,046
Non-Major Government	-	-	-	-	-
Total Due To	$ 818,780	$ 20,816	$ 65,450	$ 325,242	$ 1,230,288

$325,242 of the balance due to the non-major proprietary funds from the general fund resulted from an advance made for turf at the Jack Allen Recreational Complex.

Transfers From:	Transfers To: General Fund	Capital Improvements Fund	Non-major Government	Non-major Proprietary	Total Out
General Fund	$ -	$ 6,184,235	$ 2,138,286	$ 14,465	$ 8,336,986
Capital Improvement Fund	356,018	-	-	-	356,018
Municipal Utilities Board	-	-	789,177	-	789,177
Non-Major Government	3,649,809	1,210,637	-	416	4,860,862
Total In	$ 4,005,827	$ 7,394,872	$ 2,927,463	$ 14,881	$14,343,043

Transfers have been used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations during the current year.

The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Due From:	Due To: Component Unit Board of Education	Total In
Primary Government-School Fund	$ 2,972,248	$ 2,972,248
Total Out	$ 2,972,248	$ 2,972,248

Note 4 – Detailed Notes on All Funds – Continued

D. Leases

Lessee

The City is a lessee for several leases of land, equipment, and office space (buildings). The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of the lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease-related amortization expense of approximately $528,447 was recorded in fiscal year 2025.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. Lease-related interest expense under all leases totaled approximately $187,511 for the fiscal year ended September 30, 2025. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The aggregate amortization schedule for the non-cancellable lease liability is as follows:

Governmental Activities:	Principal	Interest
2026	$ 325,283	$ 158,198
2027	328,217	134,771
2028	298,244	113,053
2029	37,533	101,962
2030	-	97,717
2031-2035	-	532,378
2036-2040	-	613,435
2041-2045	-	706,834
2046-2050	-	814,453
2051-2055	-	938,460
2056-2060	555,103	526,245
2061-2064	765,033	130,428
Total governmental activities	$ 2,309,413	$ 4,867,934

Note 4 – Detailed Notes on All Funds – Continued

Board of Education

On June 20, 2022, the Board entered into a 48-month lease for copiers at various locations in the district. An initial lease and corresponding right-to-use asset was recorded in the amount of $850,607. The lease has an interest rate of 3.38% and the equipment lease has an estimated useful life of 48 months. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The aggregate amortization schedule for the non-cancellable lease liability is as follows:

	Principal	Interest
2026	$ 149,746	$ 1,456
Total governmental activities	$ 149,746	$ 1,456

The Board has also entered into several short-term leases for use of storage. These leases are not required to be presented in the Statement of Net Position.

Lessor

The City is a lessor for several leases of office space, building, property/land, and cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City, initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. For the current fiscal year, the City recognized approximately $193,463 in lease revenue and approximately $77,921 in lease related interest revenue.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. The value of future minimum installment purchase payments as of September 30, 2025, is as follows:

Governmental Activities:	Principal	Interest
2026	$ 156,769	$ 91,970
2027	168,010	83,657
2028	180,623	77,210
2029	194,049	69,189
2030	140,641	63,062
2031-2035	130,742	317,704
2036-2040	153,777	346,832
2041-2045	117,043	379,230
2046-2050	66,929	380,195
2051-2055	259,326	273,431
2056-2060	143,417	112,536
2061-2064	163,936	27,948
Total governmental activities	$ 1,875,261	$ 2,222,964

Note 4 – Detailed Notes on All Funds – Continued

E. Long-Term Debt

General Obligation Warrants

The City issues general obligation ("G.O.") warrants, which are a direct obligation and pledge of the full faith and credit of the City, for the following purposes:

a. For the acquisition and construction of major capital facilities.
b. To refund other G.O. warrants.

Source of Repayment of Long-Term Debt

Repayment of the City's long-term debt is generally provided for as follows:

Type of Debt	Paid From	Resources Provided By
Governmental Activities:		
G.O. warrants - major capital facilities	General Fund	General Fund
	Room Occupancy	Room Occupancy
G.O. warrants- infrastructure and economic development	General Fund	General Fund
	Sewer Fund	Sewer Fund
Business-Type Activities:		
Revenue warrants	Municipal Utilities Board Fund	Municipal Utilities Board Fund

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Note 4 – Detailed Notes on All Funds – Continued

<u>Outstanding Debt</u>
The amount of debt outstanding at September 30, 2025 was as follows (in thousands):

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
Governmental activities:							
G.O. Warrants - general purposes							
2016-A	$ 21,630	5/12/2016	8/7/2022	2.0-3.0%	305-2,765	$ 9,840	$ 2,710
2016-B	5,140	11/2/2016	10/1/2036	2.0 - 3.0%	210-320	3,340	245
2021-Taxable Refunding	17,770	12/22/2020	10/1/2036	.26 - 1.82%	1,070-1,540	10,485	1,480
2021-B	16,150	12/7/2021	12/1/2046	3.0 - 4.0%	710-1,105	16,150	-
2021-C Taxable	2,035	12/7/2021	12/1/2029	1.53 - 1.76%	665-690	2,035	-
2023	32,745	4/13/2023	4/1/2048	4.0 - 5.0%	930-2,240	32,745	-
Total Governmental Activities	$ 95,470					$ 74,595	$ 4,435

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
Business-Type activities:							
Water System Revenue Warrants							
2020	$ 9,375	11/5/2020	8/15/2033	.50-2.20%	703-823	$ 6,169	$ 727
2021	8,405	2/17/2021	2/15/2051	2.125-4.0%	305-600	6,925	345
	$ 17,780					$ 13,094	$ 1,072
Wastewater System Revenue Warrants							
2019	25,655	8/15/2019	8/15/2033	2.0-3.5%	715 - 880	5,015	795
2020	64,445	11/5/2020	8/15/2033	.50-2.2%	715 - 880	16,881	1,988
2021-A	95,815	2/17/2021	2/15/1951	2.125-4.0%	130-10,305	63,365	145
2021-B	4,758	2/17/2021	8/15/2033	2.125-4.0%	1,330-7,360	89,985	1,355
	$ 190,673					$ 175,246	$ 4,283
Total Business-Type Activities	$ 208,453					$ 188,340	$ 5,355
Total Primary Government	$ 303,923					$262,935	$ 9,790

Note 4 – Detailed Notes on All Funds – Continued

Discretely Presented Component Unit

Board of Education

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
G.O. Warrants - general purposes							
2010 QSCB	$ 1,050	2010	9/1/2027	5.15%	1,050	$ 1,050	$ -
2011 QZAB	5,000	2011	5/1/2026	4.60%	5,000	5,000	5,000
2013 BRAC	1,830	2013	6/1/2025	3.25-5.00%	82-533	-	-
Series 2013	30,325	2013	2/1/2035	2.75-5.00%	1,260-9,230	17,770	1,595
Series 2015	87,750	2015	2/1/2028	2.00-5.00%	980-6,535	4,510	1,230
2017 QZAB	1,750	2018	12/15/2027	0.00%	1,750	1,750	-
Series 2018	1,450	2018	2/1/2025	2.71	204-216	-	-
Series 2019	5,995	2020	2/1/2045	1.69 - 4.00%	165-1,575	5,130	190
Series 2020	90,045	2020	2/1/2045	1.57 - 3.03%	800-1,360	85,900	875
2020 BRAC	980	2021	6/1/2033	.253 - 2.44%	800-1,360	915	109
	226,175					122,025	8,999
Direct Borrowings							
PNC Bank Note Payable	500	2017	8/22/2026	2.20%	87- 93	93	93
	$ 226,675					$ 122,118	$ 9,092

The City is not obligated in any manner for the debt of the Board of Education, a discretely presented component unit.

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Note 4 – Detailed Notes on All Funds – Continued

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2025 are shown below.

	(thousands)	
Primary Government	G.O. Warrants	
Governmental Activities:	Principal	Interest
2026	$ 4,435	$ 2,496
2027	4,510	2,420
2028	3,760	2,362
2029	3,850	2,271
2030	3,455	2,173
2031-2035	16,810	9,085
2036-2040	13,825	6,079
2041-2045	14,950	3,296
2046-2048	9,000	612
Total governmental activities	$ 74,595	$ 30,794
Business-Type Activities:	Principal	Interest
2026	$ 5,355	$ 5,062
2027	5,445	4,975
2028	5,535	4,881
2029	5,640	4,777
2030	5,755	4,663
2031-2035	30,710	21,376
2036-2040	34,590	17,502
2041-2045	39,440	12,649
2046-2050	45,565	6,521
2051	10,305	109,491
Total business-type activities	$188,340	$191,897

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Note 4 – Detailed Notes on All Funds – Continued

Component Unit - Board of Education

Governmental Activities: Board of Education	G.O. Warrants (thousands) Principal	G.O. Warrants (thousands) Interest	Note Payable (thousands) Principal	Note Payable (thousands) Interest
2026	$ 9,000	$ 3,546	$ 93	$ 2
2027	5,441	3,174	0	0
2028	8,062	3,014	-	-
2029	2,969	2,829	-	-
2030	4,834	2,726	-	-
2031-2035	26,295	11,537	-	-
2036-2040	30,300	7,557	-	-
2041-2045	35,125	2,729	-	-
2046-2050	0	0	-	-
2051-2052	-	-	-	-
Total Governmental Activities - Comp. Unit	$122,026	$ 37,112	$ 93	$ 2

<u>Changes in Long-Term Liabilities</u>

Long-term liability activity for the year ended September 30, 2025, was as follows (in thousands):

Primary Government

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
General obligation warrants	$ 78,965	$ -	$ (4,370)	$ 74,595	$ 4,435
Less amounts deferred for:					
Issue discounts & premiums	4,577	-	(209)	4,368	-
Total warrant, bonds, & notes	83,542	-	(4,579)	78,963	4,435
Leases	2,469	228	(388)	2,309	323
Subscription-based IT Arrangements (SBITA's)	196	270	(157)	309	149
Compensated absences	4,196	-	(657)	3,539	2,000
Claims Payable	998	271	(254)	1,015	327
Net pension Liability	73,773	-	(7,704)	66,069	2,125
Net OPEB Liability	61,186	-	(1,815)	59,371	143
Governmental Activities Long-Term Liabilities	$ 226,360	$ 769	$ (15,554)	$ 211,575	$ 9,502

Note 4 – Detailed Notes on All Funds – Continued

Business-Type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue warrants	$ 193,625	$ -	$ (5,285)	$ 188,340	$ 5,355
Less amounts deferred for:					
Issue discounts & premiums	5,477	-	(230)	5,247	-
Total warrants	199,102	-	(5,515)	193,587	5,355
Landfill closure and postclosure	6,190	5,310	-	11,500	-
Compensated absences	1,271	65	-	1,335	184
Claims payable	100	150	(50)	200	100
Net pension Liability	30,935	(4,825)	-	26,110	2,125
Net OPEB Liability	27,307	(839)	-	26,467	143
Business-Type Activities Long-Term Liabilities	$ 264,904	$ (139)	$ (5,565)	$ 259,200	$ 7,907

Component Units – Board of Education

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
Revenue Warrants	$ 199,578	$ -	$ (77,553)	$ 122,025	$ 8,999
Notes Payable	184	-	(91)	93	93
Issue discounts & premiums	2,862	-	(163)	2,699	163
Financed Purchases	1,072		(232)	840	240
Leases	369	-	(219)	150	150
Net pension Liability	131,150	-	(25,582)	105,568	-
Net OPEB Liability	16,602	61,789	-	78,391	-
Governmental Activities Long-Term Liabilities	$ 351,817	$ 61,789	$ (103,840)	$ 309,766	$ 9,645

City Subscription Liabilities

Governmental Activities

As of September 30, 2025, the City had three active subscriptions. The subscriptions have payments that range from $17,264 to $73,066 with an interest rate of 8.50%. As of September 30, 2025, the total combined value of the subscription liability is $196,558. The combined value of the right to use asset, as of September 30, 2025 of $288,148 with accumulated amortization of $60,214 is included with subscription assets within capital assets. Annual Debt Service Requirements to Maturity for Subscription Obligations for the City are as follows:

Governmental Activities:	Principal	Interest
2026	$ 148,873	$ 26,461
2027	160,096	13,266
Total governmental activities	$ 308,969	$ 39,727

Note 4 – Detailed Notes on All Funds – Continued

F. Fund Balance and Net Position Constraints

The Statement of net position shows certain amounts as restricted net position. These amounts are restricted as to their use by parties outside of the City such as creditors, grantors/or contributors, or law or regulation. Components of restricted net position include:

Activity	Restricted By	Amount
Opioid abatement	Law - Legal Settlement	$ 6,322,676
Perpetual care - nonspendale	Contributors	1,721,281
Law Enforcement / Corrections	Law	987,330
Capital Improvement	Law	1,072,725
Highways and Streets	Law	460,633
Special Events	Contributors	1,724
		$10,566,369

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Note 4 – Detailed Notes on All Funds – Continued

The constraints on fund balance as listed in aggregate in the Governmental Funds Balance Sheet are detailed according to balance classification and fund below:

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
Fund Balances				
Nonspendable:				
Inventory	$ 142,575	$ -	$ -	$ 142,575
Prepaid	378,746	-	-	378,746
Lease related	135,168	-	-	135,168
Permanent Fund	-	-	1,721,281	1,721,281
Total Nonspendable	656,489	-	1,721,281	2,377,770
Restricted:				
Special Revenues	-	-	5,583,581	5,583,581
Tri-Centennial	1,724	-	-	1,724
Total Restricted	1,724	-	5,583,581	5,585,305
Committed:				
OPEB Reserve	2,898,160	-	-	2,898,160
Reserve Policy	25,231,728	-	-	25,231,728
Water for Resale	5,064	-	-	5,064
Sanitation	803,606	-	-	803,606
Alley Fees	789,812	-	-	789,812
Ingalls Rental Fees	84,787	-	-	84,787
Room Occupancy Designation	-	-	1,554,459	1,554,459
Encumbrances	-	-	-	-
Capital Improvements	5,065,339	53,425,632	12,362	58,503,333
Personnel Board	-	-	125,398	125,398
Sewer Extension	-	-	809,339	809,339
Other	129,266	-	-	129,266
Total Committed	35,007,762	53,425,632	2,501,558	90,934,952
Unassigned:	30,676,676	-	-	30,676,676
Total Fund Balance:	$ 66,342,651	$ 53,425,632	$ 9,806,420	$ 129,574,703

Note 4 – Detailed Notes on All Funds – Continued

H. Tax Equivalents

The Municipal Utilities Board Fund is required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Municipal Utilities Board Fund during 2025 was $1,784,206 by the Electric System, $264,474 by the Gas System, and $659,166 by the Water System. These amounts are reported as intergovernmental revenue in the General Fund and the School Fund of the City and as operating expenses in the financial statements of the Municipal Utility Board Enterprise Fund.

I. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will only be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The total amount of $11,500,100 reported for landfill closure and postclosure care liability at September 30, 2025 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 68.61 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of $10,920,488 as the remaining capacity is filled. These costs are based on the amount required to be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of September 30, 2025. The City expects to close the landfill in the year 2039. Actual costs of closure and postclosure may be higher due to inflation, changes in technology, or changes in laws and regulations.

Note 5 – Other Information

A. Contingent Liabilities and Commitments

<u>Grants</u>

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other government units. As of September 30, 2025, significant amounts of grant expenditures have not been audited by the grantor agencies, but the City believes that future disallowed expenditures related to the unaudited grant programs, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

<u>Construction Contracts</u>

The City has entered into various construction contracts as of September 30, 2025. The unfulfilled balance of these contracts that relate to the non-major governmental funds operations are included in the "Committed" fund balance classification as described more fully in Note 4G.

Note 5 – Other Information - Continued

Purchase Commitments

Under its wholesale power agreement, the Electric System is committed to purchase its electric power and energy requirement from the Tennessee Valley Authority (TVA). The rates for such purchases are subject to review periodically. Additionally, the Electric System has entered into a TVA agreement that allows customers to finance new and/or replacement HVAC units and repay on their monthly utility bill. DU serves as the collection agent for repayment of these loans. The outstanding balance of these loans receivable was $5,410,486 and the outstanding balance due to TVA for collection of the loans was also $5,410,486.

Occasionally, the Gas System enters into natural gas purchase commitments to purchase minimum volumes of gas at fixed prices for up to five years in advance. These futures can either be held for use in the contracted future month or cashed out at a profit and the proceeds used to reduce the cost of gas in future months. At September 30, 2025 contract commitments total $1,796,100 for fiscal year 2025, $1,796,100 for fiscal year 2026.

Decatur Utilities entered into a 30-year agreement with the Lower Alabama Gas District for the supply of 448 to 2596 MMBtu of natural gas per day at an index-based price. This agreement began December 1, 2020 and will expire February 29, 2056.

Decatur Utilities entered into a 30- year agreement with Southeast Gas Authority for the supply of 62 to 275 MMBtu of natural gas per day at an index-based price. This agreement began November 1, 2021 and will expire October 31, 2051.

Decatur Utilities entered into a 30- year agreement with Southeast Gas Authority for the supply of 223 to 1,053 MMBtu of natural gas per day at an index-based price. This agreement began December 1, 2022 and will expire November 30, 2052.

Decatur Utilities entered into a 30-year agreement with Southeast Gas Authority for the supply of 87 to 2,332 MMBtu of natural gas per day at an index-based price plus a $.02 premium. This agreement began July 1, 2023 and will expire November 30, 2053.

Decatur Utilities entered into a 30-year agreement with Southeast Gas Authority for the supply of 846 to 1,730 MMBtu of natural gas per day at an index-based price. This agreement began December 1, 2023 and will expire November 30, 2053.

Decatur Utilities entered into a 30-year agreement with Southeast Gas Authority (SEA 2025C) on behalf of 4 industrial customers, one of which is a transporter on the system and three that are just in the service territory. Decatur Utilities invoices these industries each month for gas they contracted for minus the discount based on the individual industrial contracts. The SEA 2025C prepay gas agreement will be repriced March 31, 2055.

Litigation

The City is a defendant in a number of claims and lawsuits. The outcome of these matters is uncertain as of the date of this report. The City Attorney estimates the total liability with respect to these claims and lawsuits that are not covered by insurance will not exceed $700,000, $250,000 and $100,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund and the Sanitary Landfill Fund, a nonmajor proprietary fund, respectively at September 30, 2025. $250,000 of the remaining portion has been reported in the government-wide statement of net assets as noncurrent liabilities due in more than one year, with $250,000 and $100,000 being represented in the Governmental Activities and Business-Type Activities columns, respectively.

Note 5 – Other Information - Continued

The State Board of Adjustments is a state agency with which people can file claims against the Board of Education to collect reimbursement for damages when all other means have been exhausted. The Board of Education does not have insurance coverage for job-related injuries. Claims for employee job-related injuries may be filed with the State Board of Adjustment. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board of Education.

B. Jointly Governed Organizations

Joint Ventures

The City of Decatur is involved in three joint ventures:

Decatur- Morgan County Port Authority was incorporated in 1982 for the purpose of developing the port and industrial park located in Morgan County on the Tennessee River. The Authority has a five-member board, of which two members are appointed by the City and a third in conjunction with the County. There are no financial assets, liabilities or ongoing activity related to the authority during the year or at September 30, 2025.

Morgan County Industrial Park Economic Development Cooperative District Board was incorporated in 2008, as a joint venture between the seven municipalities with Morgan County and the Morgan County Commission. Governance is provided through a nine-member board, with the City holding one appointed position. In 2010, the Board authorized the issuance of approximately $16.7 million in bonds to finance the acquisition of 166 acres and related infrastructure improvements for the development of a new industrial park located near Decatur. The industrial park was strategically developed to support growth in the aerospace, biotechnology, and defense sectors associated with the Huntsville regional market. The City committed to contributing 48.55% of the cooperative district's TVA in-lieu-of-tax revenues distributed through Morgan County, with the contribution percentage determined based on population and census data. The City also maintains a corresponding 48.55% voting interest on the Board.

Decatur Public Library Board was organized in 1962 to provide information resources to the citizens of Decatur and surrounding areas. It has a ten-member board of which the City Council appoints three members. The City owns and maintains the building in which the library is located. This ongoing equity interest is recorded within the City's capital assets, as ownership is not attributable to any individual fund. The Library Board issues separately audited financial statements available from the Decatur Public Library Board at 504 Cherry Street Northeast, Decatur, Alabama, 35601.

The City in conjunction with Morgan County created the following agencies and authorities in order to better service the citizens of Decatur and Morgan County.

Jointly Governed

Decatur-Morgan County Emergency Management Agency provides measures for the mobilization, organization, and direction of the civilian population and necessary support agencies to prevent, or minimize, the effect of fire, flood, earthquake and epidemic. The officers and employees of the City and Morgan County comprise the agency. The City provided $31,500 in appropriations during the fiscal year ending September 30, 2025.

Decatur-Morgan County Farmers Market Board manages the operation of the facility known as the farmers market located adjacent to the intersection of First Avenue Southeast and Second Street Southeast in Decatur. The Board is comprised of five members who are jointly appointed by the governing bodies of the City of Decatur and Morgan County.

Note 5 – Other Information – Continued

The Health Care Authority of Morgan County-Decatur operates the Decatur General health care facilities located on Seventh Street, Decatur, Alabama. The Authority is comprised of five directors who are jointly appointed by the governing bodies of the City of Decatur and Morgan County.

Morgan County Emergency Management Commission District is commonly known as 911. This seven-member board, of which the City Council appoints three members, manages the emergency phone service 911 along with other duties. The City of Decatur provided $477,488 in appropriations during the fiscal year.

North Central Alabama Mental Health Board provides mental health and general welfare services to the citizens of North Alabama. The Board is comprised of nine members of whom three are appointed by the City Council. The City of Decatur provided $27,000 in appropriations during the fiscal year.

North Central Alabama Mental Retardation Authority provides services to mentally disabled children. The Board is comprised of five members of whom one is appointed by the City Council.

Pryor Field Airport Authority was organized in 1963 to oversee the Pryor Field Airport located within Limestone County. Its board is comprised of five members of whom one member is appointed by each of the following: Limestone County Commission, Decatur City Council, Morgan County Commission, and Athens City Council. The City contributed $27,000 to the Authority during the fiscal year.

C. Related Organizations

The City's officials are responsible for appointing the members of the boards of other organizations, but the City's accountability does not extend beyond member appointments. The City Council appoints the board members of the Board of Equalization; Decatur, Alabama Health Care Authority; Downtown Redevelopment Authority; Industrial Development Board of the City of Decatur; and Medical Clinic Board. The Mayor appoints the board members of the Housing Authority of the City of Decatur, Alabama.

D. Pension Plans

The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Plan Description

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Note 5 – Other Information – Continued

The ERS Board of Control consists of 15 trustees as follows:

1. The Governor, ex officio.
2. The State Treasurer, ex officio.
3. The State Personnel Director, ex officio.
4. The State Director of Finance, ex officio.
5. Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6. Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
   - (a) Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
   - (b) Two vested active state employees.
   - (c) One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
   - (d) One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
   - (e) One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
   - (f) One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Note 5 – Other Information – Continued

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 628 employers adopted Act 2019-132 as of September 30, 2025.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 890 local participating employers and one state employer. The ERS membership includes approximately 117,309 participants. The Municipal Utilities Board, although a fund of the City of Decatur, participate in the ERS independent of the City of Decatur. As of September 30, 2024, the City's and Municipal Utilities Board's membership consisted of:

	City of Decatur	Municipal Utilities Board
Retired members and their beneficiaries currently receiving benefits	427	145
Vested inactive members	24	20
Non-vested inactive members	101	41
Active members	504	183
Post-DROP retired members still in active service	1	-
	1,057	389

<u>Contributions</u>

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Note 5 – Other Information – Continued

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023 (or other year-end if not September), the City's and Municipal Utilities Board's active employee contribution rate were 5.00% to 8.50% percent of covered employee payroll, and the City's and Municipal Utilities Board's average contribution rate to fund the normal and accrued liability costs were 251.21 and 203.42 percent of pensionable payroll, respectively.

The City's and Municipal Utilities Board's contractually required contribution rates for the year ended September 30, 2025, were 17.02% and 14.14% of pensionable pay for Tier 1 employees, respectively, and 15.26% and 12.55% of pensionable pay for Tier 2 employees, respectively. These required contribution rates are based upon the actuarial valuation as of September 30, 2020, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City and the Municipal Utilities Board were $6,079,162 and $2,141,960 for the year ended September 30, 2025, respectively.

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Note 5 – Other Information – Continued

Net Pension Liability

The City's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 rolled forward to September 30, 2024 using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability *as of September 30, 2023*	$ 174,515,742	$ 178,484,208	$ 178,484,208
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for *October 1, 2023 - September 30, 2024*	3,287,948	3,287,948	3,287,948
(d) Transfers Among Employees	-	(1,973,647)	(1,973,647)
(e) Actual Benefit Payments and Refunds for *October 1, 2023 - September 30, 2024*	(11,265,120)	(11,265,120)	(11,265,120)
(f) Total Pension Liability *as of September 30, 2024* [(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	$ 179,120,367	$ 181,410,837	$ 181,410,837
(g) Difference between expected and actual		$ 2,290,470	
(h) Less Liability Transferred for Immediate Recognition		1,973,647	
(i) Difference between Expected and Actual - Experience (gain) / loss		$ 4,264,117	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (gain) / loss			$ -

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Note 5 – Other Information – Continued

The Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 rolled forward to September 30, 2024 using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability		
as of September 30, 2023	$ 68,610,651	$ 69,152,887
(b) Discount Rate	7.45%	7.45%
(c) Entry Age Normal Cost for		
October 1, 2023 - September 30, 2024	1,170,967	1,170,967
(d) Transfers Among Employees	-	(28,169)
(e) Actual Benefit Payments and Refunds for		
October 1, 2023 - September 30, 2024	(4,529,373)	(4,529,373)
(f) Total Pension Liability		
as of September 30, 2024		
[(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	$ 70,195,019	$ 70,749,483
(g) Difference between expected and actual		$ 554,465
(h) Less Liability Transferred for Immediate Recognition		28,169
(i) Difference between expected and actual (g) - (h)		$ 582,634

<u>Actuarial assumptions</u>

The total pension liability in the September 30, 2024 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2023. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

Note 5 – Other Information – Continued

Mortality rates were based on the sex distinct Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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 geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

Note 5 – Other Information - Continued

Discount rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. 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 the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - City of Decatur

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
Balances at 09/30/2023	$ 174,515,742	$ 98,036,382	$ 76,479,360
Changes for the year:			
Service cost	3,287,948	-	3,287,948
Interest	12,581,797	-	12,581,797
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	4,264,117	-	4,264,117
Contributions - employer	-	5,614,634	(5,614,634)
Contributions - employee	-	2,342,482	(2,342,482)
Net investment income	-	20,145,343	(20,145,343)
Benefit payments, including refunds of employee			-
contributions	(11,265,120)	(11,265,120)	-
Administrative expense	-	-	-
Transfers among Employers	(1,973,647)	(1,973,647)	-
Net changes	$ 6,895,095	$ 14,863,692	$ (7,968,597)
Balances at 9/30/2024	$ 181,410,837	$ 112,900,074	$ 68,510,763

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Note 5 – Other Information - Continued

Changes in Net Pension Liability - Municipal Utilities Board

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
Balances at 09/30/2023	$ 68,610,651	$ 40,382,645	$ 28,228,006
Changes for the year:			
Service cost	1,170,967	-	1,170,967
Interest	4,942,774	-	4,942,774
Changes of assumptions	-	-	-
Differences between expected and actual experience	582,633	-	582,633
Contributions - employer	-	1,963,352	(1,963,352)
Contributions - employee	-	939,874	(939,874)
Net investment income	-	8,353,208	(8,353,208)
Benefit payments, including refunds of employee contributions	(4,529,373)	(4,529,373)	-
Administrative expense	-	-	-
Transfers among employers	(28,169)	(28,169)	-
Net Changes	2,138,832	6,698,892	(4,560,060)
Balances at 09/30/2024	$ 70,749,483	$ 47,081,537	$ 23,667,946

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the City (independent of the Municipal Utility Board as the Board is reported separately) and the Municipal Utility Board's net pension liability calculated using the discount rate of 7.45%, as well as what the City's and the Municipal Utility Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
City's net pension liability	$ 90,200,432	$ 68,510,763	$ 50,361,975
Board's net pension liability	$ 31,420,021	$ 23,667,946	$ 17,104,807

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Note 5 – Other Information - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $11,643,203. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 7,757,066	$ -
Changes of assumption	1,647,523	-
Net difference between projected and actual earnings on pension plan investments	-	7,372,339
Employer contributions subsequent to the measurement date	6,079,162	-
Total	$ 15,483,751	$ 7,372,339

For the year ended September 30, 2025, the Board recognized pension expense of $2,841,504. At September 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 2,490,141	$ 882,305
Changes of assumption	505,132	-
Net difference between projected and actual earnings on pension plan investments	-	3,062,496
Employer contributions subsequent to the measurement date	2,141,961	-
Total	$ 5,137,234	$ 3,944,801

Note 5 – Other Information - Continued

$6,079,162 and $2,141,961 reported as deferred outflows of resources related to pensions resulting from City's and Municipal Utilities Board's contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:	City of Decatur	Municipal Utilities Board
2026	$ 1,703,529	$ (28,716)
2027	3,539,854	1,137,022
2028	(1,809,330)	(1,083,585)
2029	(1,565,805)	(974,249)
2030	164,002	-
Thereafter	-	-

Amounts reported as deferred outflows of resources, deferred inflows of resources, and net pension liability of the City have been allocated between governmental activities and business-type activities. The same balances of the Municipal Utilities Board are also reported within the business-type activities column of the Statement of Net Position. The following presents the further allocation of the deferred outflows of resources, deferred inflows of resources, and net pension liability of the City as a whole amongst the governmental and business-type activities:

	Governmental Activities	Business-Type Activities *(less MUB as shown below)*	Total
Deferred Outflows	$ 14,897,899	$ 585,852	$ 15,483,751
Net Pension Liability	$ 66,068,545	$ 2,442,218	$ 68,510,763
Deferred Inflows	$ 7,123,151	$ 249,188	$ 7,372,339
Pension Expense	$ 8,668,548	$ 2,974,655	$ 11,643,203

	Municipal Utilities Board	Nonmajor Proprietary Funds	Total
Deferred Outflows	$ 5,137,234	$ 585,852	$ 5,723,086
Net Pension Liability	$ 23,667,946	$ 2,442,218	$ 26,110,164
Deferred Inflows	$ 3,944,801	$ 249,188	$ 4,193,989
Pension Expense	$ 2,841,504	$ 2,974,655	$ 5,816,159

Note 5 – Other Information - Continued

Component Unit

Plan Description

The Teachers' Retirement System of Alabama (TRS), a cost-sharing multiple-employer public employee retirement plan, was established September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their final compensation.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) in addition to the annual service retirement benefit payable for life for Tier I and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to excess the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Note 5 – Other Information - Continued

Contributions. Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6% to 6.2% of earnable compensation to the TRS as required by statute. of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters' contribution rate increased from 7% to 7.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the year ended September 30, 2025 was 13.57% of annual pay for Tier 1 members and 12.60% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $9,833,657 for the year ended September 30, 2025.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension</u>

At September 30, 2025 the Board reported a liability of $105,568,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2024 the Board's proportion was .811552%, which was an increase of .010300% from its proportion measured as of September 30, 2023.

Note 5 – Other Information - Continued

For the year ended September 30, 2025, the Board recognized pension expense of $13,052,000. At September 30, 2025 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 10,498,000	$ 761,000
Changes of assumption	1,619,000	-
Net difference between projected and actual earnings on pension plan investments	-	17,312,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,762,000	1,399,000
Employer contributions subsequent to the measurement date	9,833,657	-
Total	$ 24,712,657	$ 19,472,000

$9,833,657 reported as deferred outflows of resources related to pensions resulting from system contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources to the pension will be recognized in pension expense as follows:

Year ended September 30:	
2026	$ 1,211,000
2027	5,184,000
2028	(5,372,000)
2029	(5,616,000)
2030	-
Thereafter	-

Actuarial assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment rate of return*	7.45%
Projected Salary increases	3.25% - 5.00%

**Net of pension plan investment expense*

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021.

Note 5 – Other Information - Continued

Mortality rates for TRS were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019 :

Group	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63-67 Female: 112% ages , 69; 98% > 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

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 geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

Note 5 – Other Information - Continued

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.45%. 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 the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
Board's proportionate share of collective net pension liability	$ 146,784,000	$ 105,568,000	$ 70,876,000

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2024. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detailed by employer and in aggregate information needed to comply with GASB 68 are also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/

E. Other Post-Employment Benefit Plans

Plan Description

The City of Decatur provides certain post-retirement medical benefits to certain retired employees, through a single-employer defined benefit plan, an other postemployment benefit plan ("OPEB"). For all employees hired before October 1, 2009, the City provides post employment health, dental and vision care benefits to each permanent full-time employee who has twenty-five years of qualified service or reaches age sixty (60) with at least ten years under the state requirements of service with the City of Decatur and retires from the City of Decatur through the Employees Retirement System of the State of Alabama (ERS), prior to the age of sixty-five (65) and whose effective date of retirement, as approved by the ERS, falls on or after July 1, 1995.

All employees hired after October 1, 2009 who desire to retire and continue their health insurance coverage, as previously provided by the City, will be responsible for the total cost of continued coverage.

All OPEB benefits are administered by City personnel. There are no separate financial statements published or available for the plan. There are no assets accumulated in a GASB-compliance trust for the plan.

Note 5 – Other Information - Continued

Plan Membership

At September 30, 2024, the valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	313
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Active Employees	150
	463

Benefits Provided

For all employees hired before October 1, 2009, the City provides post employment health, dental and vision care benefits to each permanent full-time employee who has twenty-five years of qualified service or reaches age sixty (60) with at least ten years under the state requirements of service with the City of Decatur and retires from the City of Decatur through the Employees Retirement System of the State of Alabama (ERS), prior to the age of sixty-five (65) and whose effective date of retirement, as approved by the ERS, falls on or after July 1, 1995.

All employees hired after October 1, 2009 who desire to retire and continue their health insurance coverage, as previously provided by the City, will be responsible for the total cost of continued coverage.

All OPEB benefits are administered by City personnel. There are no separate financial statements published or available for the plan.

Funding Policy

Retirees with family coverage are required to pay premiums for a portion of the benefits in an amount established by City Ordinance, which is $100 or 8.58% (for individuals not yet reaching the age of retirement) and 13.48% (for those over the age of 65) of the total cost to the City as of September 30, 2019 unless Medicare is involved, in which case, retirees pay the State Employee's Insurance benefit Medicare rate. The City pays all but $40 of the costs of retirees with single coverage. This is equivalent to the required premiums of active employees. In addition, when an eligible retiree reaches Medicare eligibility, the City will continue to pay for the medical insurance (at a reduced rate) with Medicare becoming primary.

The City is required to pay the remaining premiums and has funded the plan on a projected pay-as-you-go basis in the current year.

Actuarial valuations for an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the City's actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

Note 5 – Other Information - Continued

Total OPEB Liability

The City's total OPEB liability of $60,786,635 was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate	
Prior Measurement Date	4.09%
Measurement Date	3.81%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2024 decreasing to an ultimate rate of 4.50% by 2034
Medicare	5.125% for 2024 decreasing to an ultimate rate of 4.50% by 2027
Dental	3.50%
Vision	2.00%

The discount rate used to measure the Total OPEB Liability (TOL) was based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates for active employees were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2024 valuation were based on the actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2024 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2024 valuation.

Note 5 – Other Information - Continued

Changes in the Total OPEB Liability

Balances at 09/30/2023	$ 62,684,845
Changes for the year:	
Service cost	982,521
Interest	2,502,325
Changes in benefit terms	-
Differences between expected and actual experience	(5,458,088)
Changes of assumptions or other inputs	3,112,059
Net Benefit payments	(3,037,027)
Administrative expense	-
Net changes	$ (1,898,210)
Balances at 9/30/2024	$ 60,786,635

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.09%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate:

	1% Decrease (2.81%)	Current Rate (3.81%)	1% Increase (4.81%)
Total Other Post-Employment Benefit Liability	$ 67,430,268	$ 60,786,635	$ 55,136,215

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, calculated using the health care costs trend rates, as well as what the City's total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Rate	1% Increase
Total Other Post-Employment Benefit Liability	$ 54,677,788	$ 60,786,635	$ 68,054,398

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Note 5 – Other Information - Continued

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City had an overall reduction in OPEB expense of $5,043,732. At September 30, 2025, the City reported the following deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ -	$ 3,438,975
Changes of assumption	1,914,463	948,323
Employer contributions subsequent to the measurement date	3,176,497	-
Total	$ 5,090,960	$ 4,387,298

$3,176,497 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized post-retirement expense as follows:

Year ended September 30:	
2026	$ (1,958,332)
2027	(514,503)
2028	-
2029	-
2030	-
Thereafter	-

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to discount, trend rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At September 30, 2025 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the City. During the year ended September 30, 2025 there were no administrative expenses paid by the City.

Note 5 – Other Information - Continued

The Municipal Utilities Board Enterprise Fund

The Municipal Utilities Board Enterprise Fund provides post-employment benefits other than pension benefits to all full time employees who retire as an eligible participant in the qualified retirement plan, as described previously. These benefits are approved by the board of directors. Contribution funding is also approved by the board. Benefits provided retirees at September 30, 2024 include:

1. Retiree group health/dental benefits to age 65. Retiree contributes to the premium.
2. Retiree Medicare supplement policy at age 65. Retiree contributes to the premium.
3. Dependent group health/dental benefits to age 65. Retiree contributes to the premium.
4. Spouse Medicare Supplement policy at age 65. Retiree contributes to the premium. Benefit lapses at the date of death of the retiree.
5. Retirees who have a hire date on or after 1/1/04 and are 55 or older have group health/dental for a reduced 10-year period and contribute to the premium.
6. Early Retirement Medical Option – Employees retiring under age 55 have a reduced 10-year benefit period and contribute to the premium.
7. Life insurance based upon an amount agreed upon prior to retirement. Not restricted to those who retire at age 55 or older. Employees hired after January 1, 2003 do not have this benefit.

Annual OPEB Cost and Net OPEB Obligation

Changes in System's Net OPEB Liability. Changes in the System's net OPEB liability measured at September 30, 2025 are detailed in the following tables. The table below shows the net OPEB liability as of September 30, 2025, which is what is reported in the financial statements in accordance with GASB Statement No. 75. Total OPEB Liability was rolled forward to September 30, 2025 in order to be in compliance with GASB Statement No. 75.

	(a) Total OPEB Liability (TOL)	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability
Balances at 09/30/2024	$ 38,839,974	$ 13,031,953	$ 25,808,021
Changes for the year:			
Service cost	643,751	-	643,751
Interest	2,140,428	-	2,140,428
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	-	-	-
Contributions - Employer	-	2,797,398	(2,797,398)
Contributions - Employee	-	-	-
Net investment income	-	742,821	(742,821)
Benefit payments, including refunds of employee contributions	(1,932,350)	(1,932,350)	-
Asset adjustment	-	-	-
Administrative expense	-	-	-
Net changes	$ 851,829	$ 1,607,869	$ (756,040)
Balances at 9/30/2025	$ 39,691,803	$ 14,639,822	$ 25,051,981

Note 5 – Other Information - Continued

Actuarial Methods and Assumptions

The valuation was based on information provided by the Utility as of October 1, 2024 and only those not frozen in the defined benefit plan.

Plan Membership

Actives (with medical coverage)		183
Actives (without medical coverage)		3
Retirees (with medical coverage)		102
Retirees (without medical coverage)		54
Beneficiaries (without medical coverage)		6
Total participants		348
Annual Projected Payroll	$	13,631,948
Average Projected Earnings	$	73,290

Benefits Provided

Employees retiring after age 62 with at least 15 years of service has the option to maintain health insurance after they retire (including subsidized beneficial coverage), until they reach age 65. For anyone retiring at age 62, the Authority pays 100% of individual coverage and 0% of dependent coverage before age 65. In addition, the plan provides $25,000 in post-retirement death benefits to retirees until they reach age 65.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases, including wage inflation	2.50%
Health Care Cost Trends	Medical: 7.00% to grade uniformity to 5.60% over a 3 year period after the transition period. Medical trend follows the Getzen Model. Dental: 5.0% per annum
Actuarial Cost Method	Entry age normal - level percent of pay
Mortality Rate	Pub-2010 General Headcount weighted Mortality Tables with improvement Scale MP-2021.
Asset Valuation Metod	Market value of assets

The actuarial assumptions used in the September 30, 2025 valuation were based on the results of an actuarial experience study for the period ending October 1, 2024.

Note 5 – Other Information - Continued

Net OPEB Liability of the Board

The Board reported a net OPEB liability of $25,051,981, using a measurement date as of September 30, 2025. The Net OPEB Liability is equal to the Total OPEB Liability minus the Fiduciary Net Position as presented below.

Net OPEB Liability (TOL)	$ 39,691,803
Fiduciary Net Position (FNP)	14,639,822
NET OPEB Liability (NOL)	25,051,981
Plan Fiduciary Net Position as a percentage of the total OPEB Liability	36.88%

The Board's total OPEB liability was determined by an actuarial valuation as of September 30, 2024, with the actuary using standard techniques to roll forward the liability to the measurement date.

Discount rate

The discount rate used to measure the total OPEB liability was 5.70 percent. The projection of cash flows used to determine the discount rate assumed that the Utility's contributions will be made at rates equal to the actuarially determined contribution rates.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate:

	1% Decrease 5.00% Decreasing to 4.60%	Current Rate 7.00% Decreasing to 5.60%	1% Increase 8.00% Decreasing to 6.60%
Net OPEB Liability	$ 20,592,789	$ 25,051,981	$ 30,410,099

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease 4.70%	Current Rate 5.70%	1% Increase 6.70%
Net OPEB Liability	$ 29,821,773	$ 25,051,681	$ 21,049,501

Note 5 – Other Information - Continued

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2025, the System recognized OPEB expense of $3,248,759. At September 30, 2025, the System reported deferred outflows of related to OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 8,371,766	$ -
Changes of assumption	55,238	1,799,137
Investment losses (gains)	-	1,213,750
Post-measurement contribution	-	-
Total	$ 8,427,004	$ 3,012,887

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending September 30, 2025:

Year ended September 30:	
2026	$ 1,364,402
2027	1,155,305
2028	772,991
2029	982,485
2030	1,138,934
Thereafter	-

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to discount, trend rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At September 30, 2025 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the year ended September 30, 2025 there were no administrative expenses paid by the Municipal Utilities Board.

Note 5 – Other Information – Continued

Amounts reported as deferred outflows of resources, deferred inflows of resources, and net OPEB liability of the City have been allocated between governmental activities and business-type activities. The same balances of the Municipal Utilities Board are also reported within the business-type activities column of the Statement of Net Position. The following presents the further allocation of the deferred outflows of resources, deferred inflows of resources, and net pension liability of the City as a whole amongst the governmental and business-type activities:

	Governmental Activities	Business-Type Activities *(less MUB as shown below)*	Total
Deferred Outflows	$ 4,947,793	$ 143,167	$ 5,090,960
Net OPEB Liability	$ 59,371,406	$ 1,415,229	$ 60,786,635
Deferred Inflows	$ 4,387,298	$ -	$ 4,387,298
OPEB Expense (Benefit)	$ (1,795,901)	$ (115,418)	$ (1,911,319)

	Municipal Utilities Board	Nonmajor Proprietary Funds	Total
Deferred Outflows	$ 8,427,004	$ 143,167	$ 8,570,171
Net OPEB Liability	$ 25,051,981	$ 1,415,229	$ 26,467,210
Deferred Inflows	$ 3,012,887	$ -	$ 3,012,887
OPEB Expense (Benefit)	$ 3,248,759	$ (115,418)	$ 3,133,341

Component Units

<u>Plan Description</u>

The Alabama Retired Education Employees' Health Care Trust (the "Trust") is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local education institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Comprehensive

The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees, and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. *The Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Note 5 – Other Information - Continued

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs. Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eye glasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan, VIVA Health Plan (offered through Public Education Employees' Health Insurance Fund, PEEHIH), Marketplace (Exchange) Plans, Alabama State Employees Insurance Board, Local Government Health Insurance Board, Medicare, Medicaid, ALL Kids, Tricare, or Champus, as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage Prescription Drug Plan (MAPDP) plan is fully insured by UHC, and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the Code of Alabama 1975, Section, 16-25A-8.1 provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

Note 5 – Other Information - Continued

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

<u>OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

At September 30, 2025, the Board reported a liability of $78,391,595 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The Board’s proportion of the net OPEB liability was based on a projection of the Board’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2024, the Board’s proportion was .85268730 percent, which was a decrease of .01104462% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the Board recognized revenue from the OPEB plan of $1,992,798 with no special funding situations. At September 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 36,558,635	$ 16,919,060
Changes of assumption	26,997,495	11,091,143
Net differences between projected and actual earnings on OPEB plan investments	-	1,934,051
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,563,181	6,071,688
Employer contributions reported subsequent to the measurement date	2,974,214	-
Total	$ 70,093,525	$ 36,015,942

Note 5 – Other Information - Continued

$2,974,214 reported as deferred outflows of resources related to OPEB resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:		
2026	$	4,415,441
2027		4,804,810
2028		3,303,621
2029		5,465,775
2030		9,897,392
Thereafter		3,216,330

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases *(1)*	3.25% - 5.00%
Long-term investment rate of return *(2)*	7.00%
Municipal Bond Index Rate at the Measurement Date	3.89%
Municipal Bond Index Rate at the Prior Measurement Date	4.53%
Projected year for fiduciary net position (FNP) to be depleted	2040
Single equivalent interest rate at the measurement date	4.32%
Single equivalent interest rate at the prior measurement date	7.00%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.50% in 2033
Medicare Eligible	4.50% in 2033

(1): Includes 2.75% wage inflation.

(2): Compounded annually, net of investment expense and includes inflation.

***Initial Medicare claims are set based on scheduled increases through calendar year 2025 with an assumed 0% increase for the upcoming 2026-2028 negotiation period.*

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below:

Note 5 – Other Information - Continued

Group	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Active Members	Teacher Employee - Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63-67 Female: 112% ages , 69; 98% > 74 Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2, Female: None	None

The decremental assumptions used in the valuation were selected based on actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2023 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long- term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

Note 5 – Other Information - Continued

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stock	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

*Geometric mean, Includes 2.50% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per non-university active member. Approximately, 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that 9.751% will increase or decrease at the same rate as expected benefit payments for the close group reaching 20.00%. It is assumed the $800 rate will remain flat until, based on budget projections, it increases to $904 in fiscal year 2026, $1,114 in fiscal year 2027, and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Projected future benefit payments for all current plan members are projected through 2122.

Sensitivity of the System's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following table presents the System's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75% Decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% or Medicare Eligible	Current Rate 6.75% Decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% or Medicare Eligible	1% Increase 7.75% Decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% or Medicare Eligible
Net OPEB Liability	$ 63,059,409	$ 78,391,595	$ 98,162,467

Note 5 – Other Information - Continued

Sensitivity of the System's proportionate share of the net OPEB liability to changes in the discount rates

The following table presents the System's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.32%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 3.32%	Current Rate 4.32%	1% Increase 5.32%
Net OPEB Liability	$ 95,227,694	$ 78,391,595	$ 64,937,709

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2025. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2024. Additional financial and actuarial information is available at www.rsa-al.gov.

F. Risk Financing Programs

The City elected to retain risk related to the employees' health and dental insurance for the first time beginning December 1, 1999. Then, on January 1, 2002 the City elected to no longer retain the health insurance risk and purchased health insurance. The City currently pays premiums to the State Employee Insurance Board. However, the City still retains the risk for the period under the health self-insurance. The amount of outstanding claims liability remaining as of September 30, 2025 is insignificant and immaterial to the City's statements as a whole.

The City has chosen to finance risks associated with workers compensation coverage through the City's general fund. The City maintains insurance coverage for individual claims in excess of $300,000 or an aggregate of 115% of annual standard premium. Claims liabilities are based on estimated claim settlements.

Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to possibly be paid within the next fiscal year, even if not reported to the City until after September 30, 2025, are recorded as a liability within the General Fund and likewise, as liabilities due within one year under governmental activities on the government-wide statement of net position. The portion of estimated legal claims expected to be paid beyond the next fiscal year have been included as a noncurrent liability due in more than one year within the governmental activities of the government-wide statement of net position.

Note 5 – Other Information - Continued

Changes in the balance of long-term claims liability (net of anticipated insurance coverage) for the year ended September 30, 2025 are as follows:

	Workers Compensation		Legal Claims		Total	
	2025	2024	2025	2024	2025	2024
Unpaid claims, beginning of year	$ 648,036	$ 714,002	$ 350,000	$ 150,000	$ 998,036	$ 864,002
Incurred claims	486,978	78,282	0	369,059	486,978	447,341
Less claim payments	(369,612)	(144,248)	(100,000)	(169,059)	(469,612)	(313,307)
Unpaid claims, end of year	$ 765,402	$ 648,036	$ 250,000	$ 350,000	$ 1,015,402	$ 998,036

The Electric, Water and Gas systems of the Utilities are also self-insured for general liability, health insurance and workers' compensation insurance. Reinsurance has been purchased to limit the exposure to catastrophic loss for health insurance and workers' compensation insurance claims.

G. Tax Abatements

A tax abatement is a reduction in tax revenues resulting from an agreement between one or more governments and a participant whereby one or more governments forgoes tax revenues to which they are entitled with the qualifying participant promising to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or their residents. The City has various sales and use tax abatement and property tax abatement agreements with qualifying participants in which $1,506,678 in sales and use tax and $703,402 in property tax were abated during the fiscal year.

H. Opioid Settlements

The City has joined the State of Alabama, along with other participating political subdivisions and litigating government public health entities, in settlements with certain manufacturers, distributors, and retailers to resolve legal claims for those entities' role in the opioid crisis. As of September 30, 2025, some settlement agreements have resulted in distribution of funds in the amount of $2,110,902 with future annual distributions expected for up to ten years subsequent to this date. The amount of known and expected payments in subsequent years have been recorded as due and further presented as deferred inflows as of year end within the nonmajor Opioid Settlement Fund. Future settlements are expected but no determination of these amounts is known as of year end.

I. Change in Accounting Principle

During fiscal year 2025, the City adopted GASB Statement No. 101, *Compensated Absences*. The adoption of this statement requires a change in how the City recognizes a liability for compensated absences, specifically for accumulated sick leave.

The liability for sick leave was previously calculated according to GASB Statement No. 16 using the termination payment method for governmental funds and the vesting method for proprietary funds. However, under GASB 101, a liability must be recognized for accumulated sick leave when it is attributable to services already rendered, that accumulated for future use, and is "more likely than not" to be used for time off or paid out.

Note 5 – Other Information - Continued

The change in principle required the City to re-evaluate its compensated absence policies and estimate the accumulated vacation and sick leave liability as of the beginning of the current fiscal year. As a result, the beginning net position of the government-wide statements and nonmajor proprietary fund statements has been restated to reflect the change in accumulated compensated absences. The previously reported net positions have also been adjusted to reflect the impact of the change. The new recognition criteria for sick leave have been applied consistently throughout the current year's financial statements. The following tables reflect the restatement of net position of the Governmental Activities, Business-Type Activities and nonmajor proprietary fund due to this change in accounting principle.

	Governmental Activities	Business-Type Activities	Sanitary Landfill *(nonmajor proprietary fund)*
Net position - beginning of period, as previously stated	$ 57,761,206	$ 336,764,088	$ 35,040,149
Adjustment due to implementation of GASB 101	920,672	8,813	8,813
Net position - beginning of period, as previously stated	$ 58,681,878	$ 336,772,901	$ 35,048,962

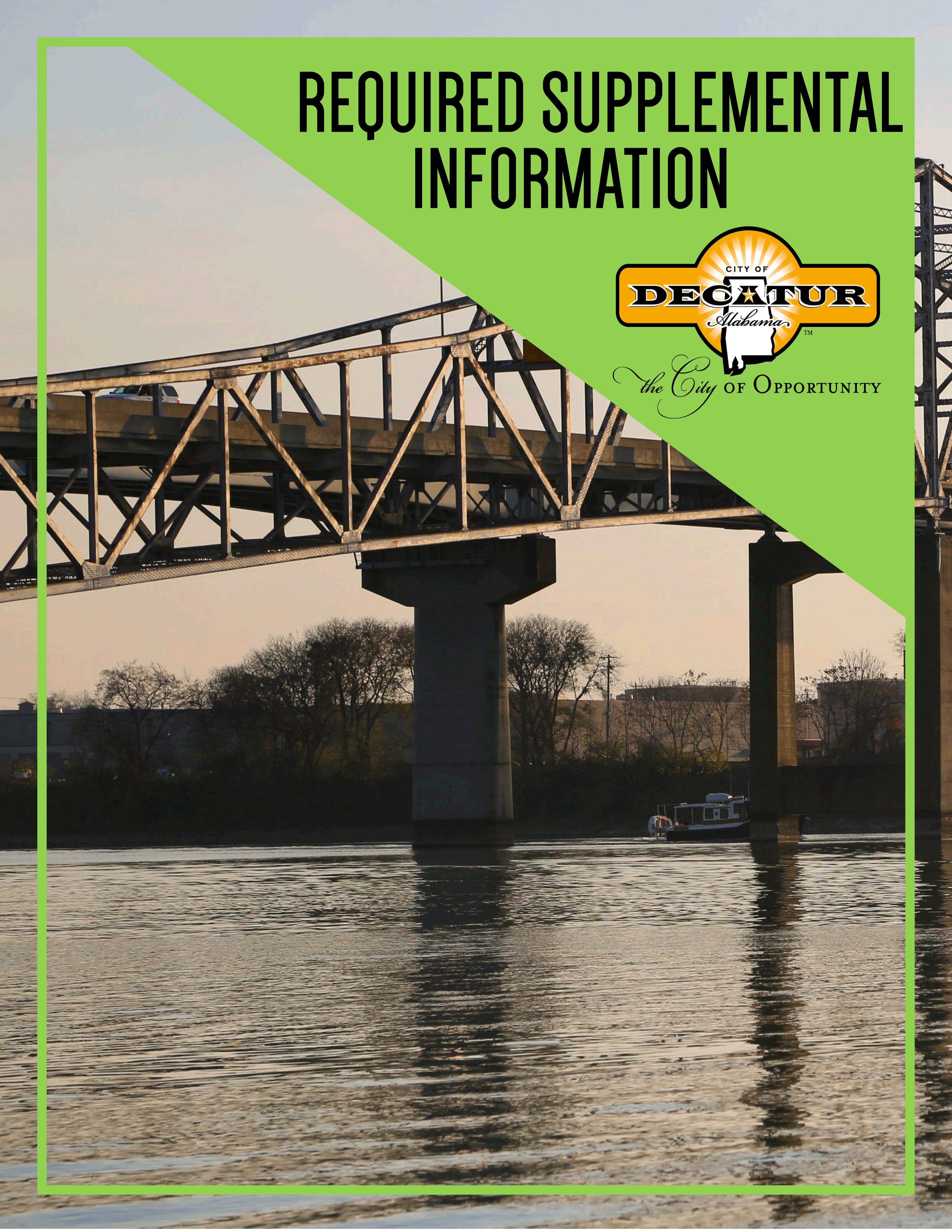
J. Subsequent Events

The City has evaluated subsequent events through June 30, 2026, the date on which the financial statements were available for issue, noting no items which require further disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF DECATUR Alabama

the City of Opportunity



CITY OF DECATUR
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	City of Decatur									
Total pension liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Service cost	$ 3,287,948	$ 2,939,314	$ 2,761,045	$ 2,449,812	$ 2,282,555	$ 2,262,003	$ 2,207,466	$ 2,140,584	$ 2,145,903	$ 2,168,298
Interest	12,581,797	12,017,862	11,538,638	11,134,296	10,499,235	10,150,472	9,801,611	9,589,472	9,222,454	8,867,007
Changes in benefit terms	-	-	71,315	-	1,233,984	-	-	-	-	-
Differences between actual & expected experience	4,264,117	3,919,266	2,955,235	831,663	3,595,277	1,394,060	1,039,217	(1,290,531)	(436,981)	633,364
Changes of assumptions	-	-	-	5,766,327	-	-	712,513	-	5,451,626	-
Benefit payments, including refunds of employee contributions	(11,265,120)	(10,702,694)	(10,501,289)	(9,701,166)	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)
Transfers among employers	(1,973,647)	(322,941)	(291,701)	198,929	75,748	(135,985)	83,525	116,885	(231,427)	-
Net change in total pension liability	**6,895,095**	**7,850,807**	**6,533,243**	**10,679,861**	**8,509,457**	**4,565,582**	**5,964,463**	**2,798,014**	**8,515,702**	**4,853,385**
Total pension liability - beginning	174,515,742	166,664,935	160,131,692	149,451,831	140,942,374	136,376,792	130,412,329	127,614,315	119,098,613	114,245,228
Total pension liability - ending (a)	$ 181,410,837	$ 174,515,742	$ 166,664,935	$ 160,131,692	$ 149,451,831	$ 140,942,374	$ 136,376,792	$ 130,412,329	$ 127,614,315	$ 119,098,613
Plan fiduciary net position										
Contribution-employer	5,614,634	4,908,904	4,276,059	3,947,956	3,697,742	3,677,388	3,109,240	2,996,885	2,844,967	2,967,587
Contribution-employee	2,342,482	2,041,347	1,853,224	1,874,466	1,620,552	1,617,455	1,513,027	1,393,984	1,431,785	1,451,728
Net investment income	20,145,343	11,499,173	(13,629,697)	20,123,999	5,100,180	2,331,226	7,991,909	10,166,518	7,655,033	915,644
Benefit payments, including refunds of employee contributions	(11,265,120)	(10,702,694)	(10,501,289)	(9,701,166)	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)
Transfers among employers	(1,973,647)	(322,941)	(291,701)	198,929	75,748	(135,985)	83,525	116,885	(231,427)	127,694
Net change in plan fiduciary net position - beginning	**14,863,692**	**7,423,789**	**(18,293,404)**	**16,444,184**	**1,316,880**	**(1,614,884)**	**4,817,832**	**6,915,876**	**4,064,485**	**(1,352,631)**
Plan fiduciary net position - beginning	98,036,382	90,612,593	108,905,997	92,461,813	91,144,933	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255
Plan fiduciary net position - ending (b)	112,900,074	98,036,382	90,612,593	108,905,997	92,461,813	91,144,933	92,759,817	87,941,985	81,026,109	76,961,624
Net pension liability (asset) - ending (a)-(b)	**68,510,763**	**76,479,360**	**76,052,342**	**51,225,695**	**56,990,018**	**49,797,441**	**43,616,975**	**42,470,344**	**46,588,206**	**42,136,989**
Plan fiduciary net position as a percentage of total pension liability	**62.23%**	**56.18%**	**54.37%**	**68.01%**	**61.87%**	**64.67%**	**68.02%**	**67.43%**	**63.49%**	**64.62%**
Covered payroll	**32,863,817**	**30,904,886**	**30,273,871**	**28,914,760**	**27,352,778**	**27,352,778**	**25,145,773**	**25,990,353**	**23,801,380**	**24,283,101**
Net pension liability (asset) as a percentage of covered payroll	**208.47%**	**247.47%**	**251.21%**	**177.16%**	**208.35%**	**182.06%**	**173.46%**	**163.41%**	**195.74%**	**173.52%**

Employer's covered payroll during the measurement period is the total covered payroll. For FY205, the measurement period is October 1, 2023 – September 30, 2024. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY2017.

CITY OF DECATUR
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - Continued
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	Municipal Utilities Board									
Total pension liability	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Service cost	$ 1,170,967	$ 1,125,818	$ 1,057,446	$ 910,080	$ 840,218	$ 830,571	$ 785,826	$ 765,318	$ 762,211	$ 735,009
Interest	4,942,774	4,730,739	4,419,031	4,544,535	4,218,387	4,049,796	3,861,606	3,777,084	3,701,363	3,669,670
Changes in benefit terms	-	-	53,676	-	355,337	-	-	-	-	-
Differences between actual & expected experience	582,633	1,542,603	2,769,142	(3,088,085)	2,446,011	675,369	976,957	(414,798)	(37,776)	(1,104,264)
Changes of assumptions	-	-	-	1,767,980	-	-	272,995	-	1,011,888	-
Benefit payments, including refunds of employee contributions	(4,529,373)	(4,368,824)	(4,082,594)	(3,734,235)	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)
Transfers among employers	(28,169)	(103,948)	110,413	69,816	(10,534)	63,270	109,124	(41,676)	6,054	-
Net change in total pension liability	**2,138,832**	**2,926,388**	**4,327,114**	**470,091**	**4,356,193**	**2,253,222**	**2,894,442**	**1,207,346**	**2,373,886**	**561,768**
Total pension liability - beginning	68,610,651	65,684,263	61,357,149	60,887,058	56,530,865	54,277,643	51,383,201	50,175,855	47,801,969	47,240,201
Total pension liability - ending (a)	$ 70,749,483	$ 68,610,651	$ 65,684,263	$ 61,357,149	$ 60,887,058	$ 56,530,865	$ 54,277,643	$ 51,383,201	$ 50,175,855	$ 47,801,969
Plan fiduciary net position										
Contribution-employer	1,963,352	1,690,634	1,950,507	1,630,854	1,479,041	1,457,804	1,440,567	1,415,404	1,451,760	1,481,898
Contribution-employee	939,874	783,535	791,803	700,082	587,421	591,191	547,638	533,792	517,917	588,751
Net investment income	8,353,208	4,755,060	(5,607,813)	8,200,831	2,071,088	941,061	3,200,475	4,038,012	3,010,349	357,511
Benefit payments, including refunds of employee contributions	(4,529,373)	(4,368,824)	(4,082,594)	(3,734,235)	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)
Transfers among employers	(28,169)	(103,948)	110,413	69,816	(10,534)	63,270	109,124	(41,675)	6,054	(103,901)
Net change in plan fiduciary net position - beginning	**6,698,892**	**2,756,457**	**(6,837,684)**	**6,867,348**	**633,790**	**(312,458)**	**2,185,738**	**3,066,951**	**1,916,226**	**(414,388)**
Plan fiduciary net position - beginning	40,382,647	37,626,190	44,463,874	37,596,526	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667
Plan fiduciary net position - ending (b)	47,081,539	40,382,647	37,626,190	44,463,874	37,596,526	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279
Net pension liability (asset) - ending (a)-(b)	**23,667,944**	**28,228,004**	**28,058,073**	**16,893,275**	**23,290,532**	**19,568,129**	**17,002,449**	**16,293,745**	**18,153,350**	**17,695,690**
Plan fiduciary net position as a percentage of total pension liability	**66.55%**	**58.86%**	**57.28%**	**72.47%**	**61.75%**	**65.39%**	**68.68%**	**68.29%**	**63.82%**	**62.98%**
Covered payroll	**14,811,724**	**13,792,836**	**13,294,216**	**12,756,883**	**11,641,834**	**11,307,292**	**11,388,209**	**10,665,563**	**10,397,431**	**9,916,527**
Net pension liability (asset) as a percentage of covered payroll	**159.79%**	**204.66%**	**211.05%**	**132.42%**	**200.06%**	**173.06%**	**149.30%**	**152.77%**	**174.59%**	**178.45%**

CITY OF DECATUR
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
Last 10 Fiscal Years Ending September 30*

City of Decatur

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 5,499,244	$ 5,499,244	$ 4,990,644	$ 4,357,857	$ 4,018,976	$ 3,780,285	$ 3,745,335	$ 3,176,065	$ 3,058,616	$ 2,967,587
Contributions in relation to the actuarially determined contribution	5,499,244	5,499,244	4,990,644	4,357,857	4,018,976	3,780,285	3,745,335	3,176,065	3,058,616	2,967,587
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	$ 34,485,628	$ 32,863,817	$ 30,904,886	$ 30,273,871	$ 28,914,760	$ 27,352,778	$ 27,352,778	$ 25,145,773	$ 25,990,353	$ 23,801,380
Contribution as percentage of covered payroll	15.95%	16.73%	16.15%	14.39%	13.90%	13.82%	13.69%	12.63%	11.77%	12.47%

Municipal Utilities Board

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 2,141,961	$ 1,938,286	$ 1,627,316	$ 1,857,012	$ 1,695,643	$ 1,469,435	$ 1,409,907	$ 1,391,790	$ 1,415,401	$ 1,481,898
Contributions in relation to the actuarially determined contribution	2,141,961	1,938,286	1,627,316	1,857,012	1,695,643	1,469,435	1,409,907	1,391,790	1,415,401	1,481,898
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	$ 15,059,617	$ 14,811,724	$ 13,792,836	$ 13,294,216	$ 12,756,883	$ 11,641,834	$ 11,307,292	$ 11,388,209	$ 10,665,563	$ 10,397,431
Contribution as percentage of covered payroll	14.22%	13.09%	11.80%	13.97%	13.29%	12.62%	12.47%	12.22%	13.27%	14.25%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2025 were based on the September 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2024 to September 30, 2025:

Actuarial cost method	*Entry Age*
Amortization method	*Level percent closed*
Remaining amortization period	*25.6 years and 22.7 years, respectiv*
Asset valuation method	*Five year smoothed market*
Inflation	*2.50%*
Salary increases	*3.25 - 6.00%, including inflation*
Investment rate of return	*7.45%, net of pension plan investment expense, including*

CITY OF DECATUR
BOARD OF EDUCATION
SCHEDULE OF SYSTEM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEMS OF ALABAMA
SEPTEMBER 30*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
System's proportion of the net pension liability	0.811552%	0.821852%	0.800425%	0.808247%	0.737322%	0.822118%	0.761579%	0.758570%	0.757463%	0.761109%
System's proportionate share of the net pension liability	$105,568,000	$ 131,150,000	$124,392,000	$ 76,139,000	$ 91,204,000	$ 90,901,000	$ 75,721,000	$ 74,556,000	$ 82,003,000	$ 79,655,000
System's covered payroll	$ 71,588,854	$ 68,655,481	$ 62,222,750	$ 59,061,450	$ 57,149,454	$ 53,916,727	$ 50,752,290	$ 50,033,648	$ 48,021,155	$ 47,934,304
System's proportionate share of the net pension liability as a percentage of its covered payroll	147.46%	191.03%	199.91%	128.91%	159.59%	168.60%	149.20%	149.01%	170.76%	166.18%
Plan fiduciary net position as a percentage of the total pension liability	71.41%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%

CITY OF DECATUR
BOARD OF EDUCATION SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEMS OF ALABAMA
Last 10 Fiscal Years Ending September 30*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 9,833,657	$ 8,654,643	$ 8,289,969	$ 7,470,026	$ 7,073,907	$ 6,938,206	$ 6,564,487	$ 6,114,961	$ 5,935,142	$ 5,697,027
Contributions in relation to the contractually required contribution	9,833,657	8,654,643	8,289,969	7,470,026	7,073,907	6,938,206	6,564,487	6,114,961	5,935,142	5,697,027
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
System's covered payroll	$ 75,335,003	$ 71,588,854	$ 68,655,481	$ 62,222,750	$ 59,061,450	$ 57,149,454	$ 53,916,727	$ 50,752,590	$ 50,033,648	$ 48,021,155
Contributions as a percentage of covered payroll	13.05%	12.09%	12.07%	12.01%	11.98%	12.14%	12.18%	12.05%	11.86%	11.86%

CITY OF DECATUR
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	City of Decatur							
Total OPEB liability	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	$ 982,521	$ 972,090	$ 1,866,872	$ 1,709,166	$ 2,657,721	$ 1,710,615	$ 2,448,333	$ 2,832,229
Interest	2,502,325	2,469,931	1,781,715	1,753,889	3,168,951	3,849,902	3,574,276	3,139,256
Changes in benefit terms	-	-	(5,422,618)	-	(88,269)	-	-	-
Differences between actual & expected experience	(5,458,088)	(275,450)	(973,230)	18,528	(46,800,681)	(13,870)	(3,600,770)	86,792
Changes of assumptions	3,112,059	(449,265)	(11,721,902)	(1,142,106)	3,820,394	23,952,717	(7,889,102)	(10,658,776)
Benefit payments, including refunds of employee contributions	(3,037,027)	(2,918,284)	(2,947,466)	(2,781,876)	(2,278,532)	(2,646,946)	(2,457,754)	(2,389,744)
Net change in OPEB liability	**(1,898,210)**	**(200,978)**	**(17,416,629)**	**(442,399)**	**(39,520,416)**	**26,852,418**	**(7,925,017)**	**(6,990,243)**
Total OPEB liability - beginning	62,684,842	62,885,820	80,302,449	80,744,848	120,265,264	93,412,846	101,337,863	108,328,106
Total OPEB liability - ending (a)	$60,786,632	$62,684,842	$62,885,820	$ 80,302,449	$ 80,744,848	$ 120,265,264	$ 93,412,846	$ 101,337,863
Plan fiduciary net position								
Contributions - employer	$ 2,846,613	$ 2,947,466	$ 2,917,075	$ 2,948,212	$ 2,757,353	$ 3,745,335	$ 2,457,754	$ 2,378,069
Contributions - employee	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(2,846,613)	(2,947,466)	(2,917,075)	(2,948,212)	(2,757,353)	(3,745,335)	(2,457,754)	(2,378,069)
Asset adjustment	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-
Net change in OPEB liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net OPEB liability (asset) - ending (a) - (b)	60,786,632	62,684,842	62,885,820	80,302,449	80,744,848	120,265,264	93,412,846	101,337,863
Covered-employee payroll	**12,036,492**	**12,368,546**	**12,368,546**	**25,721,743**	**25,721,743**	**16,244,063**	**15,582,742**	**16,915,903**
Fiduciary Liability as a percentage of covered-employeee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability (asset) as a percentage of covered-employee payroll	**505.02%**	**506.81%**	**508.43%**	**312.20%**	**313.92%**	**740.36%**	**599.46%**	**599.07%**

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.*

CITY OF DECATUR
SCHEDULE OF CHANGES IN NET OPEB LIABILITY - Continued
AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	Municipal Utilities Board							
Total OPEB liability	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 643,751	$ 470,857	$ 446,733	$ 404,942	$ 387,319	$ 373,572	$ 424,692	$ 577,544
Interest	2,140,428	1,581,444	1,535,758	1,148,612	1,157,651	1,039,156	1,269,752	1,076,050
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual & expected experience	-	7,895,205	-	8,196,997	-	193,875	(5,687,159)	-
Changes of assumptions	-	77,331	-	(5,397,417)	-	(3,367,893)	(1,338,994)	-
Benefit payments, including refunds of employee contributions	(1,932,350)	(1,160,583)	(1,199,175)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Net change in OPEB liability	**851,829**	**8,864,254**	**783,316**	**2,591,874**	**497,444**	**(2,644,631)**	**(6,273,120)**	**831,529**
Total OPEB liability - beginning	38,839,974	29,975,720	29,192,404	26,600,530	26,103,086	28,747,717	35,020,837	34,189,308
Total OPEB liability - ending (a)	$ 39,691,803	$ 38,839,974	$ 29,975,720	$ 29,192,404	$ 26,600,530	$ 26,103,086	$ 28,747,717	$ 35,020,837
Plan fiduciary net position								
Contributions - employer	$ 2,797,398	$ 1,778,254	$ 2,112,838	$ 1,507,635	$ 1,741,315	$ 8,875,780	$ 941,411	$ 822,065
Contributions - employee	-	310,587	-	285,605	-	294,342	-	-
Net investment income	742,821	1,616,323	471,306	(619,707)	377,073	545	-	-
Benefit payments, including refunds of employee contributions	(1,932,350)	(1,160,583)	(1,199,175)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Asset adjustment	-	421,427	-	-	-	-	-	-
Administrative expenses	-	(46,906)	-	(42,579)	-	-	-	-
Net change in OPEB liability	**1,607,869**	**2,919,102**	**1,384,969**	**(630,306)**	**1,070,862**	**8,287,326**	**-**	**-**
Plan fiduciary net position - beginning	13,031,953	10,112,851	8,727,882	9,358,188	8,287,326	-	-	-
Plan fiduciary net position - ending (b)	$ 14,639,822	$ 13,031,953	$ 10,112,851	$ 8,727,882	$ 9,358,188	$ 8,287,326	$ -	$ -
Net OPEB liability (asset) - ending (a) - (b)	25,051,981	25,808,021	19,862,869	20,464,522	17,242,342	17,815,760	28,747,717	35,020,837
Covered-employee payroll	**13,631,948**	**13,299,461**	**12,518,373**	**12,213,047**	**10,840,661**	**10,576,255**	**9,259,586**	**9,721,892**
Fiduciary Liability as a percentage of covered-employeee payroll	**36.88%**	**33.55%**	**33.74%**	**29.90%**	**35.18%**	**31.75%**	**0.00%**	**0.00%**
Net OPEB liability (asset) as a percentage of covered-employee payroll	**183.77%**	**194.05%**	**158.67%**	**167.56%**	**159.05%**	**168.45%**	**310.46%**	**360.23%**

Note: The Municipal Utilities Board has established a trust for the purposes of accumulating assets to be used for paying benefits of the OPEB Plan. The City of Decatur has not established such a trust and pays for benefits as incurred.

BOARD OF EDUCATION
SCHEDULE OF SYSTEM'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST
SEPTEMBER 30*

	2025	2024	2023	2022	2021	2020	2019	2018
OPEB	0.852687%	0.863732%	0.949847%	0.008556%	0.855759%	0.964650%	0.898192%	0.868568%
System's proportionate share of the net OPEB liability	$ 16,544,096	$ 16,544,096	$ 16,544,096	$ 46,126,468	$ 55,537,568	$ 36,394,005	$ 73,819,943	$ 64,512,270
System's covered payroll	$ 62,222,750	$ 62,222,750	$ 62,222,750	$ 59,061,450	$ 57,149,454	$ 53,916,727	$ 50,752,590	$ 50,033,648
System's proportionate share of the net pension liability as a percentage of its covered payroll	26.59%	26.59%	26.59%	78.10%	97.18%	67.50%	145.45%	128.94%
Plan fiduciary net position as a percentage of the total pension liability	48.39%	48.39%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.*

CITY OF DECATUR
BOARD OF EDUCATION SCHEDULE OF EMPLOYER CONTRIBUTIONS
ALABAMA RETIRED EDUCATION EMPLOYEES; HEALTH CARE TRUST
Last 10 Fiscal Years Ending September 30*

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 2,974,214	$ 1,224,362	$ 1,359,860	$ 1,808,159	$ 1,539,446	$ 1,738,148	$ 2,719,129	$ 2,218,461
Contributions in relation to the contractually required contribution	2,974,214	1,224,362	1,359,860	1,808,159	1,539,446	1,738,148	2,719,129	2,218,461
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
System's covered payroll	$75,335,003	$ 71,588,854	$ 68,655,481	$62,222,750	$59,061,450	$57,149,454	$53,916,727	$ 50,752,590
Contributions as a percentage of covered payroll	3.95%	1.71%	1.98%	2.91%	2.61%	3.04%	5.04%	4.37%

**: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years to which information is available.*

CITY OF DECATUR
BOARD OF EDUCATION SCHEDULE OF EMPLOYER CONTRIBUTIONS
ALABAMA RETIRED EDUCATION EMPLOYEES; HEALTH CARE TRUST
Last 10 Fiscal Years Ending September 30*

Note A - Budgetary information

The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

While the board is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

Note B - Change in actuarial assumptions

In 2024, assumptions regarding aging factors were adjusted to reflect actual and anticipated experience more closely. Additionally, future healthcare trend rates for the Medicare Advantage Plan were updated.

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual expereince more closely.

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

Note C - Recent plan changes

The September 30, 2022 valuation reflects the impact of Act 2022-222.

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the United Healthcare Medicare Advantage Plan with Prescription Drug Coverage (MAPD).

The Health Plan is changed periodically to reflect the Affordable Care Act (ACA) maximum annual out-of-pocket amounts.

Note D - Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Therefore, the actuarially determined employer contribution for fiscal year ending September 30, 2024 is determined based on the actuarial valuation as of September 30, 2021. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule.

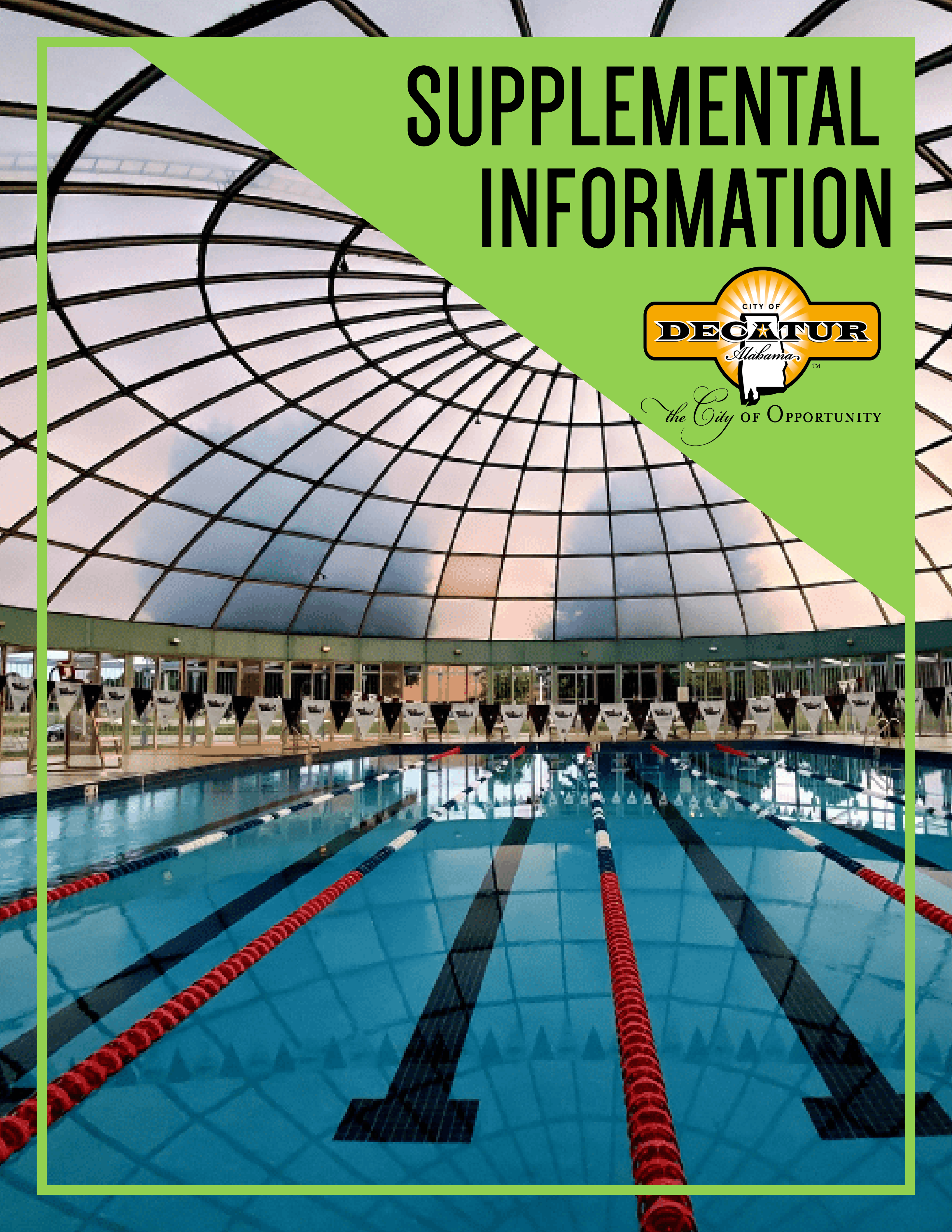
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	20 year, closed
Asset Valuation Method	Fair Value of Assets
Inflation	2.50%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible*	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate Trend Rate	2031 for Pre-Medicare Eligible
	2027 Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

* Initial Medicare claims are set based on scheduled increases through plan year 2025.

SUPPLEMENTAL INFORMATION

CITY OF DECATUR Alabama

the City of Opportunity



City of Decatur
General Fund
Balance Sheet
September 30, 2025

Assets		
Cash & investments	$	60,184,699
Cash with fiscal agent		3,846,575
Receivables (net of allowances):		
Accounts		724,202
Taxes		4,972,409
Leases		1,875,261
Due from other funds		818,780
Due from other governmental entities		840,306
Deposits		71,405
Prepaids		378,746
Inventories		142,575
Total assets	$	73,854,958
Deferred Outflows of Resources		-

City of Decatur
General Fund
Balance Sheet
September 30, 2025

Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 3,527,624
Accrued liabilities	878,252
Due to other funds	325,242
Due to other governmental entities	19,912
Customer deposits	464,802
Total liabilities	5,215,832
Deferred Inflows of Resources	
Unavailable revenue	556,382
Lease related deferred inflows	1,740,093
Total deferred inflows of resources	2,296,475
Fund Balance	
Nonspendable	656,489
Restricted	1,724
Committed	35,007,762
Unassigned	30,676,676
Total fund balance	66,342,651
Total liabilities, deferred resources and fund balance	$ 73,854,958

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual
For the Year Ended September 30, 2025

	Report Original	Report Final	Actual	Variance with Final Report Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	$ 65,473,518	$ 65,473,518	$ 66,636,410	$ 1,162,892
Licenses and permits	8,027,800	8,027,800	9,683,123	1,655,323
Fines and forfeitures	592,100	592,100	867,333	275,233
Revenues from money and property	2,384,962	2,384,962	5,229,268	2,844,306
Charges for services	12,017,550	12,017,550	11,804,961	(212,589)
Intergovernmental	5,851,523	5,851,523	6,058,413	206,890
Gifts and donations	-	55,804	56,628	824
Other revenues	1,410,015	1,480,015	660,793	(819,222)
TOTAL REVENUES	95,757,468	95,883,272	100,996,929	5,113,657
EXPENDITURES				
Current				
General government	19,781,625	22,175,849	20,510,680	1,665,169
Public safety	37,371,941	39,403,384	32,354,378	7,049,006
Public works	9,377,437	15,812,449	10,392,600	5,419,849
Public services	17,624,093	19,583,995	17,120,780	2,463,215
Community services contracts	3,586,792	3,938,060	3,828,045	110,015
Community development	612,368	612,368	307,958	304,410
Debt service:				
Principal	3,889,877	3,902,889	3,884,141	18,748
Interest and fiscal charges	2,651,037	2,669,727	2,668,806	921
TOTAL EXPENDITURES	94,895,170	108,098,721	91,067,388	17,031,333
EXCESS OF REVENUES OVER EXPENDITURES	862,298	(12,215,449)	9,929,541	22,144,990
OTHER FINANCING SOURCES (USES)				
Leases (as lessee)	-	227,856	227,856	-
Inception of subscription-based IT arrangements	-	270,428	270,372	(56)
Refunding warrants issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Operating transfers in	72,000	282,371	4,005,827	3,723,456
Operating transfers out	(1,270,553)	(5,104,997)	(8,336,986)	(3,231,989)
Total other financing sources (uses)	(1,198,553)	(4,324,342)	(3,832,931)	491,411
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(336,255)	(16,539,791)	6,096,610	22,636,401
Fund balance, beginning	60,246,041	60,246,041	60,246,041	-
FUND BALANCE, ENDING	$ 59,909,786	$ 43,706,250	$ 66,342,651	$ 22,636,401

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Report			Variance with Final Report Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	49,804,768	49,804,768	50,335,033	530,265
Ad valorem	5,100,000	5,100,000	5,447,122	347,122
Other	10,568,750	10,568,750	10,854,255	285,505
Total	65,473,518	65,473,518	66,636,410	1,162,892
Licenses and permits				
Motor Vehicle	190,000	190,000	194,994	4,994
Business Licenses and Permits	7,037,800	7,037,800	8,374,721	1,336,921
Building Permits and Inspection Fees	800,000	800,000	1,113,408	313,408
Total	8,027,800	8,027,800	9,683,123	1,655,323
Fines and forfeitures	592,100	592,100	867,333	275,233
Revenues from money and property				
Interest	2,252,862	2,252,862	5,035,805	2,782,943
Recreational receipts	-	-	-	-
Other	132,100	132,100	193,463	61,363
Total	2,384,962	2,384,962	5,229,268	2,844,306
Charges for current services				
Recreation	465,050	465,050	429,473	(35,577)
Animal shelter	25,000	25,000	27,056	2,056
General government	647,800	647,800	718,956	71,156
Public safety	110,200	110,200	111,222	1,022
Public works	5,697,000	5,697,000	5,745,543	48,543
Cemetery	70,000	70,000	41,050	(28,950)
Youth services	7,000	7,000	10,355	3,355
Point Mallard	4,995,500	4,995,500	4,721,306	(274,194)
Total	12,017,550	12,017,550	11,804,961	(212,589)
Intergovernmental				
Tax equivalents	5,120,773	5,120,773	5,109,963	(10,810)
State Grants	-	-	-	-
State Shared Taxes	730,750	730,750	948,450	217,700
Total	5,851,523	5,851,523	6,058,413	206,890
Gifts & donations	-	55,804	56,628	824
Other revenues	1,410,015	1,480,015	660,793	(819,222)
TOTAL REVENUES	95,757,468	95,883,272	100,996,929	5,113,657

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES				
CURRENT EXPENDITURES				
General Government				
Mayor and Council				
Personnel services	307,642	307,642	310,428	(2,786)
Operating expenses	292,172	491,271	393,236	98,035
Total	599,814	798,913	703,664	95,249
Legal Services				
Personnel services	759,560	767,060	743,451	23,609
Operating expenses	151,494	151,794	44,827	106,967
Capital outlay	160,000	368,291	82,218	286,073
Total	1,071,054	1,287,145	870,496	416,649
Municipal Court				
Personnel services	1,031,232	1,031,232	954,802	76,430
Operating expenses	15,060	15,060	14,349	711
Total	1,046,292	1,046,292	969,151	77,141
City Clerk				
Personnel services	487,752	497,752	490,923	6,829
Operating expenses	311,745	311,745	97,657	214,088
Total	799,497	809,497	588,580	220,917
Revenue department				
Personnel services	364,559	364,559	343,893	20,666
Operating expenses	72,915	72,915	32,022	40,893
Total	437,474	437,474	375,915	61,559
Finance department				
Personnel services	962,433	967,933	946,931	21,002
Operating expenses	18,210	18,210	13,445	4,765
Total	980,643	986,143	960,376	25,767

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Public building				
Personnel services	274,083	274,083	252,841	21,242
Operating expenses	237,805	248,305	183,897	64,408
Capital outlay	-	881,450	747,174	134,276
Total	511,888	1,403,838	1,183,912	219,926
Economic and community development				
Personnel services	1,159,776	1,159,776	1,031,582	128,194
Operating expenses	138,007	190,007	159,285	30,722
Capital outlay	-	200	100	100
Total	1,297,783	1,349,983	1,190,967	159,016
Garage				
Personnel services	433,640	433,640	402,552	31,088
Operating expenses	159,940	159,940	124,430	35,510
Capital outlay	-	-	-	-
Total	593,580	593,580	526,982	66,598
Purchasing				
Personnel services	170,647	171,647	170,766	881
Operating expenses	10,550	11,550	13,239	(1,689)
Total	181,197	183,197	184,005	(808)
Information services				
Personnel services	1,331,818	1,331,818	1,344,427	(12,609)
Operating expenses	3,227,259	3,265,029	2,674,436	590,593
Capital outlay	-	529,614	397,637	131,977
Total	4,559,077	5,126,461	4,416,500	709,961
Miscellaneous				
Workman's compensation	700,000	700,000	627,436	72,564
Insurance	980,000	1,380,000	1,444,172	(64,172)
Other	5,844,173	5,894,173	6,312,996	(418,823)
Total	7,524,173	7,974,173	8,384,604	(410,431)

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Safety				
Personnel services	112,594	112,594	112,805	(211)
Operating expenses	66,559	66,559	42,723	23,836
Capital outlay	-	-	-	-
Total	179,153	179,153	155,528	23,625
Total general government	19,781,625	22,175,849	20,510,680	1,665,169
Public Safety				
Fire				
Personnel services	14,434,222	14,434,222	12,612,215	1,822,007
Operating expenses	1,148,972	1,223,727	1,091,601	132,126
Capital outlay	149,600	1,979,832	297,014	1,682,818
Total	15,732,794	17,637,781	14,000,830	3,636,951
Inspection				
Personnel services	960,872	960,872	827,098	133,774
Operating expenses	53,720	55,720	31,933	23,787
Capital outlay	-	-	-	-
Total	1,014,592	1,016,592	859,031	157,561
Police				
Personnel services	16,610,759	16,500,759	13,600,942	2,899,817
Operating expenses	2,827,447	2,946,476	2,809,383	137,093
Capital outlay	660,000	663,922	604,512	59,410
Total	20,098,206	20,111,157	17,014,837	3,096,320
Sign Shop				
Personnel services	337,842	337,842	322,283	15,559
Operating expenses	188,507	188,507	107,142	81,365
Capital outlay	-	12,350	12,350	-
Total	526,349	538,699	441,775	96,924
Miscellaneous				
Operating expenses	-	99,155	37,905	61,250
Total	-	99,155	37,905	61,250
Total public safety	37,371,941	39,403,384	32,354,378	7,049,006

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Public Works				
Director				
Personnel services	304,227	304,227	303,617	610
Operating expenses	40,295	41,795	27,740	14,055
Capital outlay	-	-	-	-
Total	344,522	346,022	331,357	14,665
Streets				
Personnel services	2,105,306	2,105,306	1,893,324	211,982
Operating expenses	552,604	572,278	415,237	157,041
Capital outlay	146,000	255,908	255,908	-
Total	2,803,910	2,933,492	2,564,469	369,023
Projects				
Operating expenses	106,013	1,952,456	808,526	1,143,930
Capital outlay	87,500	14,570	-	14,570
Total	193,513	1,967,026	808,526	1,158,500
Engineering				
Personnel services	533,492	533,492	508,853	24,639
Operating expenses	132,300	144,300	113,033	31,267
Capital outlay	-	3,053,308	74,075	2,979,233
Total	665,792	3,731,100	695,961	3,035,139
Sanitation				
Personnel services	2,067,088	2,067,088	1,941,396	125,692
Operating expenses	1,993,900	2,174,857	1,998,394	176,463
Capital outlay	1,308,712	2,592,864	2,052,497	540,367
Total	5,369,700	6,834,809	5,992,287	842,522
Total public works	9,377,437	15,812,449	10,392,600	5,419,849

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Public Services				
Animal Shelter				
Personnel services	699,682	699,682	630,978	68,704
Operating expenses	157,935	157,935	152,959	4,976
Capital outlay	-	54,250	43,203	11,047
Total	857,617	911,867	827,140	84,727
Parks and recreation				
Personnel services	5,777,892	5,939,560	5,747,183	192,377
Operating expenses	2,388,518	2,607,062	2,032,923	574,139
Capital outlay	-	335,790	102,012	233,778
Total	8,166,410	8,882,412	7,882,118	1,000,294
Landscape and beautification				
Personnel services	362,849	362,849	265,200	97,649
Operating expenses	1,260,642	1,475,642	1,401,976	73,666
Capital outlay	-	-	-	-
Total	1,623,491	1,838,491	1,667,176	171,315
Cemetery				
Personnel services	139,495	139,495	141,278	(1,783)
Operating expenses	168,849	173,349	113,221	60,128
Capital outlay	-	-	-	-
Total	308,344	312,844	254,499	58,345
Youth services				
Personnel services	1,072,452	1,072,452	963,988	108,464
Operating expenses	122,293	222,658	151,988	70,670
Capital outlay	-	62,650	62,650	-
Total	1,194,745	1,357,760	1,178,626	179,134
Culture				
Old Bank	3,300	4,107	3,230	877
Train Depot	56,597	57,404	12,081	45,323
Other	139,854	601,978	450,239	151,739
Total	199,751	663,489	465,550	197,939

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Point Mallard Aquatic Center				
Personnel services	1,847,752	1,847,752	1,593,668	254,084
Operating expenses	1,081,350	1,152,085	915,116	236,969
Capital outlay	209,000	265,691	256,132	9,559
Total	3,138,102	3,265,528	2,764,916	500,612
Point Mallard Golf Course				
Personnel services	857,349	857,349	766,124	91,225
Operating expenses	364,570	416,170	420,058	(3,888)
Capital outlay	60,000	178,566	165,166	13,400
Total	1,281,919	1,452,085	1,351,348	100,737
Point Mallard Event Center				
Operating expenses	6,700	6,700	1,181	5,519
Total	6,700	6,700	1,181	5,519
Point Mallard Campground				
Personnel services	318,250	318,250	246,352	71,898
Operating expenses	153,500	199,305	166,922	32,383
Capital outlay	-	-	-	-
Total	471,750	517,555	413,274	104,281
Point Mallard General Park				
Personnel services	126,464	126,464	105,885	20,579
Operating expenses	248,800	248,800	209,067	39,733
Total	375,264	375,264	314,952	60,312
Total public services	17,624,093	19,583,995	17,120,780	2,463,215

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Community Service Contracts				
Decatur Public Library	397,680	397,680	397,680	-
Morgan County Emergency Management Dist.	477,487	477,487	477,488	(1)
Decatur-Morgan County Emergency Mgt. Agency	31,500	31,500	31,500	-
Decatur-Morgan County Hospital Fund	-	-	-	-
NARCOG:				
Transport Planning	270,000	341,268	270,000	71,268
NCA Mental Health Board	27,000	27,000	27,000	-
Economic Development Association	54,900	54,900	54,900	-
Morgan County Health Department	108,000	108,000	108,000	-
Community Action and Community Development Agency of North Alabama:				
Meals on Wheels	12,805	12,805	12,805	-
Foster Grandparents	6,480	6,480	6,480	-
Decatur-Morgan County Seniors' Council, Inc.	45,900	45,900	45,900	-
Decatur Convention and Visitors' Bureau	1,189,550	1,189,550	1,250,802	(61,252)
Morgan County Rescue Squad	13,500	13,500	13,500	-
Pryor Field Airport Authority	27,000	27,000	27,000	-
Community Foundation of Greater Decatur				
Youth Entrepreneurial CEO Program	-	-	-	-
Young Professionals of Decatur	10,000	10,000	10,000	-
Volunteer Center	4,500	4,500	4,500	-
Carnegie Visual Arts	15,300	15,300	15,300	-
Free Health Clinic	67,500	67,500	67,500	-
Downtown Redevelopment Authority	75,690	75,690	75,690	-
Princess Theatre	72,000	72,000	72,000	-
DMCCC Partnership 5 Year Plan	45,000	45,000	45,000	-
Entrepreneurial Center	590,000	590,000	590,000	-
DDMBA / 3rd Friday	-	5,000	5,000	
DMCCC Business Development Board	45,000	45,000	45,000	
Clearview Cancer Institute Economic Development	-	250,000	150,000	100,000
Total Community Services Contract	3,586,792	3,938,060	3,828,045	110,015

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Community Development				
Planning department				
Personnel services	399,709	399,709	206,119	193,590
Operating expenses	40,659	40,659	28,436	12,223
Total	440,368	440,368	234,555	205,813
Business development				
Operating expenses	172,000	172,000	73,403	98,597
Total	172,000	172,000	73,403	98,597
Total community development	612,368	612,368	307,958	304,410
Debt Service Expenditures				
Principal	3,889,877	3,902,889	3,884,141	18,748
Interest and fiscal charges	2,651,037	2,669,727	2,668,806	921
Total Debt Service Expenditures	6,540,914	6,572,616	6,552,947	19,669
TOTAL EXPENDITURES	94,895,170	108,098,721	91,067,388	17,031,333
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	862,298	(12,215,449)	9,929,541	22,144,990
OTHER FINANCING SOURCES (USES)				
Refunding warrants issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Lease proceeds	-	227,856	227,856	-
Inception of subscription-based IT arrangements	-	270,428	270,372	(56)
Payment to escrow agent	-	-	-	-
Operating transfers in	72,000	282,371	4,005,827	3,723,456
Operating transfers out	(1,270,553)	(5,104,997)	(8,336,986)	(3,231,989)
Total other financing sources (uses)	(1,198,553)	(4,324,342)	(3,832,931)	491,411
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(336,255)	(16,539,791)	6,096,610	22,636,401
Fund balance, beginning	60,246,041	60,246,041	60,246,041	-
FUND BALANCE, ENDING	$ 59,909,786	$ 43,706,250	$ 66,342,651	$ 22,636,401

Other Governmental Funds

The City maintains the following governmental funds which are considered nonmajor funds in the current year. In order to provide more information to the readers of the financial statements, these have been included on the following pages to show the details of the "Other Governmental Funds" columns within the Governmental

7 Cent Gas Tax Special Revenue Fund - to account for funds designated for maintenance and improvement of public streets and highways.

4 and 5 Cent Gas Tax Special Revenue Fund - to account for funds designated for resurfacing and repairs of public streets and bridges.

Rebuild Alabama Gas Tax Special Revenue Fund (formerly the 2019 Gas Tax Special Revenue Fund)- to account for additional gas tax funds to be phased in over a three-year period which are to be designated for resurfacing and repairs of public streets and bridges.

Grant Fund Special Revenue Fund - to account for majority of Federal and State grant activity of the City, the largest of which is related to the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Financing is provided by federal community development grants under Title I of the Housing and Community Development Act of 1974, as amended. Such grants provide for payment of the City's Community Development program costs and may be used only for that purpose.

Personnel Board Special Revenue Fund - to account for the activity of the specially appointed personnel board which carries out the human resources and payroll functions of the City.

Municipal Court Special Revenue Fund - to account for the collection and payment of the portion of court fees which are due to other governmental entities.

Alabama Capital Improvement Trust Special Revenue Fund - to account for funds received from the Alabama Trust Fund of the State of Alabama which are designated for capital improvements, payments of bond principal and interest, and restoration of capital improvements such as buildings and streets.

Correction Special Revenue Fund - to account for funds that may be used for construction, operation, or maintenance of municipal jail, juvenile center, or court complex, or other correctional facilities.

Docket Fees Special Revenue Fund - to account for docket fee funds which can be used by municipal court for training and equipment for a multitude of enhancements for the court system.

Drug Seizure Special Revenue Fund - To account for funds received from the sale of transferred property from illegal drug operations. Funds are to be used for police activities related to drug operations.

Room Occupancy Special Revenue Fund - to account for tax levies on rooms per night in the City limits which are restricted for use for tourism product development.

Opioid Settlement Fund - to account for the receipt of funds distributed from the State of Alabama from various settlements with manufacturers, distributors and retailers stemming from opioid-related legal agreements which are restricted for opioid abatement and remediation along with administrative costs.

Perpetual Care Permanent Fund - to account for the collection of cemetery revenues earmarked by local ordinance for the long-term care of the City-owned cemetery.

2016 Capital Improvements Fund - to account for the cost of constructing road projects and economic development projects which are financed by general obligation warrants.

Sewer Capital Improvement Fund - to account for the construction of capital sewer improvements along Beltline Road for economic development and payment of related debt to service construction.

City of Decatur
Non-Major Governmental Funds (by fund type)
Combining Balance Sheet
September 30, 2025

	Special Revenue Funds											
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Rebuild Alabama Gas Tax	Grant	Personnel Board	Municipal Court	Alabama Capital Improvement Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Opioid Settlement
Assets												
Cash & investments, at cost	$ 115,736	$ 96,462	$ 396,225	$ 3,636,309	$138,052	$ 113,189	$ 1,072,725	$ 427,106	$242,228	$ 298,413	$ 1,472,958	$ 2,075,435
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	36,917	-
Investments, at cost												
Receivables (net of allowances)												
Accounts	-	-	-	102,067	-	-	-	17,631	6,442	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	44,584	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from governmental entities	12,843	28,595	44,181	1,913,828	-	-	-	-	-	-	-	4,247,241
Deposits	10,179	6,825	-	-	-	-	-	-	-	-	-	-
Total assets	$ 138,758	$ 131,882	$ 440,406	$ 5,652,204	$138,052	$ 113,189	$ 1,072,725	$ 444,737	$ 248,670	$ 298,413	$ 1,554,459	$ 6,322,676
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities												
Accounts payable	-	4,641	245,772	1,550,981	7,497	82,190	-	2,277	1,442	-	-	-
Accrued liabilities	-	-	-	2,594	5,157	21,759	-	-	771	-	-	-
Due to other governmental entities	-	-	-	1,095	-	9,240	-	-	-	-	-	-
Total liabilities	-	4,641	245,772	1,554,670	12,654	113,189	-	2,277	2,213	-	-	-
Deferred Inflows of Resources												
Unavailable revenue	-	-	-	3,126,511	-	-	-	-	-	-	-	4,230,806
Total deferred inflows of resources	-	-	-	3,126,511	-	-	-	-	-	-	-	4,230,806
Fund Balances												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	138,758	127,241	194,634	971,023	-	-	1,072,725	442,460	246,457	298,413	-	2,091,870
Committed	-	-	-	-	125,398	-	-	-	-	-	1,554,459	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balance (deficit)	138,758	127,241	194,634	971,023	125,398	-	1,072,725	442,460	246,457	298,413	1,554,459	2,091,870
Total liabilities, deferred inflows and fund balance	$ 138,758	$ 131,882	$ 440,406	$ 5,652,204	$138,052	$ 113,189	$ 1,072,725	$ 444,737	$ 248,670	$ 298,413	$ 1,554,459	$ 6,322,676

City of Decatur
Non-Major Governmental Funds (by fund type)
Combining Balance Sheet
September 30, 2025

	Permanent Fund	Capital Projects Funds		
	Perpetual Care	2016 Capital Improvements Fund	Sewer Fund	Total Nonmajor Governmental Funds
Assets				
Cash & investments, at cost	$ 602,485	$ 261,253	$ 160,138	$ 11,108,714
Cash with fiscal agents	-	-	583,751	620,668
Investments, at cost	1,113,236	-		1,113,236
Receivables (net of allowances)				
Accounts	5,560	37,286	-	168,986
Taxes	-	-	-	44,584
Due from other funds	-	-	65,450	65,450
Due from governmental entities	-	-	-	6,246,688
Deposits	-	-	-	17,004
Total assets	$ 1,721,281	$ 298,539	$ 809,339	$ 19,385,330
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Accounts payable	-	-	-	1,894,800
Accrued liabilities	-	-	-	30,281
Due to other governmental entities	-	286,177	-	296,512
Total liabilities	-	286,177	-	2,221,593
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	7,357,317
Total deferred inflows of resources	-	-	-	7,357,317
Fund Balances				
Nonspendable	1,721,281	-	-	1,721,281
Restricted	-	-	-	5,583,581
Committed	-	12,362	809,339	2,501,558
Unassigned	-	-	-	-
Total fund balance (deficit)	1,721,281	12,362	809,339	9,806,420
Total liabilities, deferred inflows and fund balance	$ 1,721,281	$ 298,539	$ 809,339	$ 19,385,330

City of Decatur
Non-Major Governmental Funds (by fund type)
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	Special Revenue Funds											
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Rebuild Alabama Gas Tax	Grant	Personnel Board	Municipal Court	Alabama Capital Improvement Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Opioid Settlement
Revenue												
Other taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 528,111	$ -
Fines & forfeitures	-	-	-	-	-	-	-	261,308	95,092	-	-	-
Revenues from money & property	3,545	7,627	11,815	342,180	-	-	-	15,347	-	14,488	2,700	73,270
Intergovernmental	141,683	316,528	465,212	10,540,919	-	-	535,257	-	-	29,944	-	623,254
Other revenues	-	-	-	372,428	1,642	-	-	-	-	-	-	-
Total revenues	145,228	324,155	477,027	11,255,527	1,642	-	535,257	276,655	95,092	44,432	530,811	696,524
Expenditures												
Current												
General government	-	-	-	-	1,008,604	-	291,366	139,060	238,115	-	-	-
Public safety	-	-	-	455,570	-	-	-	64,196	-	174,927	-	1,239
Public works	43,135	267,095	386,994	2,279,011	-	-	262,719	-	-	-	-	-
Public services	-	-	-	3,995,693	-	-	126,465	-	-	-	-	-
Community service contracts	-	-	-	-	-	-	-	-	-	-	-	174,600
Community development	-	-	-	2,200,558	-	-	-	-	-	-	-	-
Debt service												
Principal	-	-	-	-	-	-	-	16,063	-	-	133,799	-
Interest and fiscal charges	-	-	-	-	-	-	-	109	-	-	13,569	-
Total expenditures	43,135	267,095	386,994	8,930,832	1,008,604	-	680,550	219,428	238,115	174,927	147,368	175,839
Excess (deficiency) of revenues over expenditures	102,093	57,060	90,033	2,324,695	(1,006,962)	-	(145,293)	57,227	(143,023)	(130,495)	383,443	520,685
Other Financing Sources (Uses)												
Transfers in	-	-	-	1,095,333	1,042,953	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(4,718,212)	-	-	-	-	-	-	(37,300)	-
Total other financing sources (uses)	-	-	-	(3,622,879)	1,042,953	-	-	-	-	-	(37,300)	-
Net change in fund balance	102,093	57,060	90,033	(1,298,184)	35,991	-	(145,293)	57,227	(143,023)	(130,495)	346,143	520,685
Fund balance (deficit), beginning	36,665	70,181	104,601	2,269,207	89,407	-	1,218,018	385,233	389,480	428,908	1,208,316	1,571,185
Fund balance (deficit), ending	$ 138,758	$ 127,241	$ 194,634	$ 971,023	$ 125,398	$ -	$ 1,072,725	$ 442,460	$ 246,457	$ 298,413	$ 1,554,459	$ 2,091,870

City of Decatur
Non-Major Governmental Funds (by fund type)
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	Permanent Fund	Capital Projects Fund		
	Perpetual Care	2016 Capital Improvements Fund	Sewer Fund	Total Nonmajor Governmental Funds
Revenue				
Other taxes	$ -	$ -	$ -	$ 528,111
Fines & forfeitures	-	-	-	356,400
Revenues from money & property	134,218	15,969	23,984	645,143
Intergovernmental	-	-	-	12,652,797
Other revenues	-	-	-	374,070
Total revenues	134,218	15,969	23,984	14,556,521
Expenditures				
Current				
General government	-	-	-	1,677,145
Public safety	-	-	-	695,932
Public works	-	-	-	3,238,954
Public services	-	-	-	4,122,158
Community service contracts	-	-	-	174,600
Community development	-	-	-	2,200,558
Debt service				
Principal	-	-	852,803	1,002,665
Interest and fiscal charges	-	-	97,350	111,028
Total expenditures	-	-	950,153	13,223,040
Excess (deficiency) of revenues over expenditures	134,218	15,969	(926,169)	1,333,481
Other Financing Sources (Uses)				
Transfers in	-	-	789,177	2,927,463
Transfers (out)	(60,058)	-	(45,292)	(4,860,862)
Total other financing sources (uses)	(60,058)	-	743,885	(1,933,399)
Net change in fund balance	74,160	15,969	(182,284)	(599,918)
Fund balance (deficit), beginning	1,647,121	(3,607)	991,623	10,406,338
Fund balance (deficit), ending	$ 1,721,281	$ 12,362	$ 809,339	$ 9,806,420

City of Decatur
7 Cent Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 138,000	$ 138,000	$ 141,683	$ 3,683
Revenues from money and property	900	900	3,545	2,645
Total revenues	138,900	138,900	145,228	6,328
EXPENDITURES				
Operating expenses	135,201	135,201	43,135	92,066
Total expenditures	135,201	135,201	43,135	92,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,699	3,699	102,093	98,394
NET CHANGE IN FUND BALANCE	3,699	3,699	102,093	98,394
Fund balance, beginning	36,665	36,665	36,665	-
FUND BALANCE, ENDING	$ 40,364	$ 40,364	$ 138,758	$ 98,394

City of Decatur
4 and 5 Cent Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget			Variance with Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 307,000	$ 307,000	$ 316,528	$ 9,528
Revenues from money and property	825	825	7,627	6,802
Total revenues	307,825	307,825	324,155	16,330
EXPENDITURES				
Operating expenses	293,749	293,749	267,095	26,654
Total expenditures	293,749	293,749	267,095	26,654
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,076	14,076	57,060	42,984
NET CHANGE IN FUND BALANCE	14,076	14,076	57,060	42,984
Fund balance, beginning	70,181	70,181	70,181	-
FUND BALANCE, ENDING	$ 84,257	$ 84,257	$ 127,241	$ 42,984

City of Decatur
Rebuild Alabama Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 400,000	$ 400,000	$ 465,212	$ 65,212
Revenues from money and property	1,000	1,000	11,815	10,815
Total revenues	401,000	401,000	477,027	76,027
EXPENDITURES				
Operating expenses	416,415	416,415	386,994	29,421
Total expenditures	416,415	416,415	386,994	29,421
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,415)	(15,415)	90,033	105,448
Other financing sources (uses)				
Operating transfers in	15,415	15,415	-	(15,415)
NET CHANGE IN FUND BALANCE	-	-	90,033	90,033
Fund balance, beginning	104,601	104,601	104,601	-
FUND BALANCE, ENDING	$ 104,601	$ 104,601	$ 194,634	$ 90,033

City of Decatur
Personnel Board Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenues	$ -	$ -	$ 1,642	$ 1,642
Total revenues	-	-	1,642	1,642
EXPENDITURES				
Personnel services	814,724	814,724	738,020	76,704
Operating expenses	298,230	333,230	270,584	62,646
Total expenditures	1,112,954	1,147,954	1,008,604	139,350
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,112,954)	(1,147,954)	(1,006,962)	140,992
OTHER FINANCING SOURCES				
Operating transfers in	1,042,953	1,042,953	1,042,953	-
Total other financing sources (uses)	1,042,953	1,042,953	1,042,953	-
NET CHANGE IN FUND BALANCE	(70,001)	(105,001)	35,991	140,992
Fund balance, beginning	89,407	89,407	89,407	-
FUND BALANCE, ENDING	$ 19,406	$ (15,594)	$ 125,398	$ 140,992

City of Decatur
Alabama Capital Improvement Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 535,000	$ 535,000	$ 535,257	$ 257
Total revenues	536,642	535,000	535,257	257
EXPENDITURES				
Operating expenses	125,000	204,333	204,333	-
Capital outlay	1,234,000	1,628,618	476,217	1,152,401
Total expenditures	1,359,000	1,832,951	680,550	1,152,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(822,358)	(1,297,951)	(145,293)	1,152,658
NET CHANGE IN FUND BALANCE	(822,358)	(1,297,951)	(145,293)	1,152,658
Fund balance, beginning	1,218,018	1,218,018	1,218,018	-
FUND BALANCE, ENDING	$ 395,660	$ (79,933)	$ 1,072,725	$ 1,152,658

City of Decatur
Corrections Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and Forfeitures	$ 275,000	$ 275,000	$ 261,308	$ (13,692)
Revenues from money and property	10,000	10,000	15,347	5,347
Total revenues	285,000	285,000	276,655	(8,345)
EXPENDITURES				
Operating expenses	214,714	244,878	203,256	41,622
Debt service				
Principal	16,064	16,064	16,063	1
Interest	109	109	109	-
Total expenditures	230,887	261,051	219,428	41,623
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	54,113	23,949	57,227	33,278
Other financing uses				
Operating transfers in	-	30,164	-	(30,164)
Total other financing uses	-	30,164	-	(30,164)
NET CHANGE IN FUND BALANCE	54,113	54,113	57,227	3,114
Fund balance, beginning	385,233	385,233	385,233	-
FUND BALANCE, ENDING	$ 439,346	$ 439,346	$ 442,460	$ 3,114

City of Decatur
Docket Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and Forfeitures	$ 96,750	$ 96,750	$ 95,092	$ (1,658)
Total revenues	96,750	96,750	95,092	(1,658)
EXPENDITURES				
Operating expenses	266,770	266,770	238,115	28,655
Capital outlay	90,000	90,000	-	90,000
Total expenditures	356,770	356,770	238,115	118,655
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(260,020)	(260,020)	(143,023)	116,997
Other financing sources (uses)				
Operating transfers in	260,020	260,020	-	(260,020)
Total other financing sources (uses)	260,020	260,020	-	(260,020)
NET CHANGE IN FUND BALANCE	-	-	(143,023)	(143,023)
Fund balance, beginning	389,480	389,480	389,480	-
FUND BALANCE, ENDING	$ 389,480	$ 389,480	$ 246,457	$ (143,023)

City of Decatur
Drug Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 40,000	$ 40,000	$ 29,944	$ (10,056)
Revenues from money and property	7,000	7,000	14,488	7,488
Total revenues	47,000	47,000	44,432	(2,568)
EXPENDITURES				
Operating expenses	37,000	71,997	50,003	21,994
Capital outlay	116,500	132,948	124,924	8,024
Total expenditures	153,500	204,945	174,927	30,018
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(106,500)	(157,945)	(130,495)	27,450
NET CHANGE IN FUND BALANCE	(106,500)	(157,945)	(130,495)	27,450
Fund balance, beginning	428,908	428,908	428,908	-
FUND BALANCE, ENDING	$ 322,408	$ 270,963	$ 298,413	$ 27,450

City of Decatur
Room Occupancy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and Payments in lieu of taxes	$ 534,000	$ 534,000	$ 528,111	$ (5,889)
Revenues from money and property	-	-	2,700	2,700
Total revenues	534,000	534,000	530,811	(3,189)
EXPENDITURES				
Debt service				
Principal	133,805	133,805	133,799	6
Interest	13,569	13,569	13,569	-
Total expenditures	147,374	147,374	147,368	6
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	386,626	386,626	383,443	(3,183)
OTHER FINANCING USES				
Operating transfers in	-	-	-	-
Operating transfers (out)	(939)	(42,939)	(37,300)	5,639
Total other financing sources	(939)	(42,939)	(37,300)	5,639
NET CHANGE IN FUND BALANCE	385,687	343,687	346,143	2,456
Fund balance, beginning	1,208,316	1,208,316	1,208,316	-
FUND BALANCE, ENDING	$ 1,594,003	$ 1,552,003	$ 1,554,459	$ 2,456

City of Decatur
Opioid Settlement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 115,000	$ 115,000	$ 623,254	$ 508,254
Revenues from money and property	25,000	25,000	73,270	48,270
Total revenues	140,000	140,000	696,524	556,524
EXPENDITURES				
Operating expenses	53,200	53,200	175,839	(122,639)
Total expenditures	53,200	53,200	175,839	(122,639)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	86,800	86,800	520,685	433,885
NET CHANGE IN FUND BALANCE	86,800	86,800	520,685	433,885
Fund balance, beginning	1,571,185	1,571,185	1,571,185	-
FUND BALANCE, ENDING	$ 1,657,985	$ 1,657,985	$ 2,091,870	$ 433,885

STATISTICAL SECTION (UNAUDITED)

CITY OF DECATUR Alabama

the City of Opportunity

Statistical Section

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

Contents

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

City of Decatur, Alabama
Net Position by Component,
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental activities										
Net investment in capital assets	$125,379,910	$100,224,709	$ 83,548,310	$ 68,734,208	$ 57,492,241	$ 55,707,351	$ 45,494,769	$ 34,773,577	$ 37,209,341	$ 31,327,171
Restricted	10,566,369	8,156,442	6,613,352	6,534,968	6,264,941	6,206,701	3,570,597	3,509,162	3,682,814	3,788,357
Unrestricted	(26,813,742)	(50,619,945)	(61,235,708)	(80,009,846)	(97,299,482)	(112,616,183)	(106,609,293)	(113,665,669)	(43,961,640)	(38,088,919)
Total governmental activities net position	109,132,537	57,761,206	28,925,954	(4,740,670)	(33,542,300)	(50,702,131)	(57,543,927)	(75,382,930)	(3,069,485)	(2,973,391)
Business-type activities										
Net investment in capital assets	294,180,551	276,986,961	271,483,592	260,360,162	257,574,347	249,319,906	243,198,235	226,886,818	201,146,976	188,974,450
Restricted	24,188,110	23,039,245	21,154,775	19,744,950	7,881,333	15,482,625	24,012,716	23,603,852	23,056,896	28,639,263
Unrestricted	36,433,944	36,737,882	25,859,737	26,759,813	17,198,387	8,563,733	(4,323,534)	(2,938,616)	37,772,340	35,861,212
Total business-type activities net position	354,802,605	336,764,088	318,498,104	306,864,925	282,654,067	273,366,264	262,887,417	247,552,054	261,976,212	253,474,925
Primary government										
Net investment in capital assets	419,560,461	377,211,670	355,031,902	329,094,370	315,066,588	305,027,257	288,693,004	261,660,395	238,356,317	220,301,621
Restricted	34,754,479	31,195,687	27,768,127	26,279,918	14,146,274	21,689,326	27,583,313	27,113,014	26,739,710	32,427,620
Unrestricted	9,620,202	(13,882,063)	(35,375,971)	(53,250,033)	(80,101,095)	(104,052,450)	(110,932,827)	(116,604,285)	(6,189,300)	(2,227,707)
Total primary government net position	$463,935,142	$394,525,294	$ 347,424,058	$ 302,124,255	$ 249,111,767	$ 222,664,133	$ 205,343,490	$ 172,169,124	$258,906,727	$250,501,534

Notes:
Implementation of GASB 65 created adjustments from previous years presentations.

City of Decatur, Alabama
Changes in Net Position
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
Expenses	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental activities:										
General Government	$ 19,392,728	$ 17,966,425	$ 7,136,978	$ 9,041,026	$ 12,944,319	$ 21,666,828	$ 9,470,149	$ 23,144,821	$ 18,363,409	$ 16,044,080
Public safety	33,445,021	32,297,848	30,843,325	28,248,293	27,027,485	26,646,533	26,386,902	25,480,437	25,332,134	23,111,083
Public works	12,872,963	13,313,127	12,294,056	10,238,921	9,927,356	7,784,652	8,228,481	7,741,903	9,539,842	6,950,859
Public services	18,952,364	18,068,092	17,890,148	11,268,150	9,859,751	9,483,645	11,193,931	10,568,698	10,272,836	10,196,003
Educational assistance	30,820,021	29,927,548	29,644,755	27,631,709	26,016,676	23,314,576	23,232,204	21,974,908	21,097,369	20,423,095
Community development	2,511,199	1,507,993	1,783,146	2,420,240	2,756,394	1,489,956	2,794,596	1,260,539	1,310,902	1,218,223
Community service contracts	4,247,065	4,182,518	5,484,151	3,393,276	2,955,611	2,690,067	1,293,569	2,693,160	2,474,565	2,357,213
Personnel board		-	-	-	-	-	-	-	801,764	611,900
Interest on long-term debt	2,631,971	2,636,549	1,754,576	1,169,828	895,287	1,292,456	1,417,048	1,529,897	1,625,845	1,586,551
Unallocated depreciation	962,225	1,042,871	1,160,152	1,480,489	1,609,561	1,801,728	1,985,191	2,093,773	2,173,814	2,320,990
Total governmental activities expense	125,835,557	120,942,971	107,991,287	94,891,932	93,992,440	96,170,441	86,002,071	96,488,136	92,992,480	84,819,997
Business-type activities:										
Municipal Utilities Board	162,296,782	152,300,177	150,727,657	152,877,786	135,880,186	124,503,538	135,287,508	134,675,442	130,290,772	129,940,544
Point Mallard	-	-	-	5,483,738	5,137,263	3,715,716	5,718,591	5,885,957	5,587,125	5,591,696
Sanitary Landfill	10,258,684	9,146,153	7,592,032	5,769,116	5,831,354	4,566,388	5,665,053	10,265,722	6,676,493	5,946,289
Total business-type activities expenses	172,555,466	161,446,330	158,319,689	164,130,640	146,848,803	132,785,642	146,671,152	150,827,121	142,554,390	141,478,529
Total primary government expenses	298,391,023	282,389,301	266,310,976	259,022,572	240,841,243	228,956,083	232,673,223	247,315,257	235,546,870	226,298,526
Program Revenues										
Governmental activities:										
Charges for services:										
General government	9,385,330	7,858,795	7,986,655	8,204,274	6,912,263	7,180,587	7,032,271	6,903,145	6,495,047	6,101,001
Public safety	5,060,721	4,845,755	5,326,132	2,380,924	1,449,303	1,448,207	1,784,133	2,003,560	1,959,213	2,008,137
Public works	5,801,441	5,638,107	5,342,629	4,917,476	4,648,056	4,526,901	4,438,798	4,286,515	3,930,481	3,918,168
Public services	5,338,647	5,865,597	5,934,305	743,464	697,436	420,542	667,645	684,203	704,558	692,853
Community Development	-	-	-	-	-	-	-	-	1,944	2,911
Operating grants and contributions	2,338,834	2,674,546	2,466,165	2,700,754	3,122,439	2,472,564	1,673,621	1,246,909	3,930,964	2,191,970
Capital grants and contributions	33,791,131	12,166,807	9,577,769	7,159,412	7,155,168	4,318,927	6,750,266	6,397,687	3,436,810	2,011,637
Total governmental activities program revenues	61,716,104	39,049,607	36,633,655	26,106,304	23,984,665	20,367,728	22,346,734	21,522,019	20,459,017	16,926,677
Business-type activities										
Charges for services:										
Municipal Utilities Board	170,485,223	157,695,389	153,020,556	164,224,211	139,850,512	131,913,145	144,243,694	145,366,327	139,081,130	137,016,266
Point Mallard	-	-	-	5,144,403	4,939,976	1,846,806	5,155,091	5,375,310	5,076,812	5,016,486
Sanitary Landfill	9,665,282	10,396,956	8,633,344	7,825,856	7,650,951	7,507,008	7,029,190	6,900,730	6,040,839	6,022,126
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	3,320,171	4,046,029	1,536,415	730,767	921,133	1,246,220	3,907,937	359,349	1,195,833	2,539,845
Total business-type activities program revenues	183,470,676	172,138,374	163,190,315	177,925,237	153,362,572	142,513,179	160,335,912	158,001,716	151,394,614	150,594,723
Total primary government program revenues	245,186,780	211,187,981	199,823,970	204,031,541	177,347,237	162,880,907	182,682,646	179,523,735	171,853,631	167,521,400
Net (Expense)/Revenue										
Governmental activities	(64,119,453)	(81,893,364)	(71,357,632)	(68,785,628)	(70,007,775)	(75,802,713)	(63,655,337)	(74,966,117)	(72,533,463)	(67,893,320)
Business-type activities	10,915,210	10,692,044	4,870,626	13,794,597	6,513,769	9,727,537	13,664,760	7,174,595	8,840,224	9,116,194
Total primary government net expense	(53,204,243)	(71,201,320)	(66,487,006)	(54,991,031)	(63,494,006)	(66,075,176)	(49,990,577)	(67,791,522)	(63,693,239)	(58,777,126)

City of Decatur, Alabama
Changes in Net Position,
Last Ten Fiscal Years, continued
Unaudited

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	66,289,974	64,976,826	65,363,192	61,120,053	55,838,932	49,930,964	48,372,767	44,540,749	42,306,443	39,102,654
Property taxes	24,200,435	23,372,377	23,492,401	21,772,067	20,596,224	20,507,015	20,754,352	19,733,997	19,644,780	18,863,532
Alcoholic beverage taxes*	2,368,405	2,252,929	2,226,992	2,093,118	2,125,967	1,972,204	1,836,545	1,807,517	1,867,412	1,848,981
Gasoline taxes*	829,872	838,989	860,355	1,050,623	817,441	770,700	806,139	753,123	790,070	813,437
Automobile taxes*	2,519,221	2,416,201	2,246,521	1,912,941	1,665,894	1,530,617	1,470,708	1,416,741	1,439,929	1,468,633
Lodging taxes*	3,667,470	3,825,668	2,982,724	2,656,308	2,362,706	1,882,644	1,661,859	1,473,513	1,707,366	1,502,491
Rental taxes*	2,387,785	2,208,548	1,861,227	1,721,259	1,667,263	1,396,080	1,526,752	1,259,248	1,174,924	1,160,898
Other taxes*	2,402,028	2,267,228	2,817,223	3,060,181	2,518,376	2,843,597	3,200,153	3,162,870	2,270,700	2,640,531
Interest on investments	8,890,735	6,522,999	3,324,831	(998,910)	1,644,900	1,125,044	1,032,167	216,775	163,743	85,679
Other	239,892	1,275,761	22,921	579,096	164,001	287,769	37,239	383,589	206,279	711,482
Extraordinary item	-	-	-	1,605,911	-	-	-	-	-	-
Transfers	774,296	771,089	(174,131)	1,014,611	(2,234,098)	396,735	795,661	(9,188,159)	865,723	(2,142,585)
Total governmental activities	114,570,112	110,728,616	105,024,256	97,587,258	87,167,606	82,643,369	81,494,341	65,559,963	72,437,369	66,055,733
Business-type activities:										
Interest on investments	7,457,056	8,745,972	6,571,087	2,061,311	475,867	1,081,704	1,883,254	1,329,049	438,987	182,828
Other	431,734	(400,943)	17,336	96,700	(71,715)	66,343	583,010	(145,266)	87,779	49,311
Extraordinary item				9,272,861						
Transfers	(774,296)	(771,089)	174,131	(1,014,611)	2,234,098	(396,737)	(795,661)	9,188,159	(865,723)	2,142,585
Total business-type activities	7,114,494	7,573,940	6,762,554	10,416,261	2,638,250	751,310	1,670,603	10,371,942	(338,957)	2,374,724
Total primary government	121,684,606	118,302,556	111,786,810	108,003,519	89,805,856	83,394,679	83,164,944	75,931,905	72,098,412	68,430,457
Change in Net Position										
Governmental activities	50,450,659	28,835,252	33,666,624	28,801,630	17,159,831	6,840,656	17,839,004	(9,406,154)	(96,094)	(1,837,587)
Business-type activities	18,029,704	18,265,984	11,633,180	24,210,858	9,152,019	10,478,847	15,335,363	17,546,537	8,501,267	11,490,918
Total primary government	$ 68,480,363	$ 47,101,236	$ 45,299,804	$ 53,012,488	$ 26,311,850	$ 17,319,503	$ 33,174,367	$ 8,140,383	$ 8,405,173	$ 9,653,331

Notes:

* The presentation on the Government-wide Statement of Activities was updated by management in 2018 to combine these line items into one line item labeled "Other taxes" within General Revenues. For purposes of comparability within the above table, however, the City has continued to present these individual tax types separately rather than in the aggregate as on the Statement of Activities.

City of Decatur, Alabama
Fund Balance-Governmental Funds
Last Ten Fiscal Years
Unaudited

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Nonspendable	$ 656,489	$ 579,089	$ 376,296	$ 237,233	$ 214,106	$ 237,316	$ 185,036	$ 53,403	$ 25,204	$ 19,543
Restricted	1,724	1,657	1,588	1,547	1,312	1,312	1,312	1,312	1,312	1,312
Committed	35,007,762	29,766,110	29,513,253	28,498,202	26,097,888	23,169,208	21,781,925	22,040,347	21,062,702	21,230,959
Unassigned	30,676,676	29,899,185	25,661,788	24,006,832	22,323,010	15,232,369	15,103,480	10,942,972	10,304,555	9,831,764
Total general fund	66,342,651	60,246,041	55,552,925	52,743,814	48,636,316	38,640,205	37,071,753	33,038,034	31,393,773	31,083,578
All other governmental funds										
Nonspendable	1,721,281	1,647,121	1,515,707	1,419,069	1,389,552	1,331,312	1,200,564	1,108,622	1,035,972	1,114,186
Restricted	5,583,581	4,204,271	4,120,497	2,770,655	2,806,370	2,281,362	2,368,721	2,399,228	2,645,530	2,672,858
Committed	55,927,190	49,875,668	57,582,548	24,362,365	3,363,763	2,592,718	2,205,535	3,080,921	5,903,693	2,705,450
Unassigned	-	2,269,207	(262,189)	(1,950,208)	(2,184,140)	-	-	-	-	(403,248)
Total all other governmental funds	$ 63,232,052	$ 57,996,267	$ 62,956,563	$ 26,601,881	$ 5,375,545	$ 6,205,392	$ 5,774,820	$ 6,588,771	$ 9,585,195	$ 6,089,246

City of Decatur, Alabama
Changes in Fund Balance - Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Sales & use taxes	$ 66,289,974	$ 64,976,826	$ 65,363,192	$ 61,120,052	$ 55,818,586	$49,930,963	$48,372,766	$ 44,579,344	$ 42,306,443	$ 39,102,654
Property taxes	18,124,217	17,395,094	17,060,542	15,345,822	14,998,318	14,294,390	14,602,486	13,515,186	13,076,829	12,771,314
Other taxes	13,228,441	13,122,617	12,044,311	11,731,781	10,290,286	9,603,478	9,974,179	9,421,115	8,901,979	8,930,750
Licenses & permits	9,683,123	8,352,919	8,792,804	8,334,558	6,961,326	7,245,608	7,079,882	7,009,021	6,419,707	6,500,840
Fines & forfeitures	1,223,733	2,052,172	1,456,505	986,137	608,125	638,627	894,355	1,003,660	1,084,515	1,123,993
Revenues from money & property	9,148,198	6,768,658	3,616,217	(667,667)	1,976,998	1,393,261	1,292,076	476,857	395,853	305,821
Charges for services	11,804,961	12,000,956	11,827,364	6,133,091	5,805,493	5,423,782	5,686,552	5,604,473	5,341,448	5,321,168
Intergovernmental	19,762,295	13,155,401	19,437,839	16,251,514	14,468,404	13,177,632	14,243,667	14,008,548	12,372,847	10,373,846
Gifts & donations	56,628	86,999	95,449	148,338	72,357	378,020	119,680	165,000	280,405	226,081
Other revenues	23,493,365	6,889,637	405,855	2,588,126	395,282	874,035	409,959	375,268	1,268,944	1,050,811
Total revenues	172,814,935	144,801,279	140,100,078	121,971,752	111,395,175	102,959,796	102,675,602	96,158,472	91,448,970	85,707,278
Expenditures										
General government	22,187,825	21,671,617	18,789,148	18,320,410	15,671,067	15,796,012	13,671,107	5,697,269	4,929,165	5,606,753
Public safety	33,079,823	31,412,507	29,801,375	29,699,643	27,640,408	27,276,303	27,793,838	25,210,014	27,468,639	23,356,634
Public works	14,843,255	20,058,419	24,583,343	12,833,056	10,393,166	16,678,200	15,229,711	16,845,093	22,133,489	7,967,892
Public services	47,401,919	29,916,349	19,096,666	10,729,990	8,521,875	7,685,146	9,802,365	10,414,073	9,835,207	9,704,966
Educational assistance	30,820,021	29,927,548	29,644,755	27,631,709	26,016,676	23,314,576	23,232,204	28,857,773	28,155,808	26,931,950
Community service contracts	4,247,065	4,182,518	5,484,151	3,393,276	2,955,611	2,690,067	2,794,596	2,693,160	2,474,565	2,357,213
Community development	2,508,516	2,894,263	5,371,133	8,706,521	8,889,871	2,557,713	2,215,799	1,317,398	973,435	2,123,977
Personnel board	-	-	-	-	-	-	-	-	801,764	611,900
Debt Service: Principal	4,886,806	4,804,008	4,542,759	5,420,247	3,101,446	4,093,750	4,139,235	6,445,261	3,344,319	3,227,479
Interest and fiscal charges	2,779,834	2,650,588	1,239,078	995,014	949,578	1,265,740	1,372,640	1,485,229	1,440,280	1,645,140
Debt issuance costs	-	-	389,968	242,575	214,280	-	-	15	86,803	354,892
Total expenditures	162,755,064	147,517,817	138,942,376	117,972,441	104,353,978	101,357,507	100,251,495	98,965,285	101,643,474	83,888,796
Excess (deficiency) of revenues over expenditures	10,059,871	(2,716,538)	1,157,702	3,999,311	7,041,197	1,602,289	2,424,107	(2,806,813)	(10,194,504)	1,818,482
Other Financing Sources (Uses)										
General obligation debt issued	-	-	32,745,000	18,185,000	17,660,000	-	-	-	5,140,000	21,630,000
Premium on debt issue	-	-	2,652,253	2,066,675	-	-	-	-	97,594	316,632
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Lease Proceeds ***	227,856	1,390,121	1,335,604	32,039	-	-	-	837,996	422,596	-
Inception of subscription-based IT arrange	270,372	288,148	-	-	-					
Payment to escrow agent	-	-	-	-	(16,373,131)	-	-	-	-	(14,105,614)
Transfers in	14,328,162	3,540,049	9,022,581	5,595,106	2,227,587	1,818,247	1,896,577	1,551,014	5,996,202	2,858,215
Transfers (out)	(13,553,866)	(2,768,960)	(7,749,347)	(4,544,298)	(1,389,388)	(1,421,512)	(1,100,916)	(934,360)	(5,130,479)	(3,055,196)
Total other financing (uses) sources	1,272,524	2,449,358	38,006,091	21,334,522	2,125,068	396,735	795,661	1,454,650	6,525,913	7,644,037
Net change in fund balance	$ 11,332,395	$ (267,180)	$ 39,163,793	$ 25,333,833	$ 9,166,265	$ 1,999,024	$ 3,219,768	$ (1,352,163)	$ (3,668,591)	$ 9,462,519
Debt service as a percentage of noncapital expenditures	6.3%	6.3%	5.0%	6.4%	4.5%	6.1%	6.3%	9.8%	5.1%	6.5%

** Capital outlay and construction are included in the expenditure function categories
***GASB 87 implemented FY22

City of Decatur
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year	10% Historical and Residential Property	20% Commercial and Industrial Property	30% Public Utility Property	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate	**Estimated Actual Taxable Value	Net Assessed Value as a Percentage of Actual Taxable Value
2016	199,647,480	654,237,080	7,172,520	221,571,380	639,485,700	18.6 Mills	4,055,584,500	15.77%
2017	201,551,340	678,834,860	6,880,340	235,556,020	651,710,520	18.6 Mills	4,118,475,267	15.82%
2018	219,332,940	736,725,140	6,338,340	236,229,400	726,167,020	18.6 Mills	4,563,462,800	15.91%
2019	219,575,960	718,256,240	5,887,520	238,074,460	705,645,260	18.6 Mills	4,461,462,967	15.82%
2020	218,689,160	755,474,260	6,252,720	231,706,760	748,709,380	18.6 Mills	4,673,523,200	16.02%
2021	226,699,900	768,299,980	6,004,640	232,745,400	768,259,120	18.6 Mills	4,806,410,667	15.98%
2022	262,554,560	807,195,000	6,748,900	239,453,500	837,044,960	18.6 Mills	5,302,623,333	15.79%
2023	268,386,600	851,389,480	5,225,320	236,379,820	888,621,580	18.6 Mills	5,593,278,433	15.89%
2024	274,486,740	886,370,840	5,288,900	219,913,280	946,233,200	18.6 Mills	5,904,771,167	16.02%
2025	284,177,000	930,309,860	4,927,580	210,325,360	1,009,089,080	18.6 Mills	6,058,270,767	16.66%

Source:
Morgan County Revenue Commissioner

Total Direct Tax Rate is $.0186 per $1,000 of taxable assessed value.

**The county assesses public utility property at 30% of appraised value, commercial and industrial property at 20% and residential and historical property at 10%.

Property in Morgan County is assessed annually.

City of Decatur, Alabama
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per $1,000 of assess value)

	City Direct Rates			Overlapping Rates			
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	Decatur City Schools	State of Alabama	Morgan County	Total Decatur Rate
2016	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2017	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2018	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2019	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2020	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2021	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2022	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2023	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2024	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
2025	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills

Source:
Morgan County Revenue Commissioner

Notes:
Overlapping rates are those of local and county governments that apply to property owners within the City of Decatur.

City of Decatur
Principal Property Taxpayers,
Last Ten Fiscal Years

	2016			2017			2018			2019			2020		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Bunge Corporation	18,957,020	4	2.96%	15,686,620	5	2.41%	19,535,500	4	2.69%	25,218,360	3	3.57%	25,909,520	4	3.46%
BellSouth	4,923,500	8	0.77%	6,596,200	7	1.01%	*			*			*		
Hexcel Corporation	88,503,120	2	13.84%	115,923,600	1	17.79%	129,027,720	1	17.77%	94,714,420	2	13.42%	108,259,680	1	14.46%
General Electric/Haier	24,603,100	3	3.85%	23,886,940	3	3.67%	23,460,220	3	3.23%	23,703,380	4	3.36%	38,182,000	3	5.10%
Nucor Steel	100,342,940	1	15.69%	85,160,720	2	13.07%	93,710,320	2	12.90%	101,212,160	1	14.34%	88,500,080	2	11.82%
O.C.I. Chemical Corp	4,287,060	9	0.67%	4,046,600	10	0.62%	4,417,860	9	0.61%	4,456,900	7	0.63%	4,371,960	9	0.58%
Meow Mix	12,920,104	6	2.02%	5,922,580	8	0.91%	6,916,740	7	0.95%	7,070,620	6	1.00%	7,003,220	8	0.94%
Hyosung USA, Inc.	*			*			4,787,100	8	0.66%	5,225,880	9	0.74%	4,097,880	10	0.55%
ITC-AL LLC	8,179,880	7	1.28%	7,718,520	6	1.18%	7,433,260	6	1.02%	2,760,362	10	0.39%	7,185,060	7	0.96%
Ardent Mills, LLC (Conagra)	4,398,960	10	0.69%	4,124,760	9	0.63%	3,766,600	10	0.52%	5,411,100	8	0.77%	8,843,520	6	1.18%
Polyplex USA, LLC	18,940,400	5	2.96%	18,162,900	4	2.79%	17,228,060	5	2.37%	15,955,120	5	2.26%	16,758,320	5	2.24%
Steel Technologies	*			*			*			*			*		
Total	$ 286,056,084		44.73%	$ 287,229,440		44.07%	$ 310,283,380		42.73%	$ 285,728,302		40.49%	$ 309,111,240		41.29%
Net City Taxable Assessed Value			639,485,700			651,710,520			726,167,020			705,645,260			748,709,380

Source:
Revenue Commissioner of Morgan County

* Denotes company was not a principal taxpayer for year reported.

City of Decatur
Principal Property Taxpayers,
Last Ten Fiscal Years (Unaudited), continued

	2021			2022			2023			2024			2025		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Bunge Corporation	26,233,020	4	3.41%	28,838,860	4	3.45%	31,552,700	4	3.55%	34,546,580	4	3.65%	34,785,920	3	3.45%
BellSouth	*			*			*			*			*		
Hexcel Corporation	108,350,500	2	14.10%	105,644,020	2	12.62%	101,760,520	2	11.45%	96,555,380	2	10.20%	77,669,240	2	7.70%
General Electric/Haier	39,853,700	3	5.19%	38,465,720	3	4.60%	37,827,720	3	4.26%	35,197,420	3	3.72%	33,353,040	4	3.31%
Nucor Steel	108,977,660	1	14.19%	129,474,200	1	15.47%	140,602,000	1	15.82%	149,532,560	1	15.80%	178,707,920		17.71%
O.C.I. Chemical Corp	4,391,580	9	0.57%	4,938,840	9	0.59%	6,054,500	8	0.68%	6,647,880	9	0.70%	7,137,800	8	0.71%
Meow Mix	7,203,000	7	0.94%	8,096,920	7	0.97%	8,547,300	7	0.96%	12,808,820	6	1.35%	16,605,020	5	1.65%
Hyosung USA, Inc.	4,091,960	10	0.53%	4,049,380	10	0.48%	3,929,060	10	0.44%	-		0.00%	-		
ITC-AL LLC	4,576,580	8	0.60%	-		0.00%	5,455,020	9	0.61%	5,454,500	10	0.58%	5,453,440	9	0.54%
Ardent Mills, LLC (Conagra)	9,964,520	6	1.30%	10,202,300	6	1.22%	9,848,940	6	1.11%	9,877,940	7	1.04%	10,086,200	7	1.00%
Polyplex USA, LLC	12,943,260	5	1.68%	14,851,240	5	1.77%	12,648,480	5	1.42%	15,400,620	5	1.63%	17,285,200	6	1.71%
Steel Technologies	*			*			*		*	7,006,500	8	0.74%	6,979,600	10	0.69%
Total	$ 326,585,780		42.51%	$ 344,561,480		41.16%	$ 358,226,240		40.31%	$ 373,028,200		39.42%	$ 388,063,380		38.46%
Net City Taxable Assessed Value			768,259,120			837,044,960			888,621,580			946,233,200			1,009,089,080

Source:
Revenue Commissioner of Morgan County

* Denotes company was not a principal taxpayer for year reported.

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	20,759,796	20,673,012	99.58%	18,482	20,691,493	99.7%
2017	21,301,129	21,241,167	99.72%	513	21,241,680	99.7%
2018	24,887,687	24,825,911	99.75%	4,315	24,830,226	99.8%
2019	26,713,891	26,252,347	98.27%	10,758	26,263,105	98.3%
2020	26,992,758	24,637,744	91.28%	1,694,768	26,332,512	97.6%
2021	27,082,273	26,995,942	99.68%	12,318	27,008,260	99.7%
2022	27,979,367	27,150,699	97.04%	47,862	27,198,561	97.2%
2023	29,235,302	29,151,333	99.71%	1,800	29,153,133	99.7%
2024**	32,983,039	32,924,223	99.82%			
2025*	33,875,068					

Source:
Morgan County Revenue Commissioner

* FY 25 revenue collected amounts will not be available until mid-July 2026
** FY 24 collections in subsequent years will not be available until mid-July 2026

Notes:
Property class I, II, and III are levied and collected one year in arrears. Due October 1 and delinquent after December 31.

Collected includes remittance, assessment commissions, collection commissions, and expenses.
Expenses include reappraisal, supernumerary, and salary.

Collections in subsequent years include insolvents, bankruptcy, and escapes.

City of Decatur
Taxable Sales by Category,
Current Year and Nine Prior Calendar Years
(In thousands)

	Calendar Year									
Category Description	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Apparel	$ 50,510	$ 48,581	$ 49,402	$ 50,606	$ 48,752	$ 35,960	$ 44,021	$ 53,625	$ 41,401	$ 72,483
Multi-Line Retail	$ 527,978	$ 533,557	$ 503,774	$ 596,825	$ 556,261	$ 471,528	$ 442,566	$ 337,965	$ 148,859	$ 210,809
Restaurants	$ 201,327	$ 189,420	$ 165,423	$ 169,393	$ 165,410	$ 127,136	$ 148,127	$ 137,321	$ 201,243	$ 154,769
Grocery Stores	$ 124,475	$ 122,432	$ 116,618	$ 111,110	$ 104,158	$ 103,391	$ 101,114	$ 85,501	$ 89,777	$ 80,136
Building Materials	$ 32,728	$ 24,871	$ 26,836	$ 52,577	$ 25,121	$ 14,922	$ 16,971	$ 67,453	$ 78,528	$ 77,028
Automobile Dealers	$ 351,109	$ 355,976	$ 356,864	$ 356,282	$ 342,976	$ 232,836	$ 269,234	$ 269,605	$ 317,935	$ 294,061
Household Furnishings	$ 8,649	$ 8,646	$ 8,009	$ 11,920	$ 10,481	$ 7,362	$ 7,538	$ 7,763	$ 27,439	$ 28,083
Convenience Stores	$ 56,002	$ 54,583	$ 50,493	$ 50,544	$ 50,990	$ 39,219	$ 40,102	$ 38,199	$ 31,931	$ 35,557
All other outlets	$ 624,893	$ 629,414	$ 701,738	$ 451,460	$ 386,004	$ 479,546	$ 395,346	$ 346,622	$ 381,769	$ 558,504
Total	$ 1,977,671	$ 1,967,480	$ 1,979,157	$ 1,850,717	$ 1,690,152	$ 1,511,899	$ 1,465,019	$ 1,344,054	$ 1,318,882	$ 1,511,430

Source:
City Revenue Department
Notes:
City direct sales tax rate is 4%

City of Decatur
Direct and Overlapping Sales Tax Rate,
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Morgan County	State of Alabama	Total Sales Tax Rate
2016	4.00%	1.00%	4.00%	9.00%
2017	4.00%	1.00%	4.00%	9.00%
2018	4.00%	1.00%	4.00%	9.00%
2019	4.00%	1.00%	4.00%	9.00%
2020	4.00%	1.00%	4.00%	9.00%
2021	4.00%	1.00%	4.00%	9.00%
2022	4.00%	1.00%	4.00%	9.00%
2023	4.00%	1.00%	4.00%	9.00%
2024	4.00%	1.00%	4.00%	9.00%
2025	4.00%	1.00%	4.00%	9.00%

Source:
City Revenue Department

Notes:
Tax rates indicated are the general rate.

City of Decatur
Principal Sales Tax Remitters,
Last 10 Calendar Years

Tax Remitter Description	Calendar Year 2025 Tax Liability	Rank	Percentage of Total	Calendar Year 2024 Tax Liability	Rank	Percentage of Total	Calendar Year 2023 Tax Liability	Rank	Percentage of Total
Multi-line retailer	5,224,687	1	7.88%	5,229,578	1	8.05%	5,094,023	1	7.79%
Manufacturer	3,239,010	2	4.89%	3,095,344	2	4.76%	3,022,387	2	4.62%
Grocery store	2,418,139	3	3.65%	2,399,166	3	3.69%	2,347,580	3	3.59%
Multi-line retailer	1,702,434	4	2.57%	1,723,751	4	2.65%	1,804,239	4	2.76%
Building materials /hard line	1,413,330	5	2.13%	1,511,731	5	2.33%	1,517,541	5	2.32%
Multi-line retailer	1,366,630	6	2.06%	1,451,099	6	2.23%	1,471,082	6	2.25%
Grocery store	1,022,860	8	1.54%	1,040,448	7	1.60%	978,228	7	1.50%
Apparel Store									
Building materials /hard line									
Automobile dealer	1,026,578	7	1.55%	957,500	8	1.47%	944,135	8	1.44%
Multi-line retailer	690,664	10	1.04%						
Manufacturer				827,867	10	1.27%	809,747	10	1.24%
Automobile dealer	918,708	9	1.39%	894,759	9	1.38%	824,956	9	1.26%
Total	$ 19,023,040		28.70%	$ 19,131,242		29.44%	$ 18,813,918		28.78%

Tax Remitter Description	Calendar Year 2022 Tax Liability	Rank	Percentage of Total	Calendar Year 2021 Tax Liability	Rank	Percentage of Total	Calendar Year 2020 Tax Liability	Rank	Percentage of Total
Multi-line retailer	4,708,189	1	7.70%	4,419,307	1	7.92%	$ 4,211,233	1	8.43%
Manufacturer	2,827,997	2	4.63%	2,644,063	2	4.74%	2,386,185	2	4.78%
Grocery store	2,255,463	3	3.69%	2,150,853	3	3.85%	1,968,702	3	3.94%
Multi-line retailer	1,744,110	4	2.85%	1,233,810	6	2.21%	1,041,981	6	2.09%
Building materials /hard line	1,387,202	5	2.27%	1,703,961	4	3.05%	1,478,592	4	2.96%
Multi-line retailer	1,259,272	6	2.06%	*			*		
Grocery store	954,410	7	1.56%	1,035,954	7	1.86%	994,615	7	1.99%
Apparel Store				*			617,979	9	1.24%
Building materials /hard line				1,287,072	5	2.31%	1,077,781	5	2.16%
Automobile dealer	925,612	8	1.51%	888,673	8	1.59%	784,985	8	1.57%
Multi-line retailer	738,920	10	1.21%	794,693	9	1.42%	*		
Manufacturer				*			*		
Automobile dealer	748,328	9	1.22%	750,480	10	1.34%	574,038	10	1.15%
Total	$ 17,549,503		28.71%	$ 16,908,865		30.29%	$ 15,136,090		30.31%

Source: City Revenue Department
Notes:
Confidentiality requirements prohibit disclosure of tax remitter business names.
Information based on total sales tax collections.

City of Decatur
Principal Sales Tax Remitters,
Last 10 Calendar Years (Unaudited), Continued

	Calendar Year 2019			Calendar Year 2018			Calendar Year 2017		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	$ 4,207,375	1	8.70%	$ 3,951,670	1	8.86%	$ 3,890,428	1	9.20%
Manufacturer	1,939,906	2	4.01%	2,260,719	2	5.07%	2,108,019	2	4.98%
Grocery store	1,605,699	3	3.32%	1,361,800	3	3.05%	1,065,203	4	2.52%
Multi-line retailer	937,366	5	1.94%	951,878	5	2.14%	900,660	5	2.13%
Building materials /hard line	1,205,364	4	2.49%	1,161,078	4	2.60%	1,169,429	3	2.76%
Multi-line retailer	*			585,560	9	1.31%	603,855	9	1.43%
Grocery store	839,337	7	1.74%	843,166	6	1.89%	887,086	6	2.10%
Apparel Store	577,001	9	1.19%	535,169	10	1.20%	555,165	10	1.31%
Building materials /hard line	868,700	6	1.80%	784,960	7	1.76%	756,826	7	1.79%
Automobile dealer	773,297	8	1.60%	741,860	8	1.66%	739,811	8	1.75%
Multi-line retailer	*								
Manufacturer	*								
Automobile dealer	523,929	10	1.08%						
Total	$ 13,477,974		27.86%	$ 13,177,860		29.56%	$ 12,676,482		29.96%

	Calendar Year 2016		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	$ 3,842,685	1	9.83%
Manufacturer	1,627,433	2	4.16%
Grocery store	1,002,354	4	2.56%
Multi-line retailer	849,926	6	2.17%
Building materials /hard line	1,138,342	3	2.91%
Multi-line retailer	590,507	10	1.51%
Grocery store	858,139	5	2.19%
Apparel Store	607,759	9	1.55%
Building materials /hard line	741,728	7	1.90%
Automobile dealer	725,808	8	1.86%
Multi-line retailer			
Manufacturer			
Total	$ 11,984,680		30.65%

Source: City Revenue Department
Notes:
Confidentiality requirements prohibit disclosure of tax remitter business names.
Information based on total sales tax collections.

City of Decatur
Gas, Electric, Water, and Wastewater Operating Revenues
Last Ten Fiscal Years

Fiscal Year	Electric	Gas	Water	Wastewater	Total
2016	92,196,471	13,333,262	14,795,250	16,691,283	137,016,266
2017	91,740,396	14,198,279	15,875,358	17,267,097	139,081,130
2018	97,006,626	15,237,050	15,510,793	17,611,859	145,366,328
2019	95,442,625	15,004,171	15,933,461	17,863,437	144,243,694
2020	87,291,974	11,878,699	15,550,350	17,192,122	131,913,145
2021	89,705,874	14,913,891	15,426,462	19,804,285	139,850,512
2022	102,341,575	21,185,361	16,130,184	24,567,091	164,224,211
2023	96,223,729	14,455,544	16,580,049	25,761,234	153,020,556
2024	100,398,261	13,193,968	17,375,513	26,727,647	157,695,389
2025	110,753,054	15,378,231	17,379,572	26,974,366	170,485,223

City of Decatur
Ratio of Outstanding Debt by Type,
Last Ten Fiscal Years
(Thousands of dollars)

	Governmental Activities				Business-type Activities							
Fiscal Year	General Obligation Warrants	Notes Payable	Leases	SBITA's	Water Revenue Warrants	Wastewater Revenue Warrants	Water Notes Payable	Wastewater Notes Payable	Leases	Total Primary Government	Percentage of Personal Income	Total Debt per Capita
2016	54,841	-	24		19,380	46,475	-	-	-	120,720	8.74%	2,157
2017	56,648	-	435		17,320	43,320	-	-	-	117,723	8.29%	2,099
2018	50,404	-	1,071		15,185	40,265	-	-	-	106,925	7.58%	1,950
2019	46,567	-	769		10,780	39,395	-	-	-	97,511	6.98%	1,797
2020	42,782	-	460		10,155	35,895	-	-	-	89,292	5.85%	1,639
2021	41,715	-	291		17,214	191,916	-	-	-	251,136	16.18%	4,439
2022	57,060	-	452		16,207	187,803	-	-	-	261,522	14.62%	4,507
2023	88,056	-	1,490		15,187	183,658		-	-	288,391	15.92%	4,926
2024	83,542	-	2,469	197	14,149	179,476		-	-	279,833	14.65%	4,781
2025	78,963	-	2,309	309	13,094	175,246		-	-	269,921	12.70%	4,646

Sources:
Estimates from the Morgan County Economic Development Association
See Schedule (E-1) for personal income and per capita data

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

City of Decatur
Ratio of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2016	54,840,756	1.35%	980
2017	56,647,650	1.38%	1,010
2018	50,403,999	1.10%	919
2019	46,567,244	1.04%	858
2020	42,782,593	0.92%	785
2021	41,715,180	0.87%	737
2022	57,512,777	1.08%	991
2023	88,056,470	1.57%	1,504
2024	78,965,000	1.34%	1,349
2025	74,595,000	1.23%	1,284

Sources:
Morgan County Economic Development Association provided demographics

City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2025

Governmental Unit		Debt Outstanding	Percent Applicable to City		City's Share of Direct and Overlapping Debt
Debt repaid with property taxes					
City of Decatur general obligation bonds/warrants & leases	$	78,963,118	100.00%	$	78,963,118
Total Direct Debt					78,963,118
* City of Decatur Board of Education	$	309,765,990	100.00%		309,765,990
Morgan County		13,919,006	45.85%		6,381,864
Morgan County Board of Education		89,526,839	45.85%		41,048,056
Total Overlapping Debt					357,195,910
Total direct and overlapping debt				**$**	**436,159,028**

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2025 net assessed valuation of all taxable property in the City ($1,009,089,080 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County ($2,250,141,960).

*Decatur Board of Education Capital Outlay Warrants funded by property tax.

Sources:
Morgan County Revenue Commissioner
Debt outstanding provided by each governmental unit.

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

City of Decatur
Legal Debt Margin Information,
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 127,897,140	$ 130,342,104	$ 145,233,404	$ 141,129,052	$ 149,741,876	$ 153,651,824	$ 167,408,992	$ 177,724,316	$ 189,246,640	$ 201,817,816
Total net debt applicable to limit	49,845,756	51,967,650	46,048,999	46,567,244	43,242,593	41,715,180	57,512,777	89,546,745	$ 83,542,294	78,963,118
Legal debt margin	$ 82,591,384	$ 81,084,453	$ 99,184,405	$ 94,561,808	$ 106,499,283	$ 111,936,644	$ 109,896,215	$ 88,177,571	$ 107,616,289	$ 122,854,698
Total net debt applicable to the l as a percentage of debt limit	38.97%	39.87%	31.71%	33.00%	28.88%	27.15%	34.35%	50.39%	44.10%	39.13%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	$ 1,219,414,440
Less tax exempt property	(210,325,360)
Net Assessed Value	1,009,089,080
Debt limit (20% of net assessed value)	201,817,816
Debt applicable to limit:	
General obligation bonds/ leases	78,963,118
Less: School	
Total net debt applicable to limit	78,963,118
Legal debt margin	$ 122,854,698

City of Decatur
Pledged-Revenue Coverage,
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service	Coverage
2016	137,016,266	117,453,066	19,563,200	7,461,046	2.62%
2017	139,081,130	117,854,008	21,227,122	7,283,843	2.91%
2018	145,366,327	121,342,506	24,023,821	7,305,475	3.29%
2019	145,962,003	121,341,186	24,620,817	5,859,361	4.20%
2020	132,677,734	110,140,121	22,537,613	4,616,407	4.88%
2021	139,970,774	119,317,179	20,653,595	8,365,931	2.47%
2022	165,842,196	134,008,756	31,833,440	10,499,434	3.03%
2023	158,849,405	131,109,035	27,740,370	10,500,097	2.64%
2024	165,310,610	132,312,884	32,997,726	10,523,322	3.14%
2025	176,756,152	142,170,029	34,586,123	10,525,939	3.29%

City of Decatur
Demographic and Economic Statistics,
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income *Thousands of dollars*	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
2016	55,974	1,380,711	24,667	38.0	534	8,484	5.6%
2017	56,077	1,419,253	25,309	38.2	506	8,814	3.2%
2018	54,844	1,411,520	25,737	39.6	577	8,756	3.5%
2019	54,264	1,396,593	25,737	40.0	577	8,910	2.2%
2020	54,478	1,525,275	27,998	39.9	555	8,781	5.0%
2021	56,571	1,552,082	27,436	39.5	577	8,287	2.7%
2022	58,023	1,788,501	30,824	39.3	541	8,439	2.3%
2023	58,550	1,812,005	30,948	39.5	579	8,361	2.0%
2024	58,531	1,909,984	32,632	39.7	521	8,258	2.5%
2025	58,099	2,125,029	36,576	40.1	576	8,453	2.5%

Sources:
Morgan County Economic Development Association
Decatur City Schools

City of Decatur
Principal Employers
Current Year and Prior Nine Years

	2025			2024			2023		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Decatur Morgan Hospital	1,808	1	4.73%	1,773	1	4.58%	1,745	1	4.76%
Haier/General Electric	1,380	3	3.61%	1,400	3	3.62%	1,375	3	3.75%
Decatur City Schools	1,537	2	4.02%	1,445	2	3.74%	1,445	2	3.94%
United Launch Alliance	775	6	2.03%	763	7	1.97%	763	7	2.08%
3M Company	676	7	1.77%	788	5	2.04%	788	5	2.15%
Wayne Farms Fresh	665	8	1.74%	684	8	1.77%	684	8	1.87%
Nucor Steel	803	5	2.10%	767	6	1.98%	767	6	2.09%
City of Decatur	497	10	1.30%	493	10	1.27%	558	9	1.52%
Wayne Farms Prepared Foods	820	4	2.15%	820	4	2.12%	820	4	2.24%
Gemstone Foods, LLC	645	9	1.69%	520	9	1.34%	520	10	1.42%
Total	9,606		25.13%	9,453		24.44%	9,465		25.83%

	2022			2021			2020		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Decatur Morgan Hospital	1,715	1	6.54%	1,553	1	4.73%	1,458	2	4.54%
General Electric	1,395	3	5.32%	1,395	2	4.25%	1,681	1	5.23%
Decatur City Schools	1,398	2	5.33%	1,347	3	4.10%	1,337	3	4.16%
United Launch Alliance	752	6	2.87%	715	8	2.18%	665	9	2.07%
3M Company	998	5	3.81%	950	5	2.89%	956	5	2.98%
Wayne Farms Fresh	684	8	2.61%	719	7	2.19%	750	6	2.33%
Nucor Steel	725	7	2.76%	725	6	2.21%	720	7	2.24%
City of Decatur	674	9	2.57%	674	9	2.05%	682	8	2.12%
Wayne Farms Prepared Foods	1,135	4	4.33%	1,047	4	3.19%	1,151	4	3.58%
Gemstone Foods, LLC	520	10	1.98%	486	10	1.48%	486	10	1.51%
Total	9,996		38.11%	9,611		29.27%	9,886		30.77%

Source:
Morgan County Economic Development Association

City of Decatur
Principal Employers
Current Year and Prior Nine Years (Unaudited), continued

Employer	2019 Employees	2019 Rank	2019 Percentage of Total City Employment	2018 Employees	2018 Rank	2018 Percentage of Total City Employment	2017 Employees	2017 Rank	2017 Percentage of Total City Employment
Decatur Morgan Hospital	1,500	1	4.47%	1,365	1	4.19%	1,365	1	5.02%
General Electric	1,381	2	4.12%	1,325	2	4.07%	1,325	2	4.88%
Decatur City Schools	1,172	3	3.49%	1,172	3	3.60%	1,133	3	4.17%
United Launch Alliance	620	9	1.85%	620	9	1.90%	607	10	2.23%
3M Company	960	5	2.86%	961	5	2.95%	850	6	3.13%
Wayne Farms Fresh	750	6	2.24%	881	6	2.71%	881	5	3.24%
Nucor Steel	720	7	2.15%	728	7	2.24%	709	8	2.61%
City of Decatur	670	8	2.00%	665	8	2.04%	662	9	2.44%
Wayne Farms East/West	1,151	4	3.43%	1,033	4	3.17%	1,002	4	3.69%
Gemstone Foods, LLC	486	10	1.45%						
Total	9,410		28.05%	8,750		26.87%	8,534		31.41%

Employer	2016 Employees	2016 Rank	2016 Percentage of Total City Employment
Decatur Morgan Hospital	1,365	1	4.58%
General Electric	1,295	2	4.35%
Decatur City Schools	1,133	3	3.80%
United Launch Alliance	820	7	2.75%
3M Company	850	6	2.85%
Wayne Farms Fresh	871	5	2.92%
Nucor Steel	721	8	2.42%
City of Decatur	658	10	2.21%
Wayne Farms East/West	942	4	3.16%
Gemstone Foods, LLC			
Total	8,655		29.05%

Source:
Morgan County Economic Development Association

City of Decatur
Full-Time-Equivalent City Government Employees by Function,
Last Ten Fiscal Years

Function/Program	Full-Time-Equivalent Employees as of September 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government	67	68	73	72	69	69	68	65	61	54
Public Safety	248	239	287	251	255	267	270	268	274	269
Public Works	60	61	62	50	48	59	51	55	54	55
Public Services	78	83	85	73	76	66	72	67	68	68
Community Development	16	14	18	16	16	15	15	16	14	15
Municipal Utilities Board	180	189	184	184	182	179	165	166	163	168
Point Mallard	11	11	11	10	10	10	10	7	8	8
Sanitary Landfill	17	17	22	18	18	17	19	21	20	21
Total	677	682	742	674	674	682	670	665	662	658

Source:
City of Decatur Personnel Board
Decatur Utilities Personnel Department

City of Decatur
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
Building permits issued	4,222	3,969	4,339	4,252	3,693	3,426	3,503	3,496	3,051	3,325
Building inspections conducted	8,645	8,040	8,002	7,105	5,386	4,983	5,496	5,296	5,340	5,863
Police										
Adult arrests	3,128	3,895	4,495	3,756	4,122	3,896	4,142	4,422	3,881	3,930
Traffic citations	4,772	5,397	12,890	10,342	6,406	6,375	11,247	11,483	14,020	15,692
Fire										
Inspections	43	238	566	441	226	243	192	478	410	210
Emergency medical responses	5,956	5,063	5,201	6,173	5,651	4,034	3,295	5,003	4,758	5,354
Fire and/or Hazmat responses	2,033	2,883	3,037	2,072	2,623	2,306	1,959	2,151	1,988	1,838
Refuse collections										
Recyclables collected in tons	1,688	1,527	1,705	1,788	1,674	1,500	2,204	2,296	2,049	2,223
Garbage and trash collected	39,227	38,803	42,848	39,556	41,440	41,039	37,085	36,889	35,368	34,397
Municipal Utilities Board										
Electrical connections	27,138	26,941	26,963	26,842	26,814	26,734	26,644	26,531	26,599	26,582
Water connections	26,231	26,066	25,745	25,750	25,628	25,585	25,496	25,385	25,375	25,362
Wastewater connections	21,361	21,209	21,082	20,892	20,755	20,692	20,588	20,474	20,448	20,416
Gas connections	13,369	13,486	13,556	13,491	13,476	13,506	13,596	13,575	13,561	13,637

Source:
Various city departments

City of Decatur
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	2	2	2	2	3	3	3
Training Facilities	2	2	2	2	2	2	2	2	2	2
Police vehicles	31	42	35	34	200	202	188	165	162	160
Boat	1	1	1	1						
Motorcycles	8	10	8	8						
Trucks/SUV/ATV	178	147	158	155						
E Bikes	8									
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Fire trucks	15	14	14	14	8	10	9	9	9	10
Trucks/SUV/ATV	25	23	23	21	6	5	5	5	5	5
Sanitation										
Garbage collection trucks	16	15	15	11	17	16	20	17	17	17
Tractor trailer trucks	1	4	5	6						
Heavy equipment/loader trucks/SUV	18	19	16	16						
Other public works										
Paved streets (miles)	339	338	336	336	336	336	336	336	336	336
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	49	49	49	49	49	49	49	49	48	48
Storm drainage conduits (miles)	149	148	145	145	145	145	145	145	145	145
Parks and Recreation										
Number of parks*	34	34	34	30	26	26	26	26	26	26
Acres of Parks	1500	1500	1500	1280	1278	1278	1278	1278	1278	1278
Golf courses (public & private)	2	2	2	2	2	2	2	4	4	4
Tennis courts	51	47	47	46	46	46	46	46	46	46
Pickelball Courts	27	15	15							
Recreations centers	3	3	3	3	3	4	4	4	4	4
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	22	23	23	35	35	35	35	35	35	35
Enclosed swimming pool	1	1	1	1	1	1	1	1	1	1
Open air swimming pools	4	4	4	2	2	2	2	2	2	2
Soccer facilities (acres)	40.5	40.5	40.5	62	62	62	62	62	62	62
Ice rinks	0	0	0	0	1	1	1	1	1	1
Marina/boat launch	2	2	2	2	2	2	2	2	2	2
Campgrounds	1	1	1	1	1	1	1	1	1	1
Municipal Utilities Board										
Water mains (miles)	498	496	495	494	494	492	492	491	490	487
Gas mains (miles)	431	431	426	425	423	423	421	421	421	420
Electric lines (miles)	596	596	596	596	596	596	596	594	594	593
Sanitary sewers (miles)	384	382	379	377	377	375	374	374	358	350
Fire hydrants in service	2167	2147	2130	2127	2117	2065	2060	2060	2048	2039

Sources:
Various city departments and capital assets records