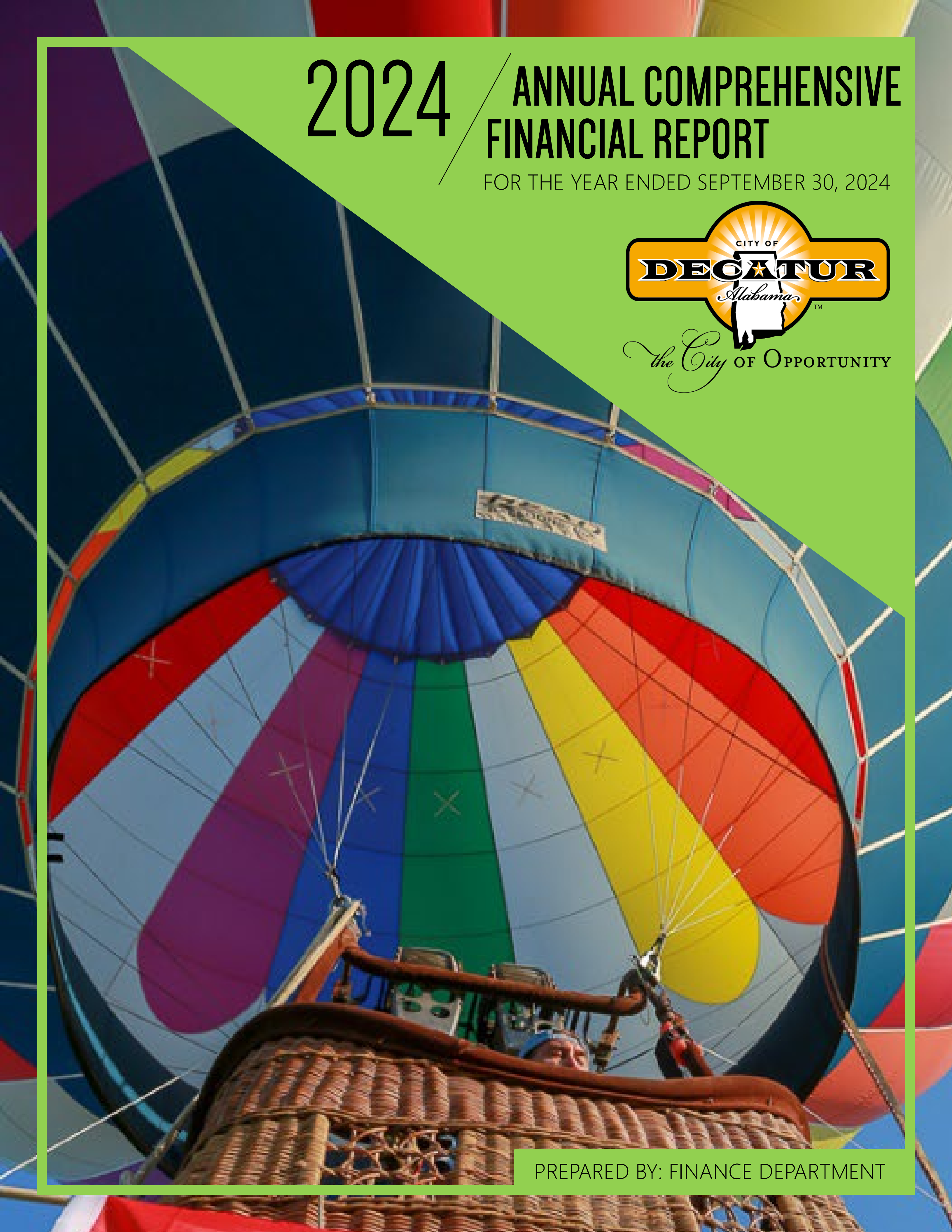

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2023

Christopher P. Morrill

Executive Director/CEO

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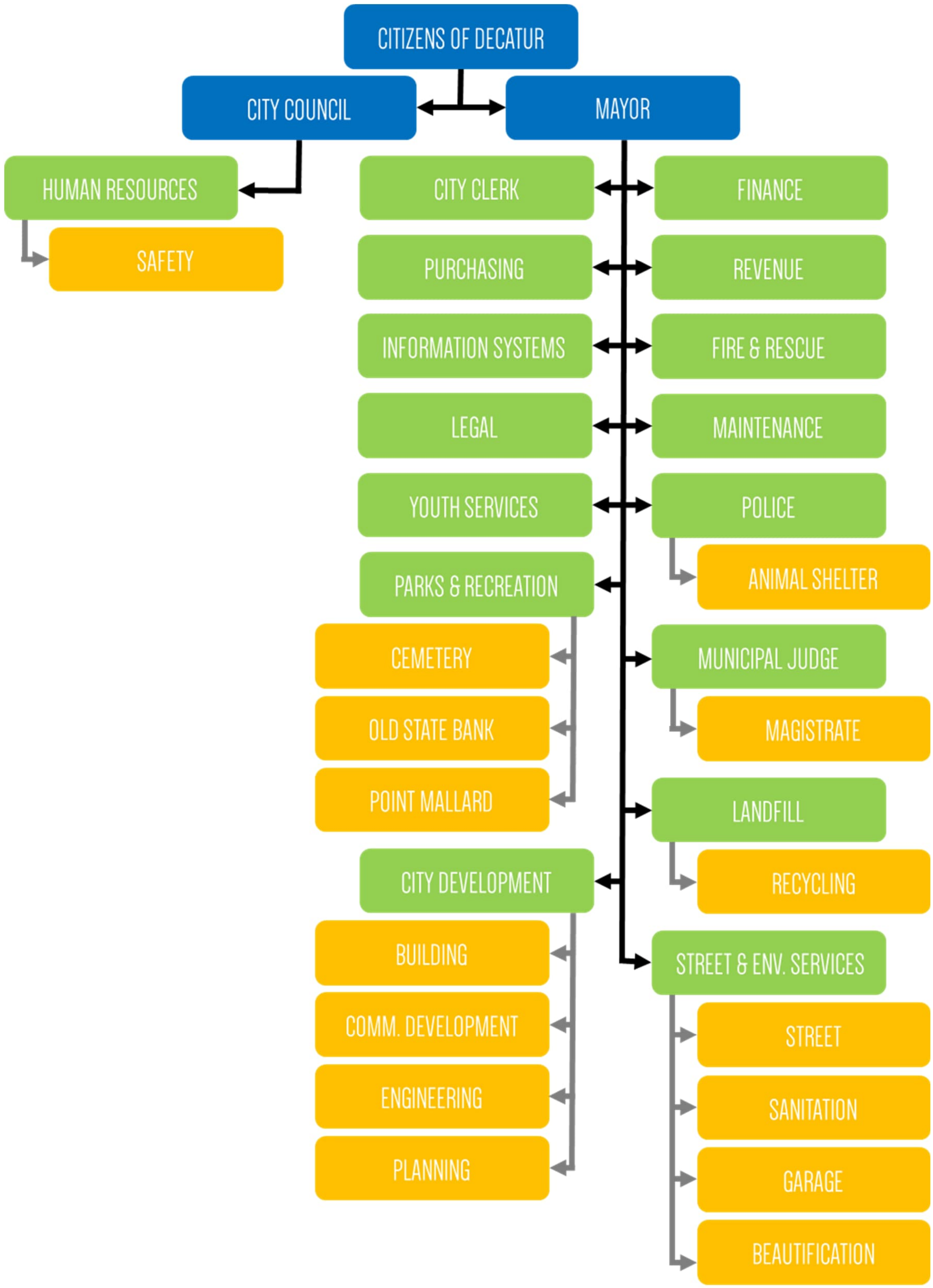
City of Decatur
Organizational Structure
September 30, 2024



City of Decatur 2024

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

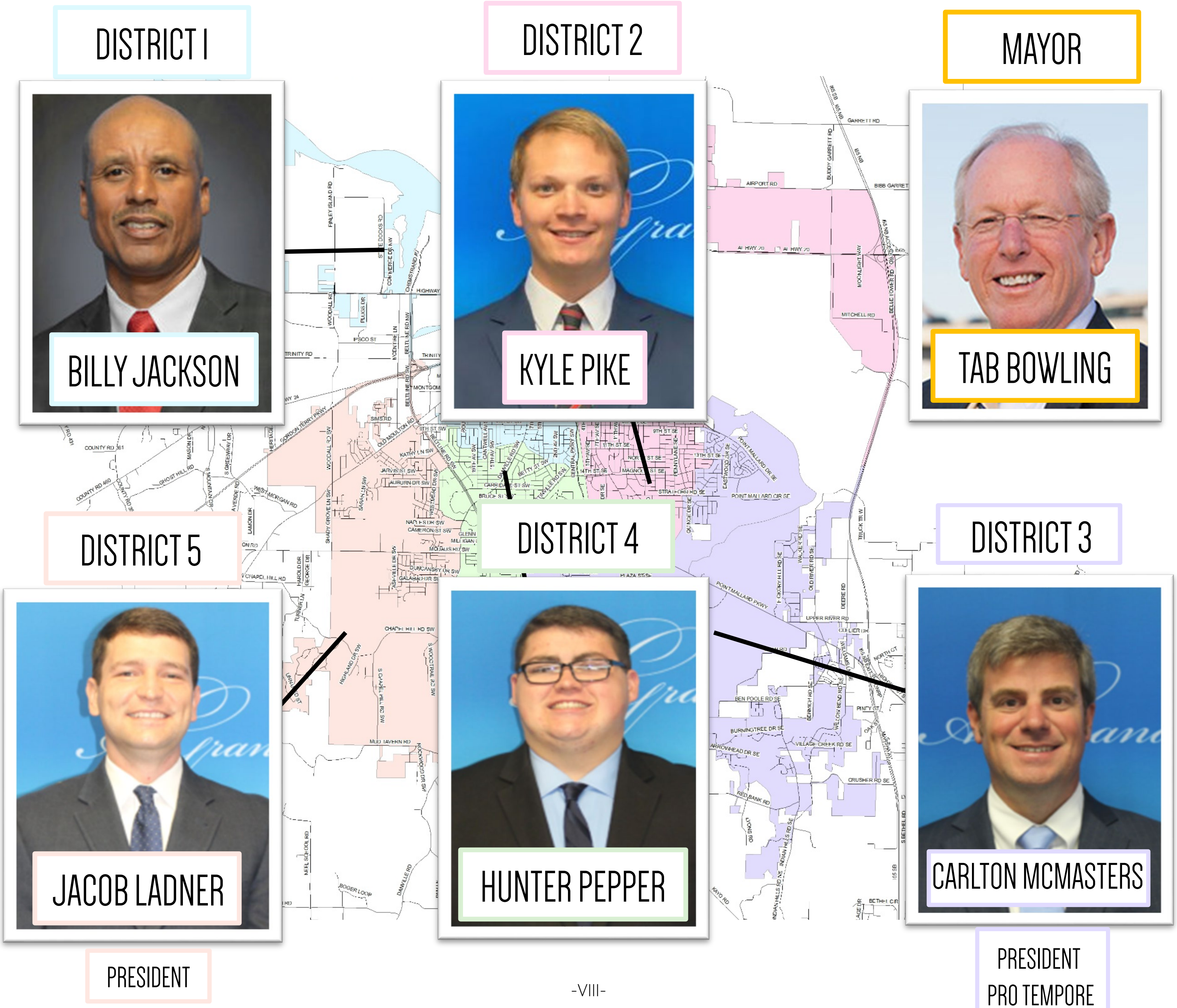
Medical Clinic Board

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

City of Decatur
Department Directors
September 30, 2024

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

March 31, 2025

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, 2024 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, 2024 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.

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 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, 46 tennis courts, 15 pickle ball courts, 3 recreation centers, 35 ball fields, 3 pools, 2 golf courses both public & private, 62 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. The legal level of budgetary control is the department level. 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.

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.

Based on a recent analysis by SmartAsset, the city of Decatur metro area is the second best place to work in the manufacturing industry in the United States. Decatur/Morgan County is home to approximately 145 Industries, including 12 Fortune 500 companies and 7 Global 500 companies. As the economy ebbed and flowed through a turbulent economic environment, the City of Decatur saw 10 expansion/equipment upgrades totaling $65,180,000 and 77 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 announced that they will be moving their corporate office and 100 employees into soon-to-be renovated historic buildings on Lee Street in Decatur. Renovations to the 32,000 sf of space began in August 2024 and is expected to be complete in December 2025. The project will move 100 employees into the new space and add twelve additional employees 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.
- Announced in August 2024, $30 million 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.
- Governor Kay Ivey announced a $30M workforce training center to focus on electric vehicles and new technologies in the automotive industry. This facility will be located at the Alabama Robotics Technology Park.

- 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 2024.

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 2024 are the following:

- Downtown parcels of land will be transformed into Riverloft Apartments who plan to bring 100 Class A apartment units, along with retail real estate to the City's downtown district.
- Rausch Coleman Builders began the addition of 250 homes in Phase 1 and an additional 200 mid-size/town home style living quarters to the western boundary of our City.
- Legacy Cove continues to see activity as it relates to their 15 river view estate properties
- 18 townhomes are open and solicited in the downtown bank street district. The 1st development of its kind in Decatur; 2-3 bedroom, modern, spacious, updated living units.
- Bank Street Manor is near completion providing an urban, upscale apartment style to your Bank Street downtown. There are 4 units that include hardwood floors, gourmet kitchens with top of the line appliances, and spa-inspired bathrooms. You can enjoy the vibrancy of downtown living, with easy access to shopping, dining, entertainment, and public transportation. Everything you need is just steps away
- 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 student dormitory (3 story – 49 apartments); all officially open in fiscal year 2024.
- Wilson Morgan Park Recreation center and Sportsplex entered the construction stage of the projects
- Some exciting new business establishments welcomed to the City in 2024 are 609 Social (Restaurant), The Mallard (Coffee), Marlins (Restaurant), Crumble Cookies (Bakery), The Game (Lounge), Honey Baked Ham (Sandwich Shop), McDonald's (Restaurant) and Kimmie's (Restaurant).

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, 2023. This was the thirty second 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
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, and the aggregate remaining fund information of the City of Decatur, Alabama (the "City"), as of and for the year ended September 30, 2024, 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, and the aggregate remaining fund information of the City, as of September 30, 2024, 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, 2024, The Utilities Board represents 92.43 percent, 89.60 percent, and 93.82 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Decatur's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Phone: 256-898-0178 Fax: 256-898-0182 www.watescpa.com

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 103, and the other post-employment information starting on page 108 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and budget to actual schedules 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, the combining and individual nonmajor fund financial statements and budget to actual schedules 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 March 31, 2025, 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.

Darrell W. Wates, CPA, PC

Darrell W. Wates, CPA, PC
Certified Public Accountants
Decatur, Alabama
March 31, 2025

Management's Discussion and Analysis

September 30, 2024

(Unaudited)

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, 2024. 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.

2024 Highlights

Financial Highlights

- The assets and deferred outflows of resources of City of Decatur exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by $394.5 million (net position).
- The total net position of the City's governmental activities increased by $28.9 million while the net position of the business-type activities increased by $18.3 million.
- As of the close of fiscal year 2024, the City's governmental fund expenditures exceeded revenues by $2.7 million.
- At the end of the fiscal year 2024, for General Fund, the total fund balance was $60.2 million with $579 thousand non-spendable, $1,657 restricted, $29.8 million committed and $29.9 million unassigned.
- During fiscal year 2024, the City's total assets increased by $38.8 million while total liabilities had a decrease of $1.8 million.
- The City's policy is to maintain, at all times, a minimum reserve equal to 3 months (90 days) of general fund operating expenditures. $23.9 million of the $29.7 million committed fund balance is related to this reserve.

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.
- Financial information of the Board of Education is referred to in the financial statements as that of the discretely-presented component unit. This discussion and analysis focuses on the primary government. Complete financial statements (including MD&A) of the component unit may be obtained from the Finance Department of the City.
- The government-wide financial statements can be found beginning on page 19 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, ad 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 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 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 23 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 the Municipal Utilities Board Fund. For reporting years prior to FY23, the City reported Point Mallard as an enterprise fund. Upon re-evaluation, the City found that the fund no longer met the reporting requirements of an enterprise fund thus noting it being reported as part of governmental funds for the FY23 reporting years and forward. The Municipal Utilities Board is the only major proprietary fund, however, the Sanitary Landfill is also presented as a separate column in the proprietary fund statements as it is the only other proprietary 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 Municipal Utilities Board Fund is considered to be a major proprietary fund of the City, and information is presented separately in the proprietary statement of net position and in the proprietary fund statement of revenues, expenditures, and changes in fund net position for these funds.

The other enterprise activity is considered to be a non-major proprietary fund, and it is stated separately in the basic financial statements.

The basic proprietary fund financial statements can be found beginning on page 28 of this report.

Fiduciary Fund

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 33 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 35 of this report.

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 125 of this report.

Government-wide Overall Financial Analysis

As stated earlier, net position may serve as a useful indicator of a government's financial position.

The City's combined net position was $394.5 million as of September 30, 2024. Analyzing net position of governmental and business-type activities separately, the governmental activities had a balance of $57.8 million and the business-type activities net position was $336.8 million. This analysis focuses on the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position (Table 1), and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Management's Discussion and Analysis- Continued

Table 1

City of Decatur's Net Position

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023
Assets								
Current and other asset	$ 181,644,779	$ 184,897,001	$ (3,252,222)	$ 274,457,043	$ 279,325,405	$ (4,868,362)	$ 456,101,822	$ 464,222,406
Capital and Right to use leased assets	147,487,494	123,080,029	24,407,465	354,872,507	332,380,410	22,492,097	502,360,001	455,460,439
Total assets	329,132,273	307,977,030	21,155,243	629,329,550	611,705,815	17,623,735	958,461,823	919,682,845
Deferred outflows of Resources								
Losses on debt refundings	607,491	701,357	(93,866)	1,715,353	1,909,543	(194,190)	2,322,844	2,610,900
OPEB Contributions	3,037,211	7,319,129	(4,281,918)	10,957,971	6,372,666	4,585,305	13,995,182	13,691,795
Pension contributions subsequent to measurement date	18,260,154	24,150,277	(5,890,123)	8,557,440	11,684,759	(3,127,319)	26,817,594	35,835,036
Total deferred outflows of resources	21,904,856	32,170,763	(10,265,907)	21,230,764	19,966,968	1,263,796	43,135,620	52,137,731
Liabilities								
Long-term liabilities outstanding	226,360,131	228,795,732	(2,435,601)	267,367,373	264,238,538	3,128,835	493,727,504	493,034,270
Other liabilities	59,459,929	62,507,687	(3,047,758)	41,287,641	40,729,613	558,028	100,747,570	103,237,300
Total liabilities	285,820,060	291,303,419	(5,483,359)	308,655,014	304,968,151	3,686,863	594,475,074	596,271,570
DEFERRED INFLOWS OF RESOURCES								
Lease related	1,929,518	1,589,422	340,096	-	-	-	1,929,518	1,589,422
Excess of actual earnings over projected earnings on OPEB plan investments	5,526,345	18,312,988	(12,786,643)	3,707,467	6,216,194	(2,508,727)	9,233,812	24,529,182
Excess of actual earnings over projected earnings on pension plan investments	-	16,010	(16,010)	1,433,745	1,990,334	(556,589)	1,433,745	2,006,344
Total deferred inflows of resources	7,455,863	19,918,420	(12,462,557)	5,141,212	8,206,528	(3,065,316)	12,597,075	28,124,948
Net position								
Net investment in capital assets	100,224,709	83,548,310	16,676,399	276,986,961	271,483,592	5,503,369	377,211,670	355,031,902
Restricted:								
Debt service	-	-	-	23,039,245	21,154,775	1,884,470	23,039,245	21,154,775
Capital Improvements	1,218,018	148,573	1,069,445	-	-		1,218,018	148,573
Other	6,938,424	6,464,779	473,645	-	-	-	6,938,424	6,464,779
Unrestricted (deficit)	(50,619,945)	(61,235,708)	10,615,763	36,737,882	25,859,737	10,878,145	(13,882,063)	(35,375,971)
						-		
Total net position	$ 57,761,206	$ 28,925,954	$ 28,835,252	$ 336,764,088	$ 318,498,104	$ 18,265,984	$ 394,525,294	$ 347,424,058

The largest portion of the City's net position 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.

An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law).

Net position from governmental activities increased $28.9 million in fiscal year 2024. A significant portion of this is due to conservative budgeting and a strong local economy and a reduction in Other Post-Employment Benefit liability which decreased due to a large increase in the discount rate utilized in the actuarial valuation related to an increase in the overall market.

At the close of fiscal year 2024, governmental activities reflected a deficit unrestricted net position of $50.6 million. This deficit is due primarily to long-term liabilities for bonds, compensated absences, net pension liability and other postemployment benefits. The deficit is partially offset by $8.2 million in restricted net position and $100.2 million in net investment in capital assets. 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.

Long-term liabilities for governmental activities decreased by $2.4 million due to the normal scheduled principal payments on outstanding debt along with a slight increase in pension liability.

The business-type activities long-term liabilities increased $3.1 million due primarily to an increase in pension liability and landfill closure/post closure costs.

At the close of fiscal year 2024, the City's business-type activities reported a surplus unrestricted net position of $36.7 million, an increase of $10.9 million from the prior year. Contributing to this is a $6.4 million increase in charges for services revenues, a $2.17 million increase in investment interest revenue and $2.26 million increase in capital contributions over prior year.

Table 2 provides a summary of the City's operations for the fiscal year ended September 30, 2024, with comparative totals for the fiscal year ended September 30, 2023.

Management's Discussion and Analysis- Continued

Table 2

City of Decatur's Changes in Net Position

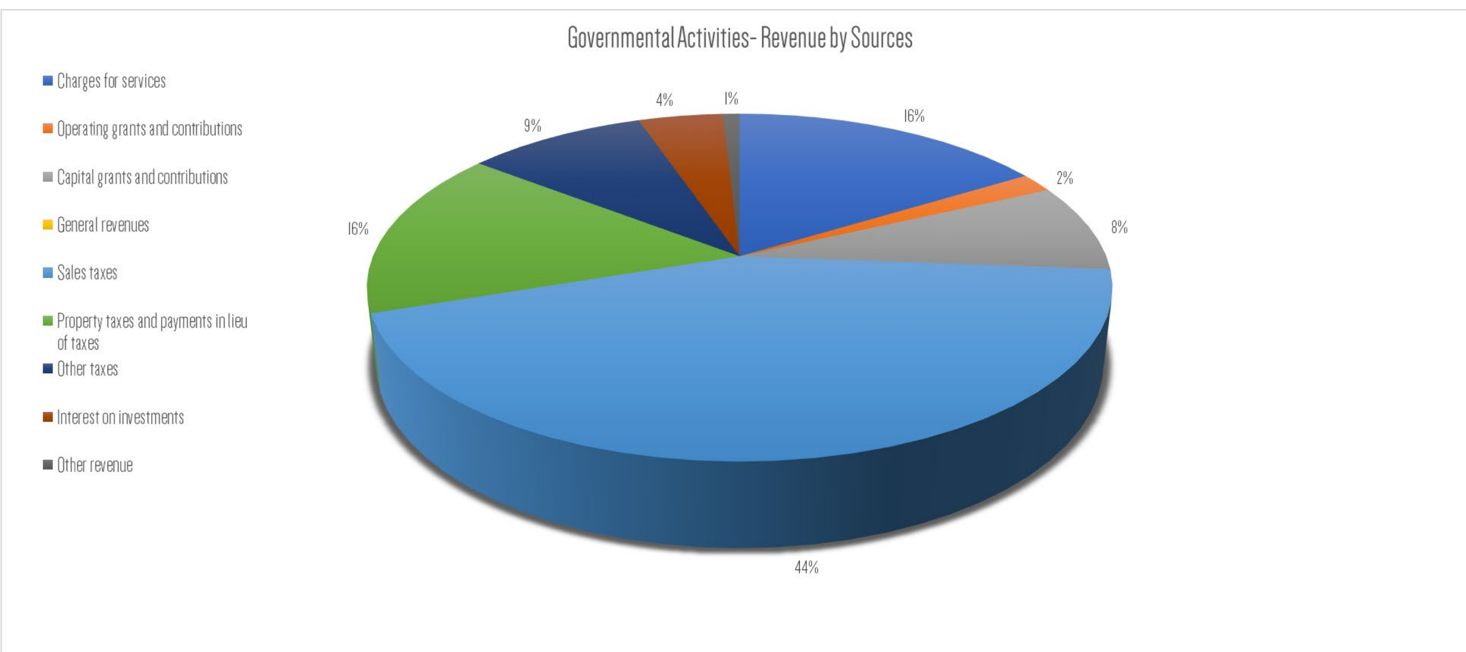
	Governmental Activities			Business Type Activities			Total	
	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023
REVENUES								
Program revenues:								
Charges for services	$ 24,208,254	$ 24,589,721	$ (381,467)	$ 168,092,345	$ 161,653,900	$ 6,438,445	$ 192,300,599	$ 186,243,621
Operating grants and contributions	2,674,546	2,466,165	208,381	-	-	-	2,674,546	2,466,165
Capital grants and contributions	12,166,807	9,577,769	2,589,038	4,046,029	1,536,415	2,509,614	16,212,836	11,114,184
General revenues							-	-
Sales taxes	64,976,826	65,363,192	(386,366)	-	-		64,976,826	65,363,192
Property taxes and payments in lieu of taxes	23,372,377	23,492,401	(120,024)	-	-	-	23,372,377	23,492,401
Other taxes	13,809,564	12,995,042	814,522	-	-	-	13,809,564	12,995,042
Interest on investments	6,522,999	3,324,831	3,198,168	8,745,972	6,571,087		15,268,971	9,895,918
Other revenue	1,275,761	22,921	1,252,840	(400,943)	17,336	(418,279)	874,818	40,257
Total revenues	149,007,134	141,832,042	7,175,092	180,483,403	169,778,738	8,529,780	329,490,537	311,610,780
EXPENSES								
General government	17,966,425	7,136,978	10,829,447	-	-	-	17,966,425	7,136,978
Public safety	32,297,848	30,843,325	1,454,523	-	-	-	32,297,848	30,843,325
Public works	13,313,127	12,294,056	1,019,071	-	-	-	13,313,127	12,294,056
Public services	18,068,092	17,890,148	177,944	-	-	-	18,068,092	17,890,148
Educational assistance	29,927,548	29,644,755	282,793	-	-	-	29,927,548	29,644,755
Community service contracts	4,182,518	5,484,151	(1,301,633)	-	-	-	4,182,518	5,484,151
Community development	1,507,993	1,783,146	(275,153)	-	-	-	1,507,993	1,783,146
Interest on long-term debt	2,636,549	1,754,576	881,973	-	-	-	2,636,549	1,754,576
Unallocated depreciation	1,042,871	1,160,152	(117,281)	-	-	-	1,042,871	1,160,152
Municipal Utilities Board	-	-	-	152,300,177	150,727,657	1,572,520	152,300,177	150,727,657
Sanitary Landfill	-	-	-	9,146,153	7,592,032	1,554,121	9,146,153	7,592,032
			-				-	
Total expenses	120,942,971	107,991,287	12,951,684	161,446,330	158,319,689	3,126,641	282,389,301	266,310,976
Increase (decrease) in net position before transfer	28,064,163	33,840,755	(5,776,592)	19,037,073	11,459,049	7,578,024	47,101,236	45,299,804
Transfers	771,089	(174,131)	945,220	(771,089)	174,131	(945,220)	-	-
Increase (decrease) in net position	28,835,252	33,666,624	(4,831,372)	18,265,984	11,633,180	6,632,804	47,101,236	45,299,804
Net position - beginning of year, as restated	28,925,954	(4,740,670)	33,666,624	318,498,104	306,864,924	11,633,180	347,424,058	302,124,254
Net position - end of year	$ 57,761,206	$ 28,925,954	$ 28,835,252	$ 336,764,088	$ 318,498,104	$ 18,265,984	$ 394,525,294	$ 347,424,058

Governmental Activities

As noted earlier, net position for governmental activities increased $28.9 million during fiscal year 2024. Total revenues and transfers increased $8.1 million, or 6% from fiscal year 2023. Significant changes in revenue include the following:

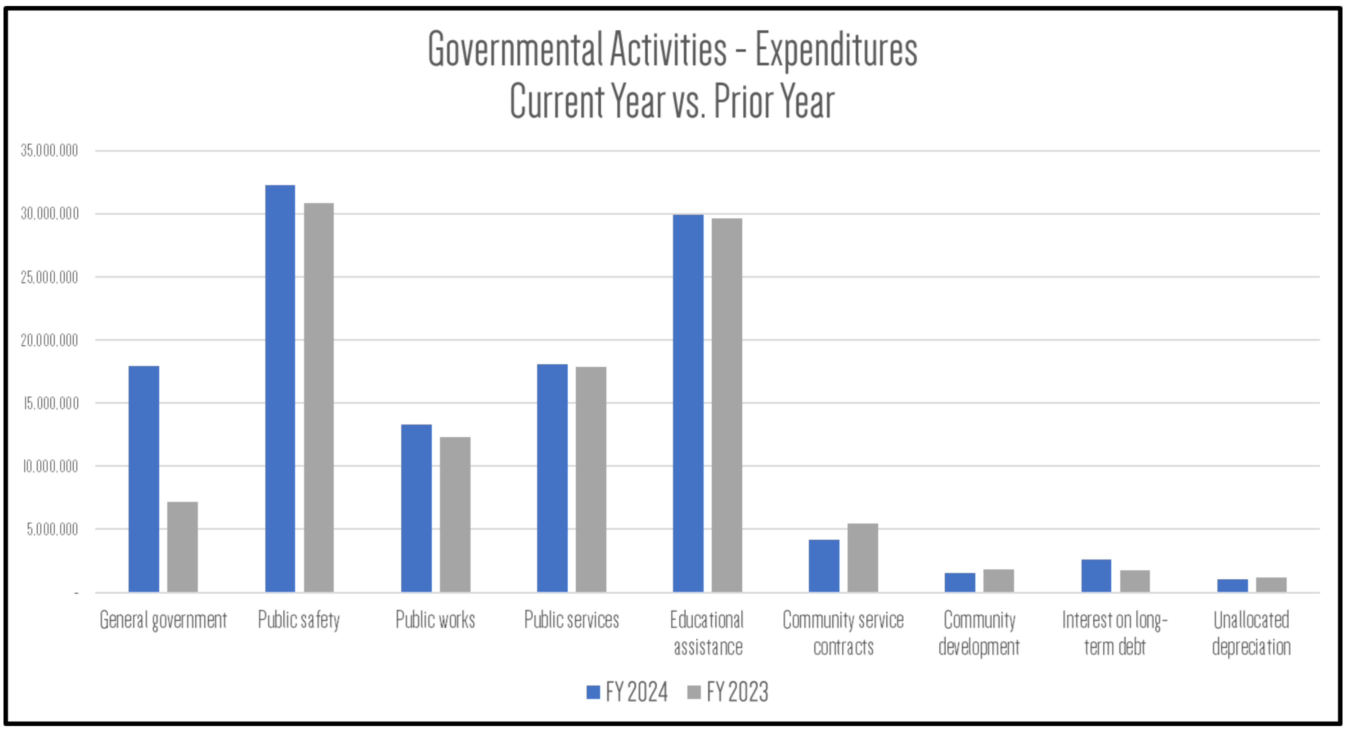
- Sales tax remained relatively unchanged compared with fiscal 2023 experiencing only a 0.6% decrease. It is management's view that this decrease is due to the lingering effects of inflation on the discretionary spending of the average household.
- Interest on investments revenue experienced a $3.19 million increase over the prior fiscal year due primarily to the investment of bond proceeds and settlement funds related to polyfluoroalkyl substances (PFAS) contamination. These funding proceeds and the interest they earn are being used in various capital projects currently underway.
- Revenues from property taxes and payments in lieu of tax revenues decreased slightly from fiscal year 2023 likely due to no gas department revenue from Decatur Utilities in fiscal year 2024 and a decrease of $120 thousand (8%) the payment in lieu of tax from Tennessee Valley Authority from fiscal year 2023. Ad valorem property taxes saw a slight increase from the prior year.
- Other taxes increased by $814 thousand increase from the prior fiscal year. In June 2023, the City approved an increase in lodgings tax (3% city limits; 1.5% police jurisdiction). Tax revenues from fiscal year 2023 only reflected 4 months of this new rate.
- Operating grants and contributions increased by $208 thousand difference due primarily to the completion of a bridge feasibility study in fiscal year 2024.
- Capital grants and contributions increased by $2.58 million due to the continuing effort to improve infrastructure utilizing transportation grants as well as State and Local Fiscal Recovery Funds through the American Rescue Plan Act.

The following shows the breakdown of the General Revenues of Governmental Activities.



- Total governmental activities expenditures increased $12.9 million (12%) from fiscal year 2023 which is primarily attributable to general government, public safety and public works increases.

- General government expenditures increased $10.8 million primarily due to the reduction in Other Post Employment Benefit (OPEB) liability. The reason this caused an actual increase in expenditures for this category is because the reduction in expense in fiscal 2023 was more than the reduction of expense in fiscal 2024. 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 expenditures can be found in Note 5E.
- Public safety expenditures increased $1.4 million (4.7%) due primarily to Personnel Board recommended market-based adjustments in salaries and wages.
- Public works expenditures increased $1 million primarily due to increased depreciation expense from purchasing newer heavy equipment and vehicles.
- Community service contracts decreased $1.3 million over the prior year primarily due to a one time appropriation in fiscal year 2023 for the relocation of the historic home of Judge James Horton for the Decatur Scottsboro Boys Civil Rights Museum.
- Interest on long-term debt increased $881 thousand primarily due to no interest payment due on 2023 GO Warrants until fiscal 2024.



Business-Type Activities

The business-type activities total net position increased $18.3 million from the prior fiscal year. See page 30.

Revenues

- Total revenues increased by $8.5 million due primarily to a $4.7 million increase in charges for services of Municipal Utilities Board discussed below.
- Electric System operating revenues increased by $4.2 million (4.34%) due to fluctuations in usage and the purchase power component of rates provided by TVA increasing during the current year.
- Gas System operating revenues decreased $1.2 million (8.73%) due to lower purchased gas component of rates being below prior year.
- Operating revenues for the Water System increased by $795 thousand (4.8%) because of sales volumes above prior year.

- Operating revenues for the Wastewater System increased $966 thousand (3.75%) due to increased sales volumes.
- In comparison to the prior year's statements, Sanitary Landfill operating revenues increased $1.76 million from prior year due to primarily to increased dumping volume of private and industrial nature.
- In comparison to the prior year's statements, Sanitary Landfill's recycling revenues increased by $273 thousand with Landfill taking advantage of grant opportunities to expand the facility and recycling operations.

Expenditures

- Total operating expenditures increased by $3.1 million over fiscal 2023.
- OPEB liability and pension liability increased for both entities which is discussed in detail in Notes 5D and 5E.
- For Electric System, there was a $1.83 million (2.3%) increase from the prior year in purchased power cost. Other operating expenses increased $792 thousand (5.6%) over prior year.
- Gas System saw a $1.8 million (17.23%) decrease in purchased gas cost and an increase of $338 thousand in other operating expense.
- In addition to the increases in usage in Water System, treatment expense increased by $47 thousand (0.68%) maintaining costs driven by chemical costs, relatively flat during an inflation economy. Other operating expense increased $998 thousand relating to pension liability and depreciation expense increase. Net position increased 1.77% from the prior year.
- For Wastewater System, treatment expense increased $113 thousand (2.66%) and other operating expense increased $754 thousand.
- Sanitary Landfill saw an overall increase in operating expense of $1.5 million from prior year primarily due to increases in cell closure and post closure maintenance as well as higher depreciation expense from newer assets placed in service.

Financial Analysis of Governmental Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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.

The combined fund balances of the City's governmental funds as of September 30, 2024 were $118.2 million, a small decrease of $267 thousand from fiscal year 2023. This decrease is made up of excesses of revenue over expenditures in the general fund negated by deficiencies in revenues vs. expenditures in the capital improvements fund (bond proceed revenues recorded in prior years being spent in fiscal 2024). General fund's $5.4 million excess from conservative budgeting was offset by a $7.6 million deficit due to a large shift to infrastructure and recreational facility construction and renovations.

Of the total $118.2 million in fund balance, $32.16 million constitutes unassigned and $79.6 million is committed fund balance, which is generally available for spending at the City's discretion, although it is subject to certain commitments made by resolution of the City Council.

Analysis of Individual Funds

The City has 3 major funds: General Fund, School Fund and Capital Improvements Fund.

The General Fund is the chief operating fund of the City. Fund balance of the General Fund increased $4.7 million over the prior fiscal year for an ending balance of $60,246,041. Of this balance, $29.9 million, or 49.6%, is unassigned, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted or committed to indicate that it is (1) not in spendable form $579,089, (2) restricted for particular purposes, $1,657 or (3) committed for particular purposes, $29,766,110.

The School Fund has a zero fund balance as all funds are remitted directly to the Board of Education on a monthly basis. $2.9 million was the amount due to the School Fund as of September 30, 2024.

Capital Improvements Fund is the fund the City utilizes for capital asset acquisition, construction and improvements. It has an ending fund balance of $47.6 million, all of which is labeled committed.

Proprietary Funds
The focus of the City's proprietary funds (enterprise and internal service funds) is to provide the same type of information as found in the government-wide financial statements but in more detail. Other factors concerning the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Original Budget compared to final budget
Differences between the General Fund original budget and the final amended budget include a revision to both the projected revenues and expenditures. Original revenue estimates for 2024, prepared in the summer of 2023, assumed moderate growth in the local and national economies. Original budget for annual operating expenditures is prepared based upon revenue projections. A mid-year review is done based upon trends and departmental needs and revisions are made to the budget as needed.

Total General Fund revenue was originally projected to grow by 6% over the FY 2023 forecast amounts, primarily in sales and use taxes revenue budget.

Final budget compared to actual results
The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source	Estimated Revenues	Actual Revenues	Variance
Taxes and PILOTs	61,994,500	65,382,208	3,387,708
Fines and forfeitures	594,600	1,619,205	1,024,605
Other revenues	804,558	1,492,439	687,881

The surpluses in the above revenue sources were caused by cautious optimism in the budgeting process due to the uncertainty of inflation’s effect on revenues. Most notably in final budget to actual is the category taxes and payments in lieu of taxes, which includes sales and use taxes that are directly driven by inflation. Although an increase in the cost of consumer goods would lead to an increase in sales and use tax revenues, the concern was that consumer spending would be curbed by inflation.

The difference between final budget and actuals for revenues from fines and forfeitures is largely due to 2 audits of business license and tax that resulted in increased revenues for the City including penalties and interest for late payments of significant amounts.

Subsequently, the variance in other revenues was largely due to the prior year license revenue received as a result of 2 audits that yielded significant amounts due the City.

Overall, General Fund revenues exceeded the revised budgeted amounts by 6%.

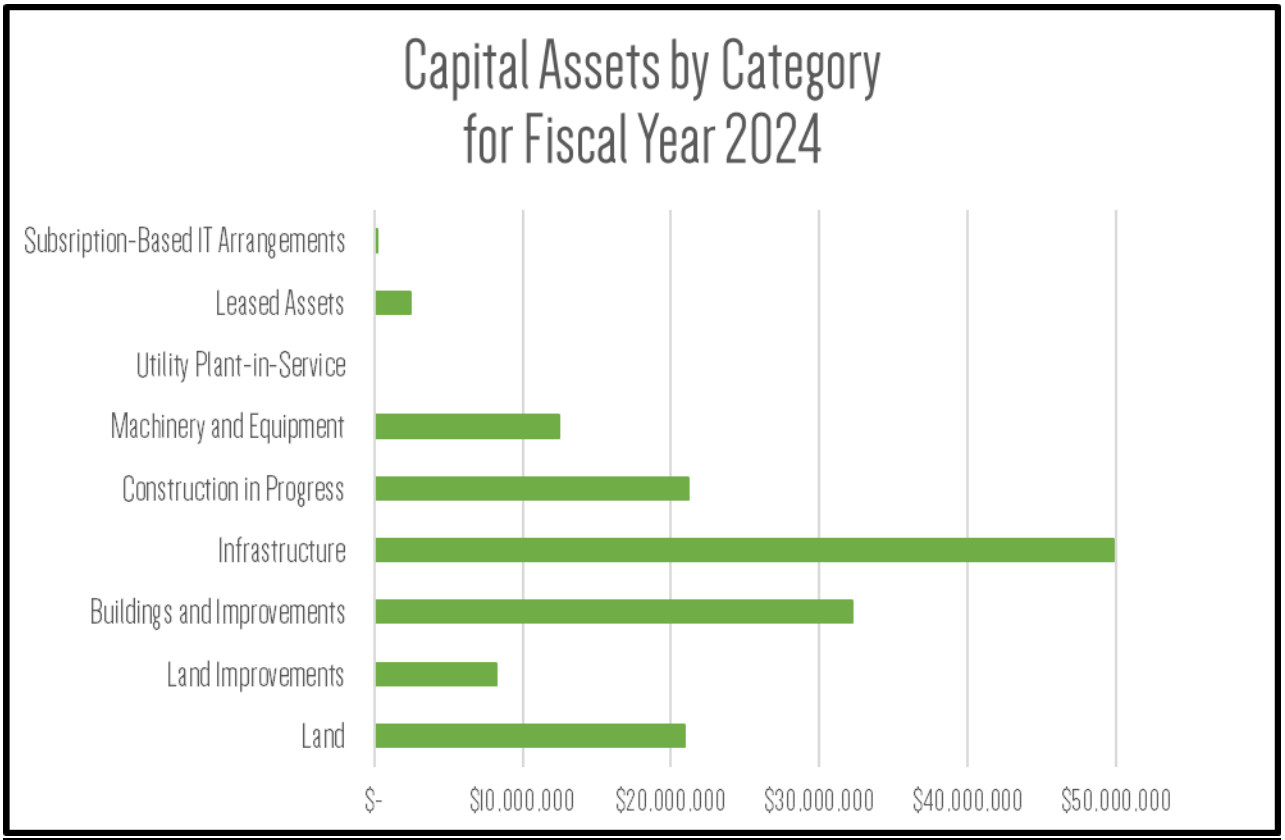
Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2024 totals $502.4 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 $46.9 million from the prior fiscal year.
- Capital assets used by governmental activities increased $24.4 million primarily attributable to various infrastructure improvements and recreational facility construction in progress.
- Capital assets used for business-type activities increased by $22.5 million primarily due to normal expansions of the utility systems within the Municipal Utilities Board Fund as well as Landfill cell addition and replaced equipment.
- The City's capital assets by type at September 30, 2024 and 2023 are shown in Table 3 below.

Table 3

	2024	2023	Change	2024	2023	Change	2024	2023
Land	$ 20,878,249	$ 18,347,201	$ 2,531,048	$ 4,350,093	$ 4,350,093	$ -	$ 25,228,342	$ 22,697,294
Land improvements	8,220,915	9,263,710	(1,042,795)	-	-	-	8,220,915	9,263,710
Buildings and improvements	32,261,263	21,417,553	10,843,710	13,858,127	8,259,927	5,598,200	46,119,390	29,677,480
Infrastructure	49,818,249	45,297,301	4,520,948	-	-	-	49,818,249	45,297,301
Construction in progress	21,161,831	15,830,360	5,331,471	31,962,576	34,084,626	(2,122,050)	53,124,407	49,914,986
Machinery and equipment	12,465,632	11,429,760	1,035,872	7,894,602	6,648,627	1,245,975	20,360,234	18,078,387
Utility plant-in-service	-	-	-	296,807,109	279,037,138	17,769,971	296,807,109	279,037,138
Leased assets	2,453,421	1,494,144	959,277	-	-	-	2,453,421	1,494,144
Subsription-based IT Arrangements	227,934	-	227,934	-	-	-	227,934	-
	$ 147,487,494	$ 123,080,029	$ 24,407,465	$ 354,872,507	$ 332,380,411	$ 22,492,096	$ 502,360,001	$ 455,460,440

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

- $5.2 million was spent on renovations and upgrades to various city parks.
- $4.8 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.
- $4.6 million in infrastructure was conveyed by developers to the City's Street & Drainage Department.
- $4.3 million was spent on construction of a new sports facility.
- $3.1 million was spent on heavy equipment for the Landfill and Recycling Departments.
- $3 million was spent on the conversion of the Point Mallard Ice Rink into a new Event Center.
- $2.9 million was spent on construction of a new parking deck.
- $2.2 million was spent on heavy equipment and vehicles for the Sanitation Department.
- $1.8 million was spent on construction of a new covered pickleball facility.
- $1.7 million was spent on construction of a new covered tennis facility.
- $1.5 million was spent on construction of a new recreation center at Wilson Morgan Park.
- $509 thousand was spent on new vehicles for the Police Department.
- A $1.3 million capital asset was recorded representing the present value of future minimum lease payments to lease certain property as an incentive for a large corporation to locate its headquarters in the downtown area providing private and public parking.

Long-Term Debt

As of September 30, 2024, the City had $280.7 million in long-term debt outstanding. Debt by type can be identified in Table 4. Of this amount, $199.1 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt).

Governmental Activities

$78.9 million is debt backed by the full faith and credit of the City. Long-term debt of the governmental activities decreased by $3.1 million due in large part to the normal scheduled principal payments on outstanding debt. No new warrants were issued in FY2024 for governmental activities. However, more debt was recorded due to the implementation of GASB 96 related to subscription-based information and technology agreements that qualified (SBITA's).

Business-Type Activities

Long-term debt of Business-Type Activities is fully attributable to Decatur Utilities (the Municipal Utilities Board Fund). 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.

Table 4

City of Decatur's Outstanding Debt

General Obligation and Revenue Debt

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023	Change	September 30, 2024	September 30, 2023
Governmental Activities								
General obligation warrants	$ 78,965,000	$ 83,270,000	$ (4,305,000)	$ -	$ -	$ -	$ 78,965,000	$ 83,270,000
Revenue warrants	-	-	-	199,102,207	198,845,000	257,207	199,102,207	198,845,000
Lease obligations	2,468,793	1,490,275	978,518	-	-	-	2,468,793	1,490,275
Subscription-based IT arrangements	196,558	-	196,558	-	-	-	196,558	-
	$ 81,630,351	$ 84,760,275	$ (3,129,924)	$ 199,102,207	$ 198,845,000	$ 257,207	$ 280,732,558	$ 283,605,275

Bond Ratings

The City's general obligation bond rating:

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

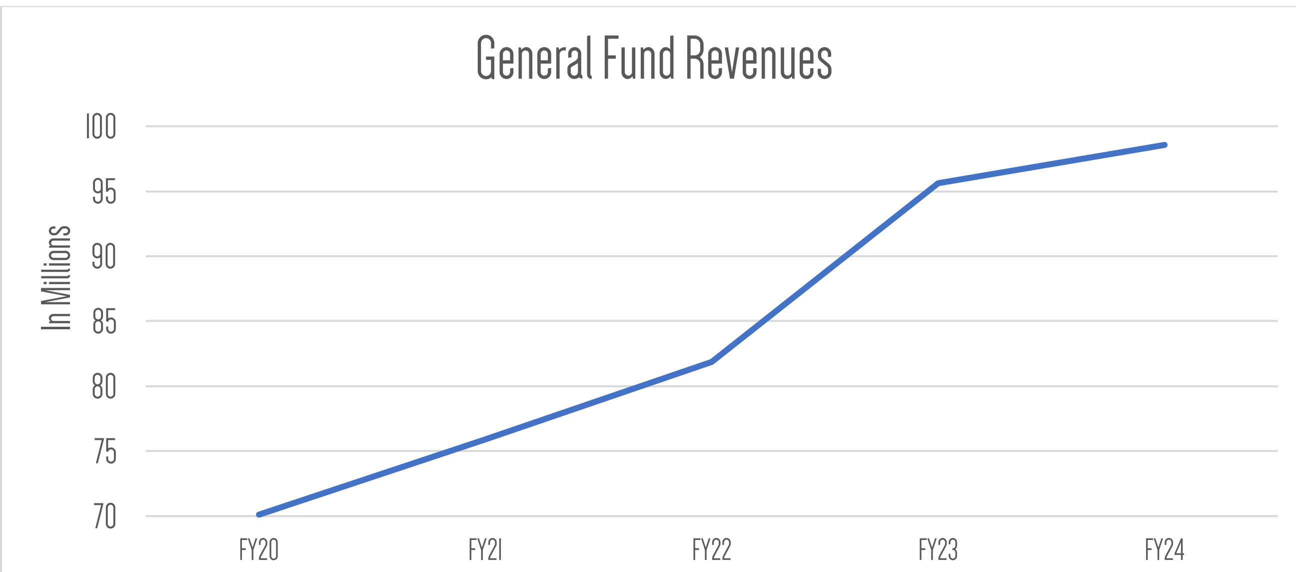
Other than debt paid from proprietary fund revenue sources (e.g. revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2024, the City's allocable debt outstanding was $107.6 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.

Economic Factors and Next Year's Budget

The CFO, Mayor and City Council have considered many factors in the development of the fiscal year 2025 budget.

Regarding revenues, the approach to the budget process has been 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 2025's General Fund budget was prepared with revenues and expenditures remaining relatively flat to fiscal year 2024 projected amounts of analysis done August 2024. This more conservative approach to fiscal year 2025's budget was primarily due to the concern of lingering inflation and the effects of lower consumer disposable income 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.



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. The North Alabama region as a whole reinforces these managerial estimates, as we continue to see an economic boost from job creation to new tourist investment; the area continues to laud itself as a premier destination to live or visit in the country. Management also believes the segment of goods or services purchased in the City would be classified as essential, thus preventing a large fluctuation in estimated revenues, although the national economic climate may portray otherwise.

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

Large multi-million dollar private capital expansions have been announced. Therefore, permit revenues are expected to meet budget goals as well as increase future consumer use tax revenues at manufacturing facilities.

The City's new covered tennis and pickleball facilities are scheduled to open in fiscal year 2025. Also a fee increase is proposed for all attractions at the Point Mallard campus so a small increase in charges for services was budgeted.

With unemployment in the City remaining relatively unchanged for several years holding at around 2.8%, management remains optimistic that consumer confidence and spending will meet conservatively budgeted numbers.

Regarding expenditures, department expenditures 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. In keeping with the recommendations of a market analysis of the government workforce resulted in a 3% cost of living adjustment for the 2025 fiscal year.

Efforts to replace city vehicles and heavy equipment according to a life cycle method have been implemented and maintained in fiscal year 2025 but remaining at fiscal year 2024 funding levels with no increase. 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 and examined by the Finance department throughout the year. Through this careful oversight by these Finance liaisons, expenditures are expected to meet budget goals.

Lastly, 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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	$ 167,570,679	$ 109,713,631	$ 277,284,310	$ 41,158,563
Receivables (net of allowances)				
Accounts	931,632	16,386,943	17,318,575	-
Taxes	6,428,168	-	6,428,168	-
Leases	2,036,371	-	2,036,371	-
Due from governmental entities	3,838,254	-	3,838,254	28,983,780
Inventories	119,217	3,282,084	3,401,301	360,685
Prepaid items	353,019	-	353,019	-
Other	187,392	142,892	330,284	-
Internal balances	180,047	(180,047)	-	-
Restricted assets				
Cash & investments, at cost	-	145,111,540	145,111,540	80,777,168
Capital assets				
Land and construction in process	42,040,080	36,312,669	78,352,749	26,689,296
Other assets, net of accumulated depreciation	102,766,059	318,559,838	421,325,897	159,273,422
Right to use leased assets, net of accumulated amortization	2,453,420	-	2,453,420	354,419
Subscription-based IT arrangements, net of accumulated amortization	227,935	-	227,935	-
TOTAL ASSETS	329,132,273	629,329,550	958,461,823	337,597,333
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	607,491	1,715,353	2,322,844	-
OPEB contributions subsequent to measurement date	3,037,211	10,957,971	13,995,182	21,674,948
Pension contributions subsequent to measurement date	18,260,154	8,557,440	26,817,594	38,090,643
TOTAL DEFERRED OUTFLOWS OF RESOURCES	21,904,856	21,230,764	43,135,620	59,765,591

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

City of Decatur
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
LIABILITIES				
Accounts payable	8,087,898	12,383,728	20,471,626	1,024,545
Accrued liabilities	1,904,809	3,032,275	4,937,084	9,626,991
Contract retainages	185,091	-	185,091	-
Due to component units	2,935,548	-	2,935,548	-
Due to governmental entities	432,890	-	432,890	-
Customer deposits	481,872	14,582,748	15,064,620	-
Unearned revenue	45,431,821	11,288,890	56,720,711	25,934
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,285,000	5,285,000	-
Noncurrent liabilities				
Due within one year	13,827,497	2,495,118	16,322,615	78,258,166
Due in more than one year	212,532,634	259,587,255	472,119,889	273,558,727
TOTAL LIABILITIES	285,820,060	308,655,014	594,475,074	362,494,363
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	21,240,000
Lease related	1,929,518	-	1,929,518	-
Net difference between projected and actual earnings on OPEB plan investments	5,526,345	3,707,467	9,233,812	50,365,570
Net difference between projected and actual earnings on pension plan investments	-	1,433,745	1,433,745	4,050,000
TOTAL DEFERRED INFLOWS OF RESOURCES	7,455,863	5,141,212	12,597,075	75,655,570
NET POSITION				
Net investment in capital assets	100,224,709	276,986,961	377,211,670	56,918,812
Restricted for:				
Debt service	-	23,039,245	23,039,245	90,608,092
Capital improvement	1,218,018		1,218,018	-
Opioid abatement	3,874,578		3,874,578	
Law enforcement/corrections	1,203,621		1,203,621	
Highways and streets	211,447	-	211,447	
Special events	1,657	-	1,657	4,708,337
Perpetual care:			-	
Expendable	-	-	-	-
Nonexpendable	1,647,121	-	1,647,121	-
Unrestricted	(50,619,945)	36,737,882	(13,882,063)	(193,022,250)
TOTAL NET POSITION	$ 57,761,206	$ 336,764,088	$ 394,525,294	$ (40,787,009)

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

City of Decatur
Statement of Activities
For the Year Ended September 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE: CHARGES FOR SERVICES	PROGRAM REVENUE: OPERATING GRANTS & CONTRIBUTIONS	PROGRAM REVENUE: CAPITAL GRANTS & CONTRIBUTIONS	NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES	NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS: BUSINESS-TYPE ACTIVITIES	NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 17,966,425	$ 7,858,795	$ -	$ 547,029	$ (9,560,601)	$ -	$ (9,560,601)	$ -
Public safety	32,297,848	4,845,755	109,710	-	(27,342,383)	-	(27,342,383)	-
Public works	13,313,127	5,638,107	1,706,561	5,548,994	(419,465)	-	(419,465)	-
Public services	18,068,092	5,865,597	25,482	5,455,954	(6,721,059)	-	(6,721,059)	-
Educational assistance	29,927,548	-	-	-	(29,927,548)	-	(29,927,548)	-
Community development	1,507,993	-	832,793	614,830	(60,370)	-	(60,370)	-
Community service contracts	4,182,518	-	-	-	(4,182,518)	-	(4,182,518)	-
Interest on long-term debt	2,636,549	-	-	-	(2,636,549)	-	(2,636,549)	-
Unallocated depreciation	1,042,871	-	-	-	(1,042,871)	-	(1,042,871)	-
TOTAL GOVERNMENTAL ACTIVITIES	120,942,971	24,208,254	2,674,546	12,166,807	(81,893,364)	-	(81,893,364)	-
BUSINESS-TYPE ACTIVITIES								
Municipal Utilities Board	152,300,177	157,695,389	-	3,772,197	-	9,167,409	9,167,409	-
Sanitary Landfill	9,146,153	10,396,956	-	273,832	-	1,524,635	1,524,635	-
TOTAL BUSINESS-TYPE ACTIVITIES	161,446,330	168,092,345	-	4,046,029	-	10,692,044	10,692,044	-
TOTAL PRIMARY GOVERNMENT	282,389,301	192,300,599	2,674,546	16,212,836	(81,893,364)	10,692,044	(71,201,320)	-
COMPONENT UNIT								
Decatur City Board of Education	156,724,686	8,390,040	95,392,456	3,488,828	-	-	-	(49,453,362)
TOTAL COMPONENT UNIT	$ 156,724,686	$ 8,390,040	$ 95,392,456	$ 3,488,828	-	-	-	(49,453,362)
GENERAL REVENUES								
Sales & use taxes					64,976,826	-	64,976,826	26,784,313
Property taxes and payments in lieu of taxes					23,372,377	-	23,372,377	23,792,896
Other taxes					13,809,564	-	13,809,564	956,553
Interest on investments					6,522,999	8,745,972	15,268,971	2,458,330
Other					1,275,761	(400,943)	874,818	5,053,762
Transfers					771,089	(771,089)	-	-
TOTAL GENERAL REVENUES & TRANSFERS					110,728,616	7,573,940	118,302,556	59,045,854
CHANGE IN NET POSITION					28,835,252	18,265,984	47,101,236	9,592,492
Net position, beginning					28,925,954	318,498,104	347,424,058	(50,379,501)
NET POSITON, ENDING					$ 57,761,206	$ 336,764,088	$ 394,525,294	$ (40,787,009)

City of Decatur
Governmental Funds
Balance Sheet
September 30, 2024

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash & investments	$ 53,985,217	$ 1,413,001	$ 85,897,739	$ 21,830,156	$ 163,126,113
Cash with fiscal agents	3,787,256	-	-	657,310	4,444,566
Receivables (net of allowances)					
Accounts	858,151	528	1,508	71,445	931,632
Taxes	5,054,692	1,329,361	-	44,115	6,428,168
Leases	2,036,371	-	-	-	2,036,371
Due from other funds	694,199	21,731	-	65,078	781,008
Due from governmental entities	773,391	171,007	41,753	2,852,103	3,838,254
Deposits	71,405	-	98,283	17,704	187,392
Prepaids	353,019	-	-	-	353,019
Inventories	119,217	-	-	-	119,217
Total assets	67,732,918	2,935,628	86,039,283	25,537,911	182,245,740
Deferred Outflows of Resources	-	-	-	-	-
Liabilities					
Accounts payable	3,463,251	80	3,004,408	1,620,159	8,087,898
Accrued liabilities	729,425	-	-	8,827	738,252
Contract retainages	-	-	82,182	102,909	185,091
Due to other funds	354,537	-	-	246,424	600,961
Due to component units	-	2,935,548	-	-	2,935,548
Due to governmental entities	19,912	-	122,612	290,366	432,890
Customer deposits	481,872	-	-	-	481,872
Total liabilities	5,048,997	2,935,628	3,209,202	2,268,685	13,462,512
Deferred Inflows of Resources					
Unavailable revenue	508,362	-	35,240,152	12,862,888	48,611,402
Lease related	1,929,518	-	-	-	1,929,518
Total deferred inflows of resources	2,437,880	-	35,240,152	12,862,888	50,540,920
Fund balance					
Nonspendable	579,089	-	-	1,647,121	2,226,210
Restricted	1,657	-	-	4,204,271	4,205,928
Committed	29,766,110	-	47,589,929	2,285,739	79,641,778
Unassigned	29,899,185	-	-	2,269,207	32,168,392
Total fund balance	60,246,041	-	47,589,929	10,406,338	118,242,308
Total liabilities, deferred inflows and fund balance	$ 67,732,918	$ 2,935,628	$ 86,039,283	$ 25,537,911	$ 182,245,740

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, 2024

Total fund balance per Governmental Funds Balances Sheet	$ 118,242,308
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.	147,487,494
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds.	3,179,581
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	(55,512,434)
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.	(63,675,447)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(91,960,296)
Net position of governmental activities	$ 57,761,206

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, 2024

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Sales & use taxes	$ 49,443,537	$ 15,533,289	$ -	$ -	$ 64,976,826
Property taxes	5,157,278	12,237,816	-	-	17,395,094
Other taxes	10,781,393	1,800,282	-	540,942	13,122,617
Licenses & permits	8,352,919	-	-	-	8,352,919
Fines & forfeitures	1,619,205	-	-	432,967	2,052,172
Revenues from money & property	1,942,736	-	4,008,830	817,092	6,768,658
Charges for services	12,000,956	-	-	-	12,000,956
Intergovernmental	5,828,946	600,581	1,070,425	5,655,449	13,155,401
Gifts & donations	86,999	-	-	-	86,999
Other revenues	1,492,439	-	5,397,198	-	6,889,637
Total revenues	96,706,408	30,171,968	10,476,453	7,446,450	144,801,279
Expenditures					
Current					
General government	19,879,755	-	-	1,791,862	21,671,617
Public safety	31,059,382	-	131,550	232,015	31,422,947
Public works	13,254,052	-	5,385,206	1,419,161	20,058,419
Public services	16,548,670	-	12,611,198	2,133,872	31,293,740
Educational assistance	-	29,927,548	-	-	29,927,548
Community services contracts	3,919,098	244,420	-	19,000	4,182,518
Community development	317,219	-	-	1,189,213	1,506,432
Debt service					
Principal	3,779,928	-	-	1,024,080	4,804,008
Interest and fiscal charges	2,526,052	-	-	124,536	2,650,588
Total expenditures	91,284,156	30,171,968	18,127,954	7,933,739	147,517,817
Excess (deficiency) of revenues over expenditures	5,422,252	-	(7,651,501)	(487,289)	(2,716,538)
Other Financing Sources (Uses)					
Leases (as lessee)	1,390,121	-	-	-	1,390,121
Inception of subscription-based IT arrangements	288,148	-	-	-	288,148
Transfers in	180,362	-	517,605	2,842,082	3,540,049
Transfers (out)	(2,587,767)	-	(97,434)	(83,759)	(2,768,960)
Total other financing (uses) sources	(729,136)	-	420,171	2,758,323	2,449,358
Net change in fund balance	4,693,116	-	(7,231,330)	2,271,034	(267,180)
Fund balance, beginning	55,552,925	-	54,821,259	8,135,304	118,509,488
Fund balance, ending	$ 60,246,041	$ -	$ 47,589,929	$ 10,406,338	$ 118,242,308

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, 2024

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

Net change in fund balances - total governmental funds	$ (267,180)
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.	24,617,442
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.	(209,977)
Revenues in the statement of activities that do not provide current financial resources	(171,922)
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.	3,245,236
Other expenses reported in the Statement of Activities that do not require current financial resources.	1,621,653
Change In Net Position Of Governmental Activities	$ 28,835,252

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, 2024

	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	$ 61,829,500	$ 61,994,500	$ 65,382,208	$ 3,387,708	$ 27,859,823	$ 27,859,823	$ 29,571,387	$ 1,711,564
Licenses and permits	7,723,400	7,763,400	8,352,919	589,519	-	-	-	-
Fines and forfeitures	594,600	594,600	1,619,205	1,024,605	-	-	-	-
Revenues from money and property	2,265,000	2,271,000	1,942,736	(328,264)	-	-	-	-
Charges for services	11,585,750	11,648,650	12,000,956	352,306	-	-	-	-
Intergovernmental	6,086,114	6,166,007	5,828,946	(337,061)	782,837	782,837	600,581	(182,256)
Gifts and donations	-	42,782	86,999	44,217	-	-	-	
Other revenues	769,000	804,558	1,492,439	687,881	-	-	-	-
Total revenues	90,853,364	91,285,497	96,706,408	5,420,911	28,642,660	28,642,660	30,171,968	1,529,308
Expenditures								
Current								
General government	18,322,070	20,668,989	19,879,755	789,234	-	-	-	-
Public safety	34,280,266	36,834,741	31,059,382	5,775,359	-	-	-	-
Public works	10,238,005	18,773,916	13,254,052	5,519,864	-	-	-	-
Public services	16,379,684	18,348,526	16,548,670	1,799,856	-	-	-	-
Educational assistance	-	-	-	-	28,398,240	28,398,240	29,927,548	(1,529,308)
Community services contracts	3,689,494	3,937,994	3,919,098	18,896	244,420	244,420	244,420	-
Community development	561,274	561,274	317,219	244,055				
Debt service								
Principal	3,561,341	3,781,836	3,779,928	1,908	-	-	-	-
Interest	2,445,025	2,520,044	2,526,052	(6,008)	-	-	-	-
Total expenditures	89,477,159	105,427,320	91,284,156	14,143,164	28,642,660	28,642,660	30,171,968	(1,529,308)
Excess of revenues over expenditures	1,376,205	(14,141,823)	5,422,252	19,564,075	-	-	-	-
Other Financing Sources (Uses)								
Leases (as lessee)	-	1,390,277	1,390,121	(156)				
Inception of subscription-based IT arrangements	-	288,148	288,148	-				
Transfers in	26,040	63,229	180,362	117,133	-	-	-	-
Transfers out	(1,612,246)	(2,747,551)	(2,587,767)	159,784	-	-	-	-
Total other financing sources (uses)	(1,586,206)	(1,005,897)	(729,136)	276,761	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(210,001)	(15,147,720)	4,693,116	19,840,836	-	-	-	-
Fund balance, beginning	55,552,925	55,552,925	55,552,925	-	-	-	-	-
Fund balance, ending	$ 55,342,924	$ 40,405,205	$ 60,246,041	$ 19,840,836	$ -	$ -	$ -	$ -

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

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2024

	Municipal Utilities Board	Sanitary Landfill	Totals
Assets			
Current assets			
Cash & cash equivalents	$ 81,388,188	$ 28,325,443	$ 109,713,631
Receivables (net of allowance)			
Accounts	13,681,796	1,054,273	14,736,069
Other	1,650,874	-	1,650,874
Due from other funds	-	464,059	464,059
Prepaid items	-	-	-
Inventories, at cost	3,282,084	-	3,282,084
Other	142,892	-	142,892
Total current assets	100,145,834	29,843,775	129,989,609
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	145,111,540	-	145,111,540
Capital assets:			
Land	3,058,294	1,291,799	4,350,093
Buildings	5,815,355	2,357,141	8,172,496
Improvements other than buildings	-	15,008,998	15,008,998
Furniture & equipment	-	12,567,680	12,567,680
Utility plant in service	524,339,083	-	524,339,083
Construction work in progress	31,354,447	608,129	31,962,576
Less accumulated depreciation	(227,531,974)	(13,996,445)	(241,528,419)
Total capital assets (net of accumulated depreciation)	337,035,205	17,837,302	354,872,507
TOTAL NONCURRENT ASSETS	482,146,745	17,837,302	499,984,047
Total assets	582,292,579	47,681,077	629,973,656
Deferred Outflows of Resources			
OPEB contribution	10,949,727	8,244	10,957,971
Pension contributions subsequent to measurement date	7,860,713	696,727	8,557,440
Deferred cost on refunding	1,715,353	-	1,715,353
Total deferred outflows of resources	20,525,793	704,971	21,230,764

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, 2024

	Municipal Utilities Board	Other Enterprise Funds	Totals
Liabilities			
Current liabilities			
Accounts payable	12,183,128	200,600	12,383,728
Accrued liabilities	2,958,862	73,413	3,032,275
Compensated absences	116,231	10,848	127,079
Claims payable	-	100,000	100,000
Customer deposits	14,582,748	-	14,582,748
Revenue warrants payable - current	5,285,000	-	5,285,000
Deferred revenue	11,288,890	-	11,288,890
Due to other funds	644,106	-	644,106
Total current liabilities	47,058,965	384,861	47,443,826
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	8,553,046	8,553,046
Revenue notes payable	193,817,207	-	193,817,207
Compensated absences	1,046,077	97,634	1,143,711
Claims payable	-	100,000	100,000
Net pension liability	28,228,005	2,706,772	30,934,777
Net other postemployment benefit liability	25,808,021	1,498,532	27,306,553
Total noncurrent liabilities	248,899,310	12,955,984	261,855,294
Total liabilities	295,958,275	13,340,845	309,299,120
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	3,702,413	5,054	3,707,467
Net difference between projected and actual earnings on pension plan investments	1,433,745	-	1,433,745
Total deferred inflows of resources	5,136,158	5,054	5,141,212
Net Position			
Net investment in capital assets	259,149,659	17,837,302	276,986,961
Restricted for debt service	23,039,245	-	23,039,245
Unrestricted	19,535,035	17,202,847	36,737,882
Total net position	$ 301,723,939	$ 35,040,149	$ 336,764,088

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, 2024

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	$ 157,695,389	$ 10,396,956	$ 168,092,345
Total operating revenue	157,695,389	10,396,956	168,092,345
Operating expenses			
Personnel, operations & maintenance	117,465,205	4,256,041	121,721,246
Closure and postclosure costs	-	2,406,696	2,406,696
Depreciation and amortization	14,801,531	1,856,962	16,658,493
Administrative costs	14,847,679	626,454	15,474,133
Total operating expenses	147,114,415	9,146,153	156,260,568
Operating income (loss)	10,580,974	1,250,803	11,831,777
Nonoperating revenue (expenses)			
Interest income	7,615,221	1,130,751	8,745,972
Interest expense	(5,185,762)	-	(5,185,762)
Bad debt recoveries (expense)	-	-	-
Intergovernmental grant income	-	273,832	273,832
Gain (loss) on disposition of assets	-	(482,445)	(482,445)
Miscellaneous revenue (expense)	-	81,502	81,502
Total nonoperating revenue (expenses)	2,429,459	1,003,640	3,433,099
Income (loss) before contributions, transfers & special items	13,010,433	2,254,443	15,264,876
Capital contributions	3,772,197	-	3,772,197
Special item	-	-	-
Transfers in	-	17,680	17,680
Transfers (out)	(788,769)	-	(788,769)
Change in net position	15,993,861	2,272,123	18,265,984
Total net position, beginning	285,730,078	32,768,026	318,498,104
Total net position, ending	$ 301,723,939	$ 35,040,149	$ 336,764,088

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, 2024

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	$157,028,983	$ 10,269,567	$ 167,298,550
Payments to suppliers	(100,080,133)	(5,307,847)	(105,387,980)
Payments to employees	(27,902,855)	(1,567,001)	(29,469,856)
Non-operating cash receipts	-	81,187	81,187
Net cash provided by operating activities	29,045,995	3,475,906	32,521,901
Noncapital financing activities			
Payments received from advances to other funds	-	142,797	142,797
Transfers in	-	17,680	17,680
Transfers (out)	(788,769)	-	(788,769)
Net cash provided by noncapital financing activities	(788,769)	160,477	(628,292)
Capital and related financing activities			
Grant proceeds	-	273,832	273,832
Acquisition and construction of capital assets	(36,205,344)	(3,609,717)	(39,815,061)
Proceeds from sale of capital assets	-	263,529	263,529
Capital contributions	3,772,197	-	3,772,197
Principal payments on warrants	(5,220,000)	-	(5,220,000)
Interest paid on warrants	(5,249,023)	-	(5,249,023)
Net cash (used) by capital and related financing activities	(42,902,170)	(3,072,356)	(45,974,526)
Investing activities			
Decrease (increase) in restricted assets	20,565,074	-	20,565,074
Miscellaneous non-operating income	76,280	-	76,280
Interest received	7,555,578	1,130,751	8,686,329
Net cash provided (used) by investing activities	28,196,932	1,130,751	29,327,683
Net increase (decrease) in cash and cash equivalents	13,551,988	1,694,778	15,246,766
Cash and cash equivalents, beginning	67,836,200	26,630,665	94,466,865
Cash and cash equivalents, ending	$ 81,388,188	$ 28,325,443	$ 109,713,631

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, 2024

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating income (loss)	$ 10,580,974	$ 1,250,803	$ 11,831,777
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	14,801,531	1,856,962	16,658,493
Landfill postclosure costs	-	2,363,196	2,363,196
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(392,587)	(127,389)	(519,976)
Accounts payable	1,920,802	(1,691,396)	229,406
Claims payable	-	100,000	100,000
Inventory	193,347	-	193,347
Prepaid items	46,027	2,357	48,384
Due to (from) other funds	25,996	-	25,996
Accrued liabilities	-	(69,475)	(69,475)
Net pension liability	2,534,356	(199,375)	2,334,981
Net OPEB obligation	(728,711)	(9,462)	(738,173)
Customer deposits	64,260	-	64,260
Net cash provided by operating activities	$ 29,045,995	$ 3,475,906	$ 32,521,901

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

City of Decatur
Municipal Utilities Board
Statement of Fiduciary Net Position – OPEB Plan
September 30, 2024

		Municipal Utilities Board
Assets		
Cash & cash equivalents	$	1,548,946
Investments		
Equity		9,153,737
Balanced		273,252
Fixed		1,779,699
Other exchange products		276,319
Total investments		11,483,007
Net position available for benefits		13,031,953
Liabilities		-
Net position restricted for pensions	$	13,031,953

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, 2024

		Municipal Utilities Board
Additions		
Contributions		
Employer	$	2,088,841
Investment income		
Interest and dividend income		371,071
Net appreciation (loss) in fair value of investments		1,257,773
Total investment income		1,628,844
Total additions		3,717,685
Deductions		
Benefit payments		1,160,583
Administrative expenses		46,906
Total deductions		1,207,489
Net change in fiduciary net position		2,510,196
Net position restricted for pensions		
Beginning of year		10,521,757
End of year	$	13,031,953

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF DECATUR Alabama

the City of Opportunity

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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.

<u>Primary Government</u>

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

<u>Blended Component Unit</u>

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.

<u>Discretely Presented Component Unit</u>

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.

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, 2024, was $992,054 due from Morgan County for various tax receivables, $404,523 due from the State of Alabama for various tax receivables, and $2,303,393 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 $527,520.

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 of more than $7,500 (amount not rounded) 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 depreciated using the straight-line method over the estimated useful lives as follows:

Building improvements	10-20 years
Buildings	20-40 years
Sidewalks, streets, and bridges	20-50 years
Traffic signals	15 years
Utility plants in service	40-50 years
Improvements:	
Pumping stations	50 years
Outfall lines	50 years
Land improvements	12-25 years
Surface lots	15-20 years
Furniture and equipment	3-12 years
Heavy Equipment	7-10 years
Greenways	15 years
Drainage systems	40 years
Motor vehicles	5 years

<u>Compensated Absences</u>

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. 16 using the termination payment method for governmental funds and the vesting method for proprietary funds. Vacation is 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 assets 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. The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund operating expenditures and in addition 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 2024 Financial Statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62* required for fiscal years beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There was no impact of this pronouncement to the City's financial statements.

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

The City plans to adopt GASB Statement No. 101, *Compensated Absences* required for fiscal years beginning after December 15, 2023, in fiscal 2025.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 plans to adopt GASB Statement No. 102, *Certain Risk Disclosures* required for fiscal years beginning after June 15, 2024, in fiscal 2025. This Statement was issued December 2023. 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.

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 $91,960,296 difference are as follows:

Warrants Payable	$ 82,934,801
Leases payable	2,468,793
Subscription-based IT arrangements	196,558
Accrued interest payable	1,166,557
Compensated absences	4,195,551
Claims Payable	998,036
	$ 91,960,296

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 $24,617,442 difference are as follows:

Capital outlay	$ 29,566,991
Capital contributions	4,580,840
Depreciation expense on capital assets	(9,039,175)
Amortization expense on right to use leased assets	(431,000)
Amortization expense on subscription-based IT arrangements	(60,214)
	$ 24,617,442

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 $209,977 difference are as follows:

Cost of capital assets disposed	$ (2,947,914)
Accumulated depreciation on disposed capital assets	2,737,937
	$ (209,977)

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 $3,245,236 difference are as follows:

Debt issued or incurred:	
Lease obligations	$ (1,390,121)
Subscription-based IT arrangements	(288,148)
Principal repayments:	
General obligation debt	4,305,000
Lease obligations	407,418
Subscription-based IT arrangements	91,590
Amortization of premium, discounts, and refunding loss	119,497
	$ 3,245,236

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 $1,621,653 difference is as follows:

Compensated absences	$ (548,454)
Claims	(134,034)
Accrued interest	(105,458)
Net pension obligation	(6,286,642)
Other postemployment expenses	8,696,241
	$ 1,621,653

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:

<u>Annually-Budgeted Governmental Funds</u>

General Fund

Special Revenue Funds
- 7 Cent Gas Tax Fund
- 4&5 Cent Gas Tax Fund
- 2019 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

<u>Governmental Funds Not Annually-Budgeted</u>

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, 2024:

General Fund – General Government Function		
Mayor and Council – Personnel Expenses	$	30,525
City Clerk – Personnel Expenses		16,680
Garage – Personnel Expenses		1,723
Garage – Operating Expenses		3,457
Purchasing – Personnel Expenses		537
Miscellaneous		682,400
Safety – Personnel Expenses		139
General Fund – Public Works Function		
Director – Operating Expenses	$	183
General Fund – Public Services Function		
Cemetery – Operating Expenses	$	3,437
General Fund – Debt Service Expenditures		
Interest and fiscal charges	$	6,008

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	$ 400,575,939
Certificates of deposit	9,168,491
Money market mutual funds	123,119
Total cash & cash equivalents	409,867,549
US Government Guaranteed Small Business Investment Companies	7,354,021
US Government Guaranteed Small Business Administration Obligations	5,174,280
Total Fixed income investments	12,528,301
Total	$ 422,395,850
Per Governmental Funds Balance Sheet	
Cash and investments	163,126,113
Cash with fiscal agents	4,444,566
	167,570,679
Per Proprietary Funds Statement of Net Position	
Cash and investments	109,713,631
Restricted cash for debt service	145,111,540
	254,825,171
Total	$ 422,395,850

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	$ 976,739	7.80%
Five to ten years	8,824,814	70.44%
Ten to twenty years	488,099	3.90%
Twenty to thirty years	2,238,649	17.87%
	$ 12,528,301	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, 2024, 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, 2024, 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	7,354,021	2	N/A
U.S. Government Guaranteed Small Business Administration Obligations	5,174,280	2	N/A
	$ 12,528,301		

As of September 30, 2024, the Municipal Utilities Board's OPEB Trust had the following investments:

Investments	Fair Value	Fair Value Hierarchy	Credit Quality
Equity Securities:			
Mutual Funds	$ 6,609,050	1	N/A
Exchange Trade Products	2,290,270	1	N/A
Common Stocks	254,417	1	N/A
	$ 9,153,737		
Balanced Funds	273,252	1	N/A
Fixed	1,779,699	1	N/A
Other exchange products	276,319	1	N/A
	$ 11,483,007		

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, 2024 was as follows:

	Balance September 30, 2023	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2024
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 18,347,201	$ 2,587,865	$ (56,817)	$ -	$ 20,878,249
Construction in progress	15,830,360	20,174,571	(77,685)	(14,765,415)	21,161,831
Total capital assets, not being depreciated / amortized	34,177,561	22,762,436	(134,502)	(14,765,415)	42,040,080
.					
Building and improvements	60,187,013	596,067 `	(1,602,435)	11,782,973	70,963,618
Land improvements	41,603,530	246,500	(169,335)	(3,688)	41,677,007
Furniture, equipment, and other	39,491,148	4,186,298	(1,041,642)	-	42,635,804
Infrastructure	136,952,625	4,678,105	-	2,986,130	144,616,860
Leased buildings and improvements	477,287	1,334,792	-	-	1,812,079
Leased equipment	1,290,056	55,485	-	-	1,345,541
Subscription-based IT arrangements (SBITA's)	-	288,148	-	-	288,148
Total capital assets, being depreciated / amortized	280,001,659	11,385,395	(2,813,412)	14,765,415	303,339,057
Less accumulated depreciation/ amortization for:					
Building and improvements	(38,769,460)	(1,456,685)	1,526,960	(3,170)	(38,702,355)
Land improvements	(32,339,820)	(1,288,777)	169,335	3,170	(33,456,092)
Furniture, equipment, and other	(28,061,388)	(3,150,426)	1,041,642	-	(30,170,172)
Infrastructure	(91,655,324)	(3,143,287)	-	-	(94,798,611)
Leased buildings and improvements	(232,472)	(166,133)	-	-	(398,605)
Leased equipment	(40,727)	(264,867)	-	-	(305,594)
Subscription-based IT arrangements (SBITA's)	-	(60,214)	-	-	(60,214)
Total accumulated depreciation / amortization	(191,099,191)	(9,530,389)	2,737,937	-	(197,891,643)
Total capital assets, being depreciated / amortized, net	88,902,468	1,855,006	(75,475)	14,765,415	105,447,414
Governmental activities capital assets, net	$ 123,080,029	$ 24,617,442	$ (209,977)	$ -	$ 147,487,494

Note 4 – Detailed Notes on All Funds – Continued

Capital asset activity for business-type activities for the year ended September 30, 2024 was as follows:

Business-Type Activities:	**Balance September 30, 2023**	**Additions**	**Deletions**	**Transfers In/ (Transfers Out)**	**Balance September 30 2024**
Capital assets, not being depreciated:					
Land	$ 4,350,093	$ -	$ -	$ -	$ 4,350,093
Construction in progress	34,084,626	28,573,447	(24,387,003)	(6,308,494)	31,962,576
Total capital assets, not being depreciated	38,434,719	28,573,447	(24,387,003)	(6,308,494)	36,312,669
Capital assets, being depreciated:					
Buildings and improvements	16,894,443	168,066	(189,510)	6,308,494	23,181,493
Furniture, equipment and other	11,392,063	3,083,090	(1,907,473)	-	12,567,680
Utility plant-in-service	496,399,192	32,545,957	(4,606,066)	-	524,339,083
Total capital assets, being depreciated	524,685,698	35,797,113	(6,703,049)	6,308,494	560,088,256
Less accumulated depreciation for:					
Buildings and improvements	(8,634,516)	(765,822)	76,972	-	(9,323,366)
Furniture, equipment and other	(4,743,436)	(1,091,140)	1,161,498	-	(4,673,078)
Utility plant-in-service	(217,362,054)	(14,801,531)	4,631,611	-	(227,531,974)
Total accumulated depreciation	(230,740,006)	(16,658,493)	5,870,081	-	(241,528,418)
Total capital assets, being depreciated, net	293,945,692	19,138,620	(832,968)	6,308,494	318,559,838
Business-Type activities capital assets, net	$ 332,380,411	$ 47,712,067	$ (25,219,971)	$ -	$ 354,872,507

Depreciation expense of $1,042,871 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	$ 685,454
Public Safety	1,833,683
Public Works	3,424,027
Public Services	2,544,354
Total allocated depreciation/amortization expense - governmental activities	8,487,518
Total unallocated depreciation expense - governmental activities	1,042,871
Total depreciation/amortization expense - governmental activities	$ 9,530,389

Note 4 – Detailed Notes on All Funds – Continued

Business-type Activities:		
Municipal Utilities Board Fund	$	14,801,531
Sanitary Landfill Fund		1,856,962
Total depreciation expense - business-type activities	$	16,658,493

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2024 was as follows:

	Balance September 30, 2023	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2024
Capital assets, not being depreciated / amortized:					
Land	$ 9,878,009	$ 5,465,049	$ -	$ -	$ 15,343,058
Construction in progress	13,573,054	11,257,356	(13,484,172)	-	11,346,238
Total capital assets, not being depreciated	23,451,063	16,722,405	(13,484,172)	-	26,689,296
Capital assets, being depreciated / amortized:					
Buildings and improvements	227,937,587	16,578,672	(5,628,890)	-	238,887,369
Furniture, equipment and other	15,950,750	1,648,269	(152,533)	-	17,446,486
Leased equipment	850,607	-	-	-	850,607
Total capital assets, being depreciated	244,738,944	18,226,941	(5,781,423)	-	257,184,462
Less accumulated depreciation / amortization for:					
Buildings and improvements	(82,531,082)	(6,766,717)	2,326,326	-	(86,971,473)
Furniture, equipment and other	(9,185,632)	(1,051,566)	148,238		(10,088,960)
Leased equipment	(283,535)	(212,653)	-	-	(496,188)
Total accumulated depreciation / amortization	(92,000,249)	(8,030,936)	2,474,564	-	(97,556,621)
Total capital assets, being depreciated, net	152,738,695	10,196,005	(3,306,859)	-	159,627,841
Component Unit capital assets, net	$ 176,189,758	$ 26,918,410	$ (16,791,031)	$ -	$ 186,317,137

Note 4 – Detailed Notes on All Funds – Continued

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2024 is as follows:

		Due To:				
		General Fund	**School Fund**	**Non-major Government**	**Non-major Proprietary**	**Total Due From**
Due From:	General Fund	$ -	$ -	$ -	$ 354,537	$ 354,537
	Municipal Utilities Board	557,297	21,731	65,078	-	644,106
	Non-Major Government	136,902	-	-	109,522	246,424
	Total Due To	$ 694,199	$ 21,731	$ 65,078	$ 464,059	$ 1,245,067

$136,302 of the balance due to the general fund and $109,522 of the balance due to non-major proprietary funds from non-major governmental funds resulted from advances made for the construction of Ingalls Harbor Pavilion.

$354,537 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 To:				
		General Fund	**Capital Improvements Fund**	**Non-major Government**	**Non-major Proprietary**	**Total Out**
Transfers From:	General Fund	$ -	$ 517,605	$ 2,053,313	$ 16,849	$ 2,587,767
	Capital Improvement Fund	97,434	-	-	-	97,434
	Municipal Utilities Board	-	-	788,769	-	788,769
	Non-Major Government	82,928	-	-	831	83,759
	Total In	$ 180,362	$ 517,605	$ 2,842,082	$ 17,680	$ 3,557,729

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.

Note 4 – Detailed Notes on All Funds – Continued

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 To:	
		Component Unit Board of Education	Total In
Due From:	Primary Government-School Fun	$ 2,935,548	$ 2,935,548
	Total Out	$ 2,935,548	$ 2,935,548

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 $431,000 was recorded in fiscal year 2024.

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 $149,386 for the fiscal year ended September 30, 2024. 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.

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Note 4 – Detailed Notes on All Funds – Continued

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
2025	$ 321,230	$ 189,259
2026	238,032	170,038
2027	248,473	151,105
2028	227,210	130,677
2029	-	94,986
2030-2034	-	517,498
2035-2039	-	596,290
2040-2044	-	687,079
2045-2049	44,896	744,539
2050-2054	193,640	718,293
2055-2059	436,593	614,537
2060-2064	758,719	367,804
Total governmental activities	**$ 2,468,793**	**$ 4,982,105**

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
2025	$ 218,491	$ 8,314
2026	149,747	1,456
Total governmental activities	**$ 368,238**	**$ 9,770**

The Board has also entered into several short-term leased 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 $191,796 in lease revenue and approximately $76,976 in lease related interest revenue.

Note 4 – Detailed Notes on All Funds – Continued

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, 2024, is as follows:

Primary Government

Governmental Activities:	Principal	Interest
2025	$ 143,013	$ 97,011
2026	141,359	104,376
2027	153,415	98,253
2028	166,306	91,527
2029	179,033	84,205
2030-2034	182,072	377,362
2035-2039	114,725	375,128
2040-2044	150,467	356,353
2045-2049	132,911	317,602
2050-2054	276,594	237,788
2055-2059	199,042	116,927
2060-2064	197,434	43,458
Total governmental activities	**$ 2,036,371**	**$ 2,299,990**

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 Room Occupancy	General Fund Room Occupancy
G.O. warrants- infrastructure and economic development	General Fund Sewer Fund	General Fund Sewer Fund
Business-Type Activities:		
Revenue warrants	Municipal Utilities Board Fund	Municipal Utilities Board Fund

Note 4 – Detailed Notes on All Funds – Continued

Outstanding Debt

The amount of debt outstanding at September 30, 2024 was as follows:

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	$ 12,500	$ 2,660
2016-B	5,140	11/2/2016	10/1/2036	2.0 - 3.0%	210-320	3,580	240
2021-Taxable Refunding	17,770	12/22/2020	10/1/2036	.26 - 1.82%	1,070-1,540	11,955	1,470
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					$ 78,965	$ 4,370

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	$ 6,889	$ 720
2021	8,405	2/17/2021	2/15/2051	2.125-4.0%	305-600	7,260	335
	$ 17,780					$ 14,149	$ 1,055
Wastewater System Revenue Warrants							
2019	25,655	8/15/2019	8/15/2033	2.0-3.5%	715 - 880	5,795	780
2020	64,445	11/5/2020	8/15/2033	.50-2.2%	715 - 880	18,851	1,970
2021-A	95,815	2/17/2021	2/15/1951	2.125-4.0%	130-10,305	63,505	140
2021-B	4,758	2/17/2021	8/15/2033	2.125-4.0%	1,330-7,360	91,325	1,340
	$ 190,673					$ 179,476	$ 4,230
Total Business-Type Activities	$ 208,453					$ 193,625	$ 5,285
Total Primary Government	$ 303,923					$ 272,590	$ 9,655

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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	-
2013 BRAC	1,830	2013	6/1/2025	3.25-5.00%	82-533	96	96
Series 2013	30,325	2013	2/1/2035	2.75-5.00%	1,260-9,230	19,310	1,540
Series 2015	87,750	2015	2/1/2028	2.00-5.00%	980-6,535	79,160	74,650
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	216	216
Series 2019	5,995	2020	2/1/2045	1.69 - 4.00%	165-1,575	5,310	180
Series 2020	90,045	2020	2/1/2045	1.57 - 3.03%	800-1,360	86,755	855
2020 BRAC	980	2021	6/1/2033	.253 - 2.44%	800-1,360	931	16
	226,175					199,578	77,553
Direct Borrowings							
PNC Bank Note Payable	500	2017	8/22/2026	2.20%	87- 93	184	91
	$ 226,675					$ 199,762	$ 77,644

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, 2024 are shown below.

	(thousands)	
Primary Government	**G.O. Warrants**	
Governmental Activities:	**Principal**	**Interest**
2025	$ 4,370	$ 2,566
2026	4,435	2,496
2027	4,510	2,420
2028	3,760	2,362
2029	3,850	2,271
2030-2034	17,360	9,691
2035-2039	14,075	6,649
2040-2044	14,395	3,856
2045-2048	12,210	1,049
Total governmental activities	**$ 78,965**	**$ 33,360**
Business-Type Activities:	**Principal**	**Interest**
2025	$ 5,285	$ 5,134
2026	5,355	5,062
2027	5,445	4,975
2028	5,535	4,881
2029	5,640	4,777
2030-2034	30,045	22,043
2035-2039	33,730	18,362
2040-2044	38,405	13,682
2045-2049	44,075	8,013
2050-2051	20,110	721
Total business-type activities	**$ 193,625**	**$ 87,650**

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Note 4 – Detailed Notes on All Funds – Continued

Component Unit - Board of Education

Governmental Activities: Board of Education	(thousands) G.O. Warrants Principal	Interest	(thousands) Note Payable Principal	Interest
2025	$ 77,553	$ 5,321	$ 91	$ 4
2026	8,999	3,546	93	2
2027	5,441	3,174	-	-
2028	8,062	3,014	-	-
2029	2,969	2,829	-	-
2030-2034	25,564	12,256	-	-
2035-2039	29,450	8,405	-	-
2040-2044	34,080	3,774	-	-
2045-2049	7,460	113	-	-
2049-2052	-	-	-	-
Total Governmental Activities - Comp. Unit	**$ 199,578**	**$ 42,432**	**$ 184**	**$ 6**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows (in thousands):

Primary Government

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
General obligation warrants	$ 83,270	$ -	$ (4,305)	$ 78,965	$ 4,370
Less amounts deferred for:					
Issue discounts & premiums	4,786	-	(209)	4,577	-
Total warrant, bonds, & notes	88,056	-	(4,514)	83,542	4,370
Leases	1,490	1,390	(411)	2,469	321
Subscription-based IT Arrangements (SBITA's)	-	288	(92)	196	90
Compensated absences	3,647	1,065	(516)	4,196	420
Claims Payable	864	475	(341)	998	415
Net pension Liability	73,360	413	-	73,773	5,313
Net OPEB Liability	61,378	-	(192)	61,186	2,898
Governmental Activities Long-Term Liabilities	$ 228,795	$ 3,631	$ (6,066)	$ 226,360	$ 13,827

Note 4 – Detailed Notes on All Funds – Continued

Business-Type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue warrants	$ 198,845	$ -	$ (5,220)	$ 193,625	$ 5,285
Less amounts deferred for:					
Issue discounts & premiums	5,707	-	(230)	5,477	-
Total warrants	204,552	-	(5,450)	199,102	5,285
Landfill closure and postclosure	6,190	2,363	-	8,553	-
Compensated absences	1,275	275	(279)	1,271	127
Claims payable	100	150	(50)	200	100
Net pension Liability	30,750	184	-	30,934	2,125
Net OPEB Liability	21,371	5,936	-	27,307	143
Business-Type Activities Long-Term Liabilities	$ 264,238	$ 8,908	$ (5,779)	$ 267,367	$ 7,780

Component Units – Board of Education

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue Warrants	$ 203,789	$ -	$ (4,026)	$ 199,763	$ 77,553
Notes Payable	273	-	(89)	184	91
Issue discounts & premiums	3,025	-	(163)	2,862	163
Financed Purchases	1,298		(226)	1,072	233
Leases	580	-	(211)	369	218
Net pension Liability	124,392	6,758	-	131,150	-
Net OPEB Liability	16,544	58	-	16,602	-
Governmental Activities Long-Term Liabilities	$ 349,901	$ 6,816	$ (4,715)	$ 352,002	$ 78,258

City Subscription Liabilities

Governmental Activities

As of September 30, 2024, 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, 2024, the total combined value of the subscription liability is $196,558. The combined value of the right to use asset, as of September 30, 2024 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
2025	$ 91,380	$ 15,106
2026	93,776	8,949
2027	11,402	969
Total governmental activities	$ 196,558	$ 25,024

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	$ 3,874,578
Perpetual care - nonspendale	Contributors	1,647,121
Law Enforcement / Corrections	Law	1,203,621
Capital Improvement	Law	1,218,018
Highways and Streets	Law	211,447
Special Events	Contributors	1,657
		$ 8,156,442

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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	$ 119,217	$ -	$ -	$ 119,217
Prepaid	353,019	-	-	353,019
Lease related	106,853	-	-	106,853
Permanent Fund	-	-	1,647,121	1,647,121
Total Nonspendable	579,089	-	1,647,121	2,226,210
Restricted:				
Special Revenues	-	-	4,204,271	4,204,271
Tri-Centennial	1,657	-	-	1,657
Total Restricted	1,657	-	4,204,271	4,205,928
Committed:				
OPEB Reserve	2,773,402	-	-	2,773,402
Reserve Policy	23,916,431	-	-	23,916,431
Water for Resale	232,178	-	-	232,178
Sanitation	570,295	-	-	570,295
Alley Fees	677,256	-	-	677,256
Ingalls Rental Fees	97,992	-	-	97,992
Room Occupancy Designation	136,902	-	1,208,316	1,345,218
Capital Improvements	1,250,204	47,589,929	(3,607)	48,836,526
Personnel Board	-	-	89,407	89,407
Sewer Extension	-	-	991,623	991,623
Other	111,450	-	-	111,450
Total Committed	29,766,110	47,589,929	2,285,739	79,641,778
Unassigned:	29,899,185	-	2,269,207	32,168,392
Total Fund Balance:	$ 60,246,041	$ 47,589,929	$ 10,406,338	$ 118,242,308

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 2024 was $1,883,031 by the Electric System, $78,716 by the Gas System, and $682,346 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 $8,553,046 reported for landfill closure and postclosure care liability at September 30, 2024 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 66.88 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of $2,889,311 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, 2024. The City expects to close the landfill in the year 2042. 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, 2024, 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, 2024. 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 $5,848,810 and the outstanding balance due to TVA for collection of the loans was also $5,848,810

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, 2024 contract commitments total $2,489,100 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 October 31, 2050.

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.

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 $750,000, $200,000 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, 2024. $450,000 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 $350,000 and $100,000 being represented in the Governmental Activities and Business-Type Activities columns, respectively.

The Board of Education is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Board's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Board.

Note 5 – Other Information - Continued

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, 2024.

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. The Authority has a nine-member board, in which the City appoints one member. During 2010, the Board issued $16.7 million in bonds to purchase 166 acres and infrastructure improvements for a new industrial park in Morgan County near Decatur. The new park will focus on the aerospace, biotech and defense industries in Huntsville. The City pledged a 48.55 percent share (based on population/census) of the cooperative district's TVA in-lieu-of tax funds received by Morgan County, and has that share of voting power 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 $35,000 in appropriations during the fiscal year ending September 30, 2024.

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.

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.

Note 5 – Other Information – Continued

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 $30,000 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 $30,000 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*.

<u>Benefits provided</u>

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. Pre-retirement 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 680 employers adopted Act 2019-132 as of September 30, 2022.

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 884 local participating employers and one state employer. The ERS membership includes approximately 113,079 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, 2023, 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	410	140
Vested inactive members	21	23
Non-vested inactive members	82	35
Active members	527	181
Post-DROP retired members still in active service	1	-
	1,041	379

<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 pre-retirement 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% 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, 2023, 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 $5,499,244 and $1,938,286 for the year ended September 30, 2024, 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022 rolled forward to September 30, 2023 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, 2022*	$ 166,664,935	$ 170,312,460	$ 170,312,460
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for *October 1, 2022 - September 30, 2023*	2,939,314	2,939,314	2,939,314
(d) Transfers Among Employees	-	(322,941)	(322,941)
(e) Actual Benefit Payments and Refunds for *October 1, 2022 - September 30, 2023*	(10,702,694)	(10,702,694)	(10,702,694)
(f) Total Pension Liability *as of September 30, 2023* [(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	$ 170,919,417	$ 174,515,742	$ 174,515,742
(g) Difference between expected and actual		$ 3,596,325	
(h) Less Liability Transferred for Immediate Recognition		322,941	
(i) Difference between Expected and Actual - Experience (gain) / loss		$ 3,919,266	
(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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022 rolled forward to September 30, 2023 using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability *as of September 30, 2022*	$ 65,684,263	$ 67,119,910
(b) Discount Rate	7.45%	7.45%
(c) Entry Age Normal Cost for *October 1, 2022 - September 30, 2023*	1,125,818	1,125,818
(d) Transfers Among Employees	-	(103,948)
(e) Actual Benefit Payments and Refunds for *October 1, 2022 - September 30, 2023*	(4,368,824)	(4,368,824)
(f) Total Pension Liability *as of September 30, 2023* [(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	$ 67,171,996	$ 68,610,651
(g) Difference between expected and actual		$ 1,438,656
(h) Less Liability Transferred for Immediate Recognition		103,948
(i) Difference between expected and actual (g) - (h)		$ 1,542,604

<u>Actuarial assumptions</u>

The total pension liability in the September 30, 2023 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. 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, 2021, 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 09/30/2022	$ 166,664,935	$ 90,612,593	$ 76,052,342
Changes for the year:			
Service cost	2,939,314	-	2,939,314
Interest	12,017,862	-	12,017,862
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	3,919,266	-	3,919,266
Contributions - employer	-	4,908,904	(4,908,904)
Contributions - employee	-	2,041,347	(2,041,347)
Net investment income	-	11,499,173	(11,499,173)
Benefit payments, including refunds of employee contributions	(10,702,694)	(10,702,694)	- -
Administrative expense	-	-	-
Transfers among Employers	(322,941)	(322,941)	-
Net changes	$ 7,850,807	$ 7,423,789	$ 427,018
Balances at 9/30/2023	$ 174,515,742	$ 98,036,382	$ 76,479,360

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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 09/30/2022	$ 65,684,263	$ 37,626,188	$ 28,058,075
Changes for the year:			
Service cost	1,125,818	-	1,125,818
Interest	4,730,739	-	4,730,739
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,542,603	-	1,542,603
Contributions - employer	-	1,690,634	(1,690,634)
Contributions - employee	-	783,535	(783,535)
Net investment income	-	4,755,060	(4,755,060)
Benefit payments, including refunds of employee contributions	(4,368,824)	(4,368,824)	-
Administrative expense	-	-	-
Transfers among employers	(103,948)	(103,948)	-
Net Changes	2,926,388	2,756,457	169,931
Balances at 09/30/2023	$ 68,610,651	$ 40,382,645	$ 28,228,006

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	$ 97,036,750	$ 76,479,360	$ 59,257,920
Board's net pension liability	$ 35,877,251	$ 28,228,006	$ 21,744,079

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, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. 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, 2024, the City recognized pension expense of $12,006,679. At September 30, 2024, 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	$ 6,651,304	$ -
Changes of assumption	2,688,907	-
Net difference between projected and actual earnings on pension plan investments	4,117,426	-
Employer contributions subsequent to the measurement date	5,499,244	-
Total	$ 18,956,881	$ -

For the year ended September 30, 2023, the Board recognized pension expense of $4,535,960. At September 30, 2024, 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	$ 3,396,890	$ 1,433,745
Changes of assumption	820,839	-
Net difference between projected and actual earnings on pension plan investments	1,704,698	-
Employer contributions subsequent to the measurement date	1,938,286	-
Total	$ 7,860,713	$ 1,433,745

Note 5 – Other Information - Continued

$5,499,244 and $1,938,286 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, 2025. 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
2025	$ 4,433,558	$ 1,576,881
2026	3,496,405	933,644
2027	5,327,506	2,099,382
2028	(21,678)	(121,225)
2029	221,846	-
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	$ 18,260,154	$ 696,727	$ 18,956,881
Net Pension Liability	$ 73,772,588	$ 2,706,772	$ 76,479,360
Deferred Inflows	$ -	$ -	$ -

	Municipal Utilities Board	Nonmajor Proprietary Funds	Total
Deferred Outflows	$ 7,860,713	$ 696,727	$ 8,557,440
Net Pension Liability	$ 28,228,005	$ 2,706,772	$ 30,934,777
Deferred Inflows	$ 1,433,745	$ -	$ 1,433,745

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 post-retirement 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. 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. Pre-retirement death benefits are 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.

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. Pre-retirement 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.

Participating employers' contractually required contribution rate for the year ended September 30, 2024 was 12.59% of annual pay for Tier 1 members and 11.57% 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 $8,654,643 for the year ended September 30, 2024.

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

At September 30, 2024 the Board reported a liability of $131,150,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. 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, 2023 the Board's proportion was .821852%, which was an increase of .021427% from its proportion measured as of September 30, 2022.

Note 5 – Other Information - Continued

For the year ended September 30, 2024, the Board recognized pension expense of $21,616,000. At September 30, 2024 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	$ 11,727,000	$ 1,771,000
Changes of assumption	3,690,000	-
Net difference between projected and actual earnings on pension plan investments	8,994,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,025,000	2,279,000
Employer contributions subsequent to the measurement date	8,654,643	-
Total	$ 38,090,643	$ 4,050,000

$8,654,643 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, 2025. 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:	
2025	$ 7,588,000
2026	6,803,000
2027	10,843,000
2028	152,000
2029	-
Thereafter	-

Actuarial assumptions

The total pension liability as of September 30, 2023 was determined by an actuarial valuation as of September 30, 2021 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, 2022, 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	$ 171,332,000	$ 131,150,000	$ 97,354,000

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, 2023. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2023. 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.

Note 5 – Other Information - Continued

Plan Membership

At September 30, 2022, the valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Benficiaries Currently Receiving Benefits	309
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Active Employees	189
	498

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 $62,684,845 was measured as of September 30, 2023 and was determined by an actuarial valuation as of September 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, 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	4.02%
Measurement Date	4.09%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025
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, 2022 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, 2022 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2022 valuation.

Changes in the Total OPEB Liability

Balances at 09/30/2022	$ 62,885,823
Changes for the year:	
Service cost	972,090
Interest	2,469,931
Changes in benefit terms	-
Differences between expected and actual experience	(275,450)
Changes of assumptions or other inputs	(449,265)
Benefit payments, including refunds of employee contributions	(2,918,284)
Administrative expense	-
Net changes	$ (200,978)
Balances at 9/30/2023	$ 62,684,845

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	**Current Rate**	**1% Increase**
Total Other Post-Employment Benefit Liability	$ 55,713,065	$ 62,684,845	$ 71,026,815

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 (3.09%)	**Current Rate (4.09%)**	**1% Increase (5.09%)**
Total Other Post-Employment Benefit Liability	$ 69,620,824	$ 62,684,845	$ 56,781,693

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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, 2024, the City had an overall reduction in OPEB expense of $6,084,836. At September 30, 2024, 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	$ 4,419	$ 554,334
Changes of assumption	-	4,977,065
Employer contributions subsequent to the measurement date	3,041,036	-
Total	$ 3,045,455	$ 5,531,399

$3,041,036 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, 2025. 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:	
2025	$ (4,461,763)
2026	(1,019,921)
2027	(45,296)
2028	-
2029	-
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, 2024 no benefits were payable and not paid.

Administrative Expenses. Qualified plan administrative expenses are paid by the City. During the year ended September 30, 2024 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, 2024 are detailed in the following tables. Table 1A shows the net OPEB liability as of September 30, 2024, 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, 2024 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 09/30/2023	$ 29,975,720	$ 10,112,851	$ 19,862,869
Changes for the year:			
Service cost	470,857	-	470,857
Interest	1,581,444	-	1,581,444
Differences between expected and actual experience	7,895,205	-	7,895,205
Changes of assumptions or other inputs	77,331	-	77,331
Contributions - Employer	-	1,778,254	(1,778,254)
Contributions - Employee	-	310,587	(310,587)
Net investment income	-	1,616,323	(1,616,323)
Benefit payments, including refunds of employee contributions	(1,160,583)	(1,160,583)	-
Asset adjustment	-	421,427	(421,427)
Administrative expense	-	(46,906)	46,906
Net changes	$ 8,864,254	$ 2,919,102	$ 5,945,152
Balances at 9/30/2024	$ 38,839,974	$ 13,031,953	$ 25,808,021

Note 5 – Other Information - Continued

Actuarial Methods and Assumptions

The valuation was based on information provided by the Utility as of October 1, 2022 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	$	13,299,461
Average Projected Earnings	$	71,502

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.

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

Note 5 – Other Information - Continued

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 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	$ 21,710,111	$ 25,808,021	$ 30,720,322

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	$ 30,564,925	$ 25,808,021	$ 21,828,170

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Note 5 – Other Information - Continued

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

For the year ended September 30, 2023, the System recognized OPEB expense of $1,781,557. At September 30, 2024, 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	$ 10,883,443	$ 28,917
Changes of assumption	66,284	3,004,880
Investment losses (gains)	-	668,618
Post-measurement contribution	-	-
Total	$ 10,949,727	$ 3,702,415

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, 2024:

Year ended September 30:	
2025	$ 1,207,401
2026	1,520,851
2027	1,311,752
2028	929,437
2029	1,138,933
Thereafter	1,138,938

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, 2024 no benefits were payable and not paid.

Administrative Expenses. Qualified plan administrative expenses are paid by the plan. During the year ended September 30, 2024 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 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	$ 3,037,211	$ 8,244	$ 3,045,455
Net OPEB Liability	$ 61,186,313	$ 1,498,532	$ 62,684,845
Deferred Inflows	$ 5,526,345	$ 5,054	$ 5,531,399

	Municipal Utilities Board	Nonmajor Proprietary Funds	Total
Deferred Outflows	$ 10,949,727	$ 8,244	$ 10,957,971
Net OPEB Liability	$ 25,808,021	$ 1,498,532	$ 27,306,553
Deferred Inflows	$ 3,702,413	$ 5,054	$ 3,707,467

Component Units

Plan Description

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. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

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.

Note 5 – Other Information - Continued

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.

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.

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

At September 30, 2024, the Board reported a liability of $16,602,227 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. 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, 2023, the Board's proportion was .86373192 percent, which was a decrease of .08574204% from its proportion measured as of September 30, 2022.

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Note 5 – Other Information - Continued

For the year ended September 30, 2023, the Board recognized revenue from the OPEB plan of $6,843,869 with no special funding situations. At September 30, 2024, 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	$ 324,628	$ 26,197,824
Changes of assumption	13,986,804	16,424,088
Net differences between projected and actual earnings on OPEB plan investments	567,101	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,572,053	7,743,658
Employer contributions reported subsequent to the measurement date	1,224,362	-
Total	$ 21,674,948	$ 50,365,570

$1,224,362 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, 2025. 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:	
2025	$ (9,684,171)
2026	(5,095,779)
2027	(4,707,018)
2028	(6,235,564)
2029	(4,039,747)
Thereafter	(152,705)

Note 5 – Other Information - Continued

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases *(1)*	5.00% - 3.25%
Long-term investment rate of return *(2)*	7.00%
Municipal Bond Index Rate at the Measurement Date	4.53%
Municipal Bond Index Rate at the Prior Measurement Date	4.40%
Projected year for fiduciary net position (FNP) to be depleted	N/A
Single equivalent interest rate at the measurement date	7.00%
Single equivalent interest rate at the prior measurement date	7.00%
Healthcare cost trend rate	
Pre-Medicare Eligible	7.00%
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 plan year 2025*

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:

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.

Note 5 – Other Information - Continued

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, 2022 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:

	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

<u>Discount Rate</u>

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, 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that 11.051% 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 $940 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 amunicipal 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 2121..

Note 5 – Other Information - Continued

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 6.00% Decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% or Medicare Eligible	Current Rate 7.00% Decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% or Medicare Eligible	1% Increase 8.00% Decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% or Medicare Eligible
Net OPEB Liability	$ 12,584,310	$ 16,602,227	$ 21,480,790

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 7.00%, 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 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	$ 20,495,415	$ 16,602,227	$ 13,288,616

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, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. 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, 2024 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.

Note 5 – Other Information - Continued

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, 2024, 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.

Changes in the balance of long-term claims liability (net of anticipated insurance coverage) for the year ended September 30, 2024 are as follows:

	Workers Compensation		Legal Claims		Total	
	2024	2023	2024	2023	2024	2023
Unpaid claims, beginning of year	$ 714,002	$ 643,411	$ 150,000	$ 150,000	$ 864,002	$ 793,411
Incurred claims	78,282	784,593	369,059	131,904	447,341	916,497
Less claim payments	(144,248)	(714,002)	(169,059)	(131,904)	(313,307)	(845,906)
Unpaid claims, end of year	$ 648,036	$ 714,002	$ 350,000	$ 150,000	$ 998,036	$ 864,002

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 $1,495,558 in sales and use tax and $697,382 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, 2024, some settlement agreements have resulted in distribution of funds in the amount of $1,487,648 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.

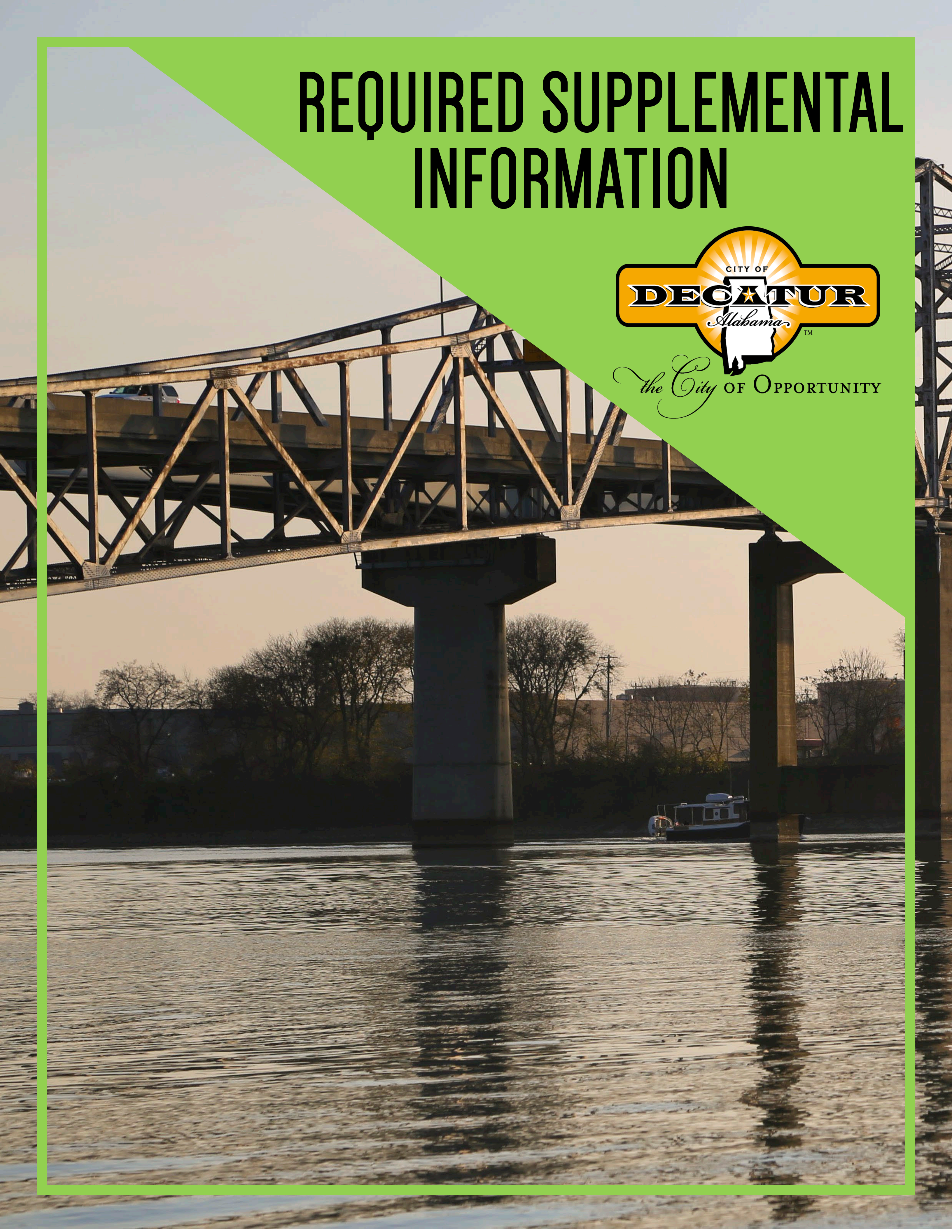
I. Subsequent Events

The City has evaluated subsequent events through March 31, 2025, 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	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Service cost	$ 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	$ 2,211,718
Interest	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	8,567,542
Changes in benefit terms	-	71,315	-	1,233,984	-	-	-	-	-	-
Differences between actual & expected experience	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	(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)	(7,256,603)
Transfers among employers	(322,941)	(291,701)	198,929	75,748	(135,985)	83,525	116,885	(231,427)	-	-
Net change in total pension liability	**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**	**3,522,657**
Total pension liability - beginning	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	110,722,571
Total pension liability - ending (a)	$ 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
Plan fiduciary net position										
Contribution-employer	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	3,049,380
Contribution-employee	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	1,488,936
Net investment income	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	8,538,093
Benefit payments, including refunds of employee contributions	(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)	(7,256,603)
Transfers among employers	(322,941)	(291,701)	198,929	75,748	(135,985)	83,525	116,885	(231,427)	127,694	(47,845)
Net change in plan fiduciary net position - beginning	**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)**	**5,771,961**
Plan fiduciary net position - beginning	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	72,542,294
Plan fiduciary net position - ending (b)	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
Net pension liability (asset) - ending (a)-(b)	**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**	**35,930,973**
Plan fiduciary net position as a percentage of total pension liability	**56.18%**	**54.37%**	**68.01%**	**61.87%**	**64.67%**	**68.02%**	**67.43%**	**63.49%**	**64.62%**	**68.55%**
Covered payroll	**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**	**25,172,255**
Net pension liability (asset) as a percentage of covered payroll	**247.47%**	**251.21%**	**177.16%**	**208.35%**	**182.06%**	**173.46%**	**163.41%**	**195.74%**	**173.52%**	**142.74%**

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service cost	$ 1,125,818	$ 1,057,446	$ 910,080	$ 840,218	$ 830,571	$ 785,826	$ 765,318	$ 762,211	$ 735,009	$ 719,118
Interest	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	3,551,873
Changes in benefit terms	-	53,676	-	355,337	-	-	-	-	-	-
Differences between actual & expected experience	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	(4,368,824)	(4,082,594)	(3,734,235)	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Transfers among employers	(103,948)	110,413	69,816	(10,534)	63,270	109,124	(41,676)	6,054	-	-
Net change in total pension liability	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	1,412,576
Total pension liability - beginning	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	45,827,625
Total pension liability - ending (a)	$ 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
Plan fiduciary net position										
Contribution-employer	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	1,439,683
Contribution-employee	783,535	791,803	700,082	587,421	591,191	547,638	533,792	517,917	588,751	478,274
Net investment income	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	3,314,923
Benefit payments, including refunds of employee contributions	(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)	(2,858,415)
Administrative expense	-	-	-	-	-	-	-	-	-	-
Transfers among employers	(103,948)	110,413	69,816	(10,534)	63,270	109,124	(41,675)	6,054	(103,901)	96,722
Net change in plan fiduciary net position - beginning	2,756,457	(6,837,684)	6,867,348	633,790	(312,458)	2,185,738	3,066,951	1,916,226	(414,388)	2,471,187
Plan fiduciary net position - beginning	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	28,049,480
Plan fiduciary net position - ending (b)	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
Net pension liability (asset) - ending (a)-(b)	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	16,719,534
Plan fiduciary net position as a percentage of total pension liability	58.86%	57.28%	72.47%	61.75%	65.39%	68.68%	68.29%	63.82%	62.98%	64.61%
Covered payroll	14,274,124	13,294,216	12,756,883	11,641,834	11,307,292	11,388,209	10,665,563	10,397,431	9,916,527	9,655,596
Net pension liability (asset) as a percentage of covered payroll	197.76%	211.05%	132.42%	200.06%	173.06%	149.30%	152.77%	174.59%	178.45%	173.16%

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

	City of Decatur									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 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	$ 3,049,380
Contributions in relation to the actuarially determined contribution	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	3,049,380
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
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
Contribution as percentage of covered payroll	16.73%	16.15%	14.39%	13.90%	13.82%	13.69%	12.63%	11.77%	12.47%	12.56%

	Municipal Utilities Board									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 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	$ 1,481,882
Contributions in relation to the actuarially determined contribution	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	1,481,882
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
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
Contribution as percentage of covered payroll	13.09%	11.80%	13.97%	13.29%	12.62%	12.47%	12.22%	13.27%	14.25%	14.94%

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 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

Actuarial cost method	*Entry Age*
Amortization method	*Level percent closed*
Remaining amortization period	*26.5 years and 23.7 years, respectively*
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 inflation*

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	0.821852%	0.800425%	0.808247%	0.737322%	0.822118%	0.761579%	0.758570%	0.757463%	0.761109%	0.785686%
System's proportionate share of the net pension liability	$ 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	$ 71,376,000
System's covered payroll	$ 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	$ 49,729,459
System's proportionate share of the net pension liability as a percentage of its covered payroll	191.03%	199.91%	128.91%	159.59%	168.60%	149.20%	149.01%	170.76%	166.18%	143.53%
Plan fiduciary net position as a percentage of the total pension liability	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

**: This schedule is presented to illustrate the requirement to show information for 10 years.*

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 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	$ 5,654,232
Contributions in relation to the contractually required contribution	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	5,654,232
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
System's covered payroll	$ 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	$ 47,934,304
Contributions as a percentage of covered payroll	12.09%	12.07%	12.01%	11.98%	12.14%	12.18%	12.05%	11.86%	11.86%	11.80%

**: This schedule is presented to illustrate the requirement to show information for 10 years.*

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

City of Decatur	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	$ 972,090	$ 1,866,872	$ 1,709,166	$ 2,657,721	$ 1,710,615	$ 2,448,333	$ 2,832,229
Interest	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	(275,450)	(973,230)	18,528	(46,800,681)	(13,870)	(3,600,770)	86,792
Changes of assumptions	(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	(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	(200,978)	(17,416,629)	(442,399)	(39,520,416)	26,852,418	(7,925,017)	(6,990,243)
Total OPEB liability - beginning	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)	$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	$ 3,041,036	$ 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	(3,041,036)	(2,917,075)	(2,948,212)	(2,757,353)	(3,745,335)	(2,457,754)	(2,378,069)
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)	62,684,842	62,885,820	80,302,449	80,744,848	120,265,264	93,412,846	101,337,863
Covered-employee payroll	12,368,546	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 payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) as a percentage of covered payroll	506.81%	508.43%	312.20%	313.92%	740.36%	599.46%	599.07%

Municipal Utilities Board	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 446,733	$ 404,942	$ 387,319	$ 373,572	$ 424,692	$ 577,544
Interest	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	0	8,196,997	-	193,875	(5,687,159)	-
Changes of assumptions	-	(5,397,417)	-	(3,367,893)	(1,338,994)	-
Benefit payments, including refunds of employee contributions	(1,199,175)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Net change in OPEB liability	783,316	2,591,874	497,444	(2,644,631)	(6,273,120)	831,529
Total OPEB liability - beginning	29,192,404	26,600,530	26,103,086	28,747,717	35,020,837	34,189,308
Total OPEB liability - ending (a)	$29,975,720	$ 29,192,404	$26,600,530	$ 26,103,086	$ 28,747,717	$ 35,020,837
Plan fiduciary net position						
Contributions - employer	$ 2,112,838	$ 1,507,635	$ 1,741,315	$ 8,875,780	$ 941,411	$ 822,065
Contributions - employee	-	285,605	-	294,342	-	-
Net investment income	471,306	(619,707)	377,073	545	-	-
Benefit payments, including refunds of employee contributions	(1,199,175)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Administrative expenses	-	(42,579)	-	-	-	-
Net change in OPEB liability	1,384,969	(630,306)	1,070,862	8,287,326	-	-
Plan fiduciary net position - beginning	8,727,882	9,358,188	8,287,326	-	-	-
Plan fiduciary net position - ending (b)	$ 10,112,851	$ 8,727,882	$ 9,358,188	$ 8,287,326	$ -	$ -
Net OPEB liability (asset) - ending (a) - (b)	19,862,869	20,464,522	17,242,342	17,815,760	28,747,717	35,020,837
Covered-employee payroll	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 payroll	33.74%	29.90%	35.18%	31.75%	0.00%	0.00%
Net pension liability (asset) as a percentage of covered payroll	158.67%	167.56%	159.05%	168.45%	310.46%	360.23%

** 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.* 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.

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

	2022	2022	2021	2020	2019	2018	2017
OPEB	0.863732%	0.949474%	0.892745%	0.855759%	0.964650%	0.898192%	0.868568%
System's proportionate share of the net OPEB liability	$ 16,602,227	$ 16,544,096	$ 46,126,468	$ 55,537,568	$ 36,394,005	$ 73,819,943	$ 64,512,270
System's covered payroll	$ 68,655,481	$ 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	24.18%	26.59%	78.10%	97.18%	67.50%	145.45%	128.94%
Plan fiduciary net position as a percentage of the total pension liability	49.42%	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*

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 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	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	$ 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	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 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience 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, 2019, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods an assumptions were used to determine the most recent contribution rate reported in that schedule.

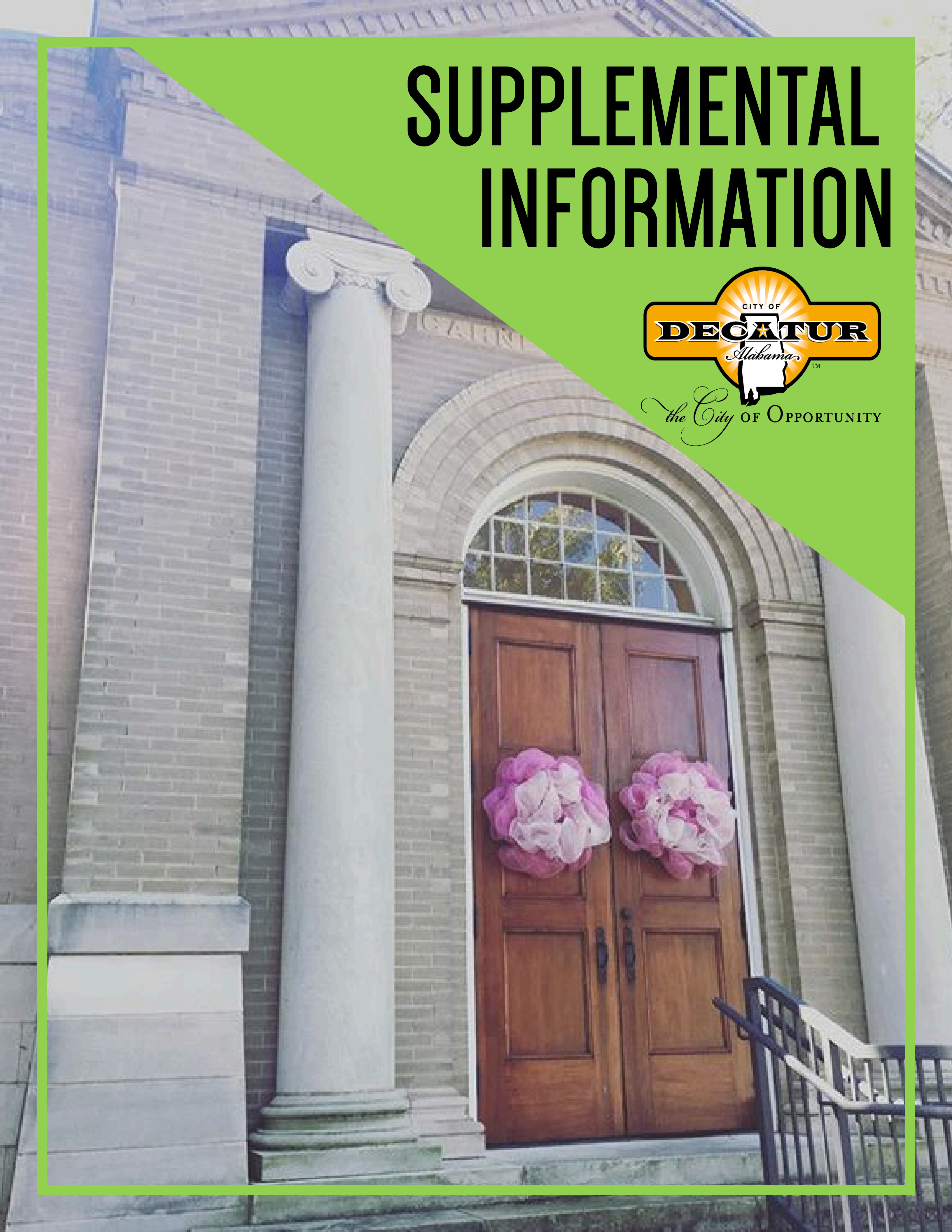
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	21 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible*	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible
	2024 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 2022.

SUPPLEMENTAL INFORMATION

CITY OF DECATUR Alabama

the City of Opportunity



City of Decatur
General Fund
Balance Sheet
September 30, 2024

Assets		
Cash & investments	$	53,985,217
Cash with fiscal agent		3,787,256
Receivables (net of allowances):		
Accounts		858,151
Taxes		5,054,692
Leases		2,036,371
Due from other funds		694,199
Due from other governmental entities		773,391
Deposits		71,405
Prepaids		353,019
Inventories		119,217
Total assets	$	67,732,918
Deferred Outflows of Resources		-

City of Decatur
General Fund
Balance Sheet
September 30, 2024

Liabilities and Fund Balance		
Liabilities		
Accounts payable	$	3,463,251
Accrued liabilities		729,425
Due to other funds		354,537
Due to other governmental entities		19,912
Customer deposits		481,872
Total liabilities		5,048,997
Deferred Inflows of Resources		
Unavailable revenue		508,362
Lease related deferred inflows		1,929,518
Total deferred inflows of resources		2,437,880
Fund Balance		
Nonspendable		579,089
Restricted		1,657
Committed		29,766,110
Unassigned		29,899,185
Total fund balance		60,246,041
Total liabilities, deferred resources and fund balance	$	67,732,918

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual
For the Year Ended September 30, 2024

	Report Original	Report Final	Actual	Variance with Final Report Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	$ 61,829,500	$ 61,994,500	$ 65,382,208	$ 3,387,708
Licenses and permits	7,723,400	7,763,400	8,352,919	589,519
Fines and forfeitures	594,600	594,600	1,619,205	1,024,605
Revenues from money and property	2,265,000	2,271,000	1,942,736	(328,264)
Charges for services	11,585,750	11,648,650	12,000,956	352,306
Intergovernmental	6,086,114	6,166,007	5,828,946	(337,061)
Gifts and donations	-	42,782	86,999	44,217
Other revenues	769,000	804,558	1,492,439	687,881
TOTAL REVENUES	90,853,364	91,285,497	96,706,408	5,420,911
EXPENDITURES				
Current				
General government	18,322,070	20,668,989	19,879,755	789,234
Public safety	34,280,266	36,834,741	31,059,382	5,775,359
Public works	10,238,005	18,773,916	13,254,052	5,519,864
Public services	16,379,684	18,348,526	16,548,670	1,799,856
Community services contracts	3,689,494	3,937,994	3,919,098	18,896
Community development	561,274	561,274	317,219	244,055
Debt service:				
Principal	3,561,341	3,781,836	3,779,928	1,908
Interest and fiscal charges	2,445,025	2,520,044	2,526,052	(6,008)
TOTAL EXPENDITURES	89,477,159	105,427,320	91,284,156	14,143,164
EXCESS OF REVENUES OVER EXPENDITURES	1,376,205	(14,141,823)	5,422,252	19,564,075
OTHER FINANCING SOURCES (USES)				
Leases (as lessee)	-	1,390,277	1,390,121	(156)
Inception of subscription-based IT arrangements	-	288,148	288,148	-
Refunding warrants issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Operating transfers in	26,040	63,229	180,362	117,133
Operating transfers out	(1,612,246)	(2,747,551)	(2,587,767)	159,784
Total other financing sources (uses)	(1,586,206)	(1,005,897)	(729,136)	276,761
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(210,001)	(15,147,720)	4,693,116	19,840,836
Fund balance, beginning	55,552,925	55,552,925	55,552,925	-
FUND BALANCE, ENDING	$ 55,342,924	$ 40,405,205	$ 60,246,041	$ 19,840,836

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Report Original	Report Final	Actual	Variance with Final Report Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	47,005,000	47,005,000	49,443,537	2,438,537
Ad valorem	5,000,000	5,000,000	5,157,278	157,278
Other	9,824,500	9,989,500	10,781,393	791,893
Total	61,829,500	61,994,500	65,382,208	3,387,708
Licenses and permits				
Motor Vehicle	180,000	180,000	191,450	11,450
Business Licenses and Permits	6,743,400	6,743,400	7,039,476	296,076
Building Permits and Inspection Fees	800,000	840,000	1,121,993	281,993
Total	7,723,400	7,763,400	8,352,919	589,519
Fines and forfeitures	594,600	594,600	1,619,205	1,024,605
Revenues from money and property				
Interest	2,080,000	2,086,000	1,771,274	(314,726)
Recreational receipts	-	-	-	-
Other	185,000	185,000	171,462	(13,538)
Total	2,265,000	2,271,000	1,942,736	(328,264)
Charges for current services				
Recreation	424,550	424,550	467,689	43,139
Animal shelter	25,000	25,000	28,738	3,738
General government	469,200	471,200	495,643	24,443
Public safety	154,200	154,200	121,742	(32,458)
Public works	5,518,000	5,578,900	5,629,669	50,769
Cemetery	65,000	65,000	60,400	(4,600)
Youth services	5,000	5,000	8,255	3,255
Point Mallard	4,924,800	4,924,800	5,188,820	264,020
Total	11,585,750	11,648,650	12,000,956	352,306
Intergovernmental				
Tax equivalents	5,350,414	5,350,414	5,009,863	(340,551)
State Grants	-	79,893	131,099	51,206
State Shared Taxes	735,700	735,700	687,984	(47,716)
Total	6,086,114	6,166,007	5,828,946	(337,061)
Gifts & donations	-	42,782	86,999	44,217
Other revenues	769,000	804,558	1,492,439	687,881
TOTAL REVENUES	90,853,364	91,285,497	96,706,408	5,420,911

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES				
CURRENT EXPENDITURES				
General Government				
Mayor and Council				
Personnel services	325,117	325,117	355,642	(30,525)
Operating expenses	348,562	389,062	367,579	21,483
Total	673,679	714,179	723,221	(9,042)
Legal Services				
Personnel services	718,500	718,500	695,025	23,475
Operating expenses	92,744	152,744	69,889	82,855
Capital outlay	182,000	280,385	72,094	208,291
Total	993,244	1,151,629	837,008	314,621
Municipal Court				
Personnel services	836,217	836,217	821,860	14,357
Operating expenses	13,060	13,060	10,297	2,763
Total	849,277	849,277	832,157	17,120
City Clerk				
Personnel services	436,046	436,046	452,726	(16,680)
Operating expenses	103,995	103,995	45,367	58,628
Total	540,041	540,041	498,093	41,948
Revenue department				
Personnel services	340,492	340,492	334,117	6,375
Operating expenses	52,915	122,915	87,859	35,056
Total	393,407	463,407	421,976	41,431
Finance department				
Personnel services	991,652	976,652	922,493	54,159
Operating expenses	15,315	30,315	24,746	5,569
Total	1,006,967	1,006,967	947,239	59,728

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Public building				
Personnel services	291,715	291,715	285,996	5,719
Operating expenses	288,730	294,401	268,512	25,889
Capital outlay	40,000	1,803,089	1,525,439	277,650
Total	620,445	2,389,205	2,079,947	309,258
Economic and community development				
Personnel services	1,121,944	1,121,944	1,063,605	58,339
Operating expenses	198,067	197,277	131,036	66,241
Capital outlay	-	110,211	110,198	13
Total	1,320,011	1,429,432	1,304,839	124,593
Garage				
Personnel services	402,553	406,553	408,276	(1,723)
Operating expenses	86,600	108,500	112,047	(3,547)
Capital outlay	34,262	58,831	37,218	21,613
Total	523,415	573,884	557,541	16,343
Purchasing				
Personnel services	148,681	153,781	154,318	(537)
Operating expenses	6,450	9,950	6,405	3,545
Total	155,131	163,731	160,723	3,008
Information services				
Personnel services	1,335,425	1,341,425	1,323,702	17,723
Operating expenses	2,877,451	2,775,370	2,469,418	305,952
Capital outlay	-	580,654	369,108	211,546
Total	4,212,876	4,697,449	4,162,228	535,221
Miscellaneous				
Workman's compensation	800,000	800,000	467,959	332,041
Insurance	685,000	774,000	781,728	(7,728)
Other	5,377,798	4,913,205	5,919,918	(1,006,713)
Total	6,862,798	6,487,205	7,169,605	(682,400)

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Safety				
Personnel services	108,119	108,119	108,258	(139)
Operating expenses	62,660	62,660	45,836	16,824
Capital outlay	-	31,804	31,084	720
Total	170,779	202,583	185,178	17,405
Total general government	18,322,070	20,668,989	19,879,755	789,234
Public Safety				
Fire				
Personnel services	12,470,973	12,526,973	11,812,422	714,551
Operating expenses	1,193,588	1,265,409	1,026,645	238,764
Capital outlay	251,068	2,069,711	311,095	1,758,616
Total	13,915,629	15,862,093	13,150,162	2,711,931
Inspection				
Personnel services	1,030,542	1,030,542	850,492	180,050
Operating expenses	42,285	41,945	23,144	18,801
Capital outlay	-	75,387	75,387	-
Total	1,072,827	1,147,874	949,023	198,851
Police				
Personnel services	15,237,471	15,269,471	13,152,670	2,116,801
Operating expenses	2,924,157	2,937,108	2,446,374	490,734
Capital outlay	600,000	635,715	599,684	36,031
Total	18,761,628	18,842,294	16,198,728	2,643,566
Sign Shop				
Personnel services	357,425	357,425	306,005	51,420
Operating expenses	172,757	218,907	148,471	70,436
Capital outlay	-	17,148	17,148	-
Total	530,182	593,480	471,624	121,856
Miscellaneous				
Operating expenses	-	389,000	289,845	99,155
Total	-	389,000	289,845	99,155
Total public safety	34,280,266	36,834,741	31,059,382	5,775,359

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Public Works				
Director				
Personnel services	289,955	289,955	284,299	5,656
Operating expenses	9,546	9,546	9,729	(183)
Capital outlay	-	23,741	23,741	-
Total	299,501	323,242	317,769	5,473
Streets				
Personnel services	1,984,655	1,972,810	1,765,577	207,233
Operating expenses	421,005	524,695	495,118	29,577
Capital outlay	161,000	362,162	210,233	151,929
Total	2,566,660	2,859,667	2,470,928	388,739
Projects				
Operating expenses	170,293	1,357,331	1,159,060	198,271
Capital outlay	-	100,202	80,279	19,923
Total	170,293	1,457,533	1,239,339	218,194
Engineering				
Personnel services	516,839	516,839	502,450	14,389
Operating expenses	57,500	57,500	53,825	3,675
Capital outlay	-	5,593,218	2,539,909	3,053,309
Total	574,339	6,167,557	3,096,184	3,071,373
Sanitation				
Personnel services	2,068,578	2,068,578	1,897,638	170,940
Operating expenses	2,100,314	2,237,125	2,048,442	188,683
Capital outlay	2,458,320	3,660,214	2,183,752	1,476,462
Total	6,627,212	7,965,917	6,129,832	1,836,085
Total public works	10,238,005	18,773,916	13,254,052	5,519,864

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Public Services				
Animal Shelter				
Personnel services	614,682	614,782	586,372	28,410
Operating expenses	149,919	155,119	141,994	13,125
Capital outlay	-	43,481	31,673	11,808
Total	764,601	813,382	760,039	53,343
Parks and recreation				
Personnel services	5,332,756	5,616,256	5,299,058	317,198
Operating expenses	3,324,225	2,380,667	2,121,648	259,019
Capital outlay	-	599,258	534,566	64,692
Total	8,656,981	8,596,181	7,955,272	640,909
Landscape and beautification				
Personnel services	363,537	363,537	327,622	35,915
Operating expenses	248,133	1,409,076	1,133,059	276,017
Capital outlay	-	27,032	27,032	-
Total	611,670	1,799,645	1,487,713	311,932
Cemetery				
Personnel services	128,501	128,501	131,938	(3,437)
Operating expenses	144,900	201,300	151,961	49,339
Capital outlay	40,000	40,000	39,153	847
Total	313,401	369,801	323,052	46,749
Youth services				
Personnel services	895,983	955,983	845,447	110,536
Operating expenses	115,562	179,668	85,261	94,407
Capital outlay	-	107,954	107,470	484
Total	1,011,545	1,243,605	1,038,178	205,427
Culture				
Old Bank	96,632	107,452	104,106	3,346
Train Depot	25,597	42,043	34,567	7,476
Other	219,854	274,851	153,940	120,911
Total	342,083	424,346	292,613	131,733

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Point Mallard Aquatic Center				
Personnel services	1,702,313	1,722,313	1,664,442	57,871
Operating expenses	1,059,600	1,087,600	971,061	116,539
Capital outlay	-	138,188	138,188	-
Total	2,761,913	2,948,101	2,773,691	174,410
Point Mallard Golf Course				
Personnel services	729,306	809,306	763,633	45,673
Operating expenses	390,425	394,925	351,676	43,249
Capital outlay	-	93,850	93,850	-
Total	1,119,731	1,298,081	1,209,159	88,922
Point Mallard Event Center				
Operating expenses	6,700	6,700	5,170	1,530
Total	6,700	6,700	5,170	1,530
Point Mallard Campground				
Personnel services	280,766	320,766	271,234	49,532
Operating expenses	152,700	152,700	122,609	30,091
Capital outlay	-	17,625	17,625	-
Total	433,466	491,091	411,468	79,623
Point Mallard General Park				
Personnel services	149,093	149,093	133,142	15,951
Operating expenses	208,500	208,500	159,173	49,327
Total	357,593	357,593	292,315	65,278
Total public services	16,379,684	18,348,526	16,548,670	1,390,093

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Community Service Contracts				
Decatur Public Library	397,680	397,680	397,680	-
Morgan County Emergency Management Dist.	477,737	477,737	477,488	249
Decatur-Morgan County Emergency Mgt. Agency	35,000	35,000	35,000	-
Decatur-Morgan County Hospital Fund	-	3,500	3,500	-
NARCOG:				
Transport Planning	300,000	300,000	300,000	-
NCA Mental Health Board	30,000	30,000	30,000	-
Economic Development Association	61,000	61,000	61,000	-
Morgan County Health Department	120,000	120,000	120,000	-
Community Action and Community Development Agency of North Alabama:				
Meals on Wheels	14,227	14,227	14,227	-
Foster Grandparents	7,200	7,200	7,200	-
Decatur-Morgan County Seniors' Council, Inc.	51,000	51,000	51,000	-
Decatur Convention and Visitors' Bureau	1,189,550	1,354,550	1,335,903	18,647
Morgan County Rescue Squad	15,000	15,000	15,000	-
Pryor Field Airport Authority	30,000	30,000	30,000	-
Community Foundation of Greater Decatur				
Youth Entrepreneurial CEO Program	-	75,000	75,000	-
Volunteer Center	5,000	5,000	5,000	-
Carnegie Visual Arts	17,000	17,000	17,000	-
Free Health Clinic	75,000	75,000	75,000	-
Downtown Redevelopment Authority	84,100	84,100	84,100	-
Princess Theatre	80,000	80,000	80,000	-
DMCCC Partnership 5 Year Plan	50,000	50,000	50,000	-
Entrepreneurial Center	600,000	600,000	600,000	-
DDMBA / 3rd Friday	-	5,000	5,000	
DMCCC Business Development Board	50,000	50,000	50,000	
Total Community Services Contract	3,689,494	3,937,994	3,919,098	18,896

City of Decatur
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Report & Actual – By Activity
For the Year Ended September 30, 2024

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Community Development				
Planning department				
Personnel services	333,188	333,188	169,400	163,788
Operating expenses	41,086	41,086	22,981	18,105
Total	374,274	374,274	192,381	181,893
Business development				
Operating expenses	187,000	187,000	124,838	62,162
Total	187,000	187,000	124,838	62,162
Total community development	561,274	561,274	317,219	244,055
Debt Service Expenditures				
Principal	3,561,341	3,781,836	3,779,928	1,908
Interest and fiscal charges	2,445,025	2,520,044	2,526,052	(6,008)
Total Debt Service Expenditures	6,006,366	6,301,880	6,305,980	(4,100)
TOTAL EXPENDITURES	89,477,159	105,427,320	91,284,156	13,733,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,376,205	(14,141,823)	5,422,252	19,564,075
OTHER FINANCING SOURCES (USES)				
Refunding warrants issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Lease proceeds	-	1,390,277	1,390,121	(156)
Inception of subscription-based IT arrangements	-	288,148	288,148	-
Payment to escrow agent	-	-	-	-
Operating transfers in	26,040	63,229	180,362	117,133
Operating transfers out	(1,612,246)	(2,747,551)	(2,587,767)	159,784
Total other financing sources (uses)	(1,586,206)	(1,005,897)	(729,136)	276,761
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(210,001)	(15,147,720)	4,693,116	19,840,836
Fund balance, beginning	55,552,925	55,552,925	55,552,925	-
FUND BALANCE, ENDING	**$ 55,342,924**	**$ 40,405,205**	**$ 60,246,041**	**$ 19,840,836**

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 Fund financial statements.

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.

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, 2024

	Special Revenue Funds											
	7 Cent Gas Tax	**4 & 5 Cent Gas Tax**	**2019 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	$ 13,418	$ 34,647	$ 60,748	$ 13,506,084	$ 104,491	$ 52,175	$ 1,224,520	$ 376,051	$ 386,636	$ 428,908	$ 1,373,665	$ 1,571,185
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	36,960	-
Investments, at cost												
Receivables (net of allowances)												
Accounts	-	-	-	-	-	25	-	22,023	6,904	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	44,115	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from governmental entities	13,068	29,274	43,853	462,515	-	-	-	-	-	-	-	2,303,393
Deposits	10,179	6,825	-	700	-	-	-	-	-	-	-	-
Total assets	$36,665	$ 70,746	$ 104,601	$ 13,969,299	$ 104,491	$ 52,200	$ 1,224,520	$ 398,074	$ 393,540	$ 428,908	$ 1,454,740	$ 3,874,578
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities												
Accounts payable	-	565	-	1,139,396	12,924	43,656	6,502	12,494	3,295	-	-	-
Accrued liabilities	-	-	-	1,201	2,160	4,354	-	347	765	-	-	-
Contract retainages	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	246,424	-
Due to other governmental entities	-	-	-	-	-	4,190	-	-	-	-	-	-
Total liabilities	-	565	-	1,140,597	15,084	52,200	6,502	12,841	4,060	-	246,424	-
Deferred Inflows of Resources												
Unavailable revenue	-	-	-	10,559,495	-	-	-	-	-	-	-	2,303,393
Total deferred inflows of resources	-	-	-	10,559,495	-	-	-	-	-	-	-	2,303,393
Fund Balances												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	36,665	70,181	104,601	-	-	-	1,218,018	385,233	389,480	428,908	-	1,571,185
Committed	-	-	-	-	89,407	-	-	-	-	-	1,208,316	-
Unassigned	-	-	-	2,269,207	-	-	-	-	-	-	-	-
Total fund balance (deficit)	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
Total liabilities, deferred inflows and fund balance	$36,665	$ 70,746	$ 104,601	$ 13,969,299	$ 104,491	$ 52,200	$ 1,224,520	$ 398,074	$ 393,540	$ 428,908	$ 1,454,740	$ 3,874,578

City of Decatur
Non-Major Governmental Funds (by fund type)
Combining Balance Sheet
September 30, 2024

	Permanent Fund	Capital Projects Funds		
	Perpetual Care	**2016 Capital Improvements Fund**	**Sewer Fund**	**Total Nonmajor Governmental Funds**
Assets				
Cash & investments, at cost	$ 533,632	$ 749,519	$ 306,195	$ 20,721,874
Cash with fiscal agents	-	-	620,350	657,310
Investments, at cost	1,108,282	-		1,108,282
Receivables (net of allowances)				
Accounts	5,207	37,286	-	71,445
Taxes	-	-	-	44,115
Due from other funds	-	-	65,078	65,078
Due from governmental entities	-	-	-	2,852,103
Deposits	-	-	-	17,704
Total assets	$ 1,647,121	$ 786,805	$ 991,623	$ 25,537,911
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Accounts payable	-	401,327	-	1,620,159
Accrued liabilities	-	-	-	8,827
Contract retainages	-	102,909	-	102,909
Due to other funds	-	-	-	246,424
Due to other governmental entities	-	286,176	-	290,366
Total liabilities	-	790,412	-	2,268,685
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	12,862,888
Total deferred inflows of resources	-	-	-	12,862,888
Fund Balances				
Nonspendable	1,647,121	-	-	1,647,121
Restricted	-	-	-	4,204,271
Committed	-	(3,607)	991,623	2,285,739
Unassigned	-	-	-	2,269,207
Total fund balance (deficit)	1,647,121	(3,607)	991,623	10,406,338
Total liabilities, deferred inflows and fund balance	$ 1,647,121	$ 786,805	$ 991,623	$ 25,537,911

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, 2024

	Special Revenue Funds											
	7 Cent Gas Tax	**4 & 5 Cent Gas Tax**	**2019 Gas Tax**	**Grant**	**Personnel Board**	**Municipal Court**	**Alabama Capital Improvement Trust**	**Corrections**	**Docket Fees**	**Drug Seizure**	**Room Occupancy**	**Opioid Settlement**
Revenue												
Other taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 540,942	$ -
Fines & forfeitures	-	-	-	-	-	-	-	325,304	107,663	-	-	-
Revenues from money & property	963	1,591	3,591	474,672	-	-	-	16,587	-	17,379	-	60,517
Intergovernmental	141,302	315,677	452,253	3,957,849	-	-	547,029	-	-	56,866	-	184,473
Total revenues	142,265	317,268	455,844	4,432,521	-	-	547,029	341,891	107,663	74,245	540,942	244,990
Expenditures												
Current												
General government	-	-	-	-	999,082	-	366,714	150,829	275,237	-	-	-
Public safety	-	-	-	10,440	-	-	-	208,832	-	12,743	-	-
Public works	129,673	267,866	454,964	409,033	-	-	157,625	-	-	-	-	-
Public services	-	-	-	1,377,391	-	-	74,422	-	-	-	27,059	-
Community service contracts	-	-	-	-	-	-	-	-	-	-	19,000	-
Community development	-	-	-	1,189,213	-	-	-	-	-	-	-	-
Debt service												
Principal	-	-	-	1,194	-	-	-	47,160	-	-	133,344	-
Interest and fiscal charges	-	-	-	75	-	-	-	1,356	-	-	14,342	-
Total expenditures	129,673	267,866	454,964	2,987,346	999,082	-	598,761	408,177	275,237	12,743	193,745	-
Excess (deficiency) of revenues over expenditures	12,592	49,402	880	1,445,175	(999,082)	-	(51,732)	(66,286)	(167,574)	61,502	347,197	244,990
Other Financing Sources (Uses)												
Transfers in	-	-	-	1,086,514	966,799	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(293)	-	-	-	-	-	-	(31,476)	-
Total other financing sources (uses)	-	-	-	1,086,221	966,799	-	-	-	-	-	(31,476)	-
Net change in fund balance	12,592	49,402	880	2,531,396	(32,283)	-	(51,732)	(66,286)	(167,574)	61,502	315,721	244,990
Fund balance (deficit), beginning	24,073	20,779	103,721	(262,189)	121,690	-	1,269,750	451,519	557,054	367,406	892,595	1,326,195
Fund balance (deficit), ending	$ 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

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, 2024

	Permanent Fund	Capital Projects Fund		
	Perpetual Care	2016 Capital Improvements Fund	Sewer Fund	Total Nonmajor Governmental Funds
Revenue				
Other taxes	$ -	$ -	$ -	$ 540,942
Fines & forfeitures	-	-	-	432,967
Revenues from money & property	183,404	33,323	25,065	817,092
Intergovernmental	-	-	-	5,655,449
Total revenues	183,404	33,323	25,065	7,446,450
Expenditures				
Current				
General government	-	-	-	1,791,862
Public safety	-	-	-	232,015
Public works	-	-	-	1,419,161
Public services	-	655,000	-	2,133,872
Community service contracts	-	-	-	19,000
Community development	-	-	-	1,189,213
Debt service				
Principal	-	-	842,382	1,024,080
Interest and fiscal charges	-	-	108,763	124,536
Total expenditures	-	655,000	951,145	7,933,739
Excess (deficiency) of revenues over expenditures	183,404	(621,677)	(926,080)	(487,289)
Other Financing Sources (Uses)				
Transfers in	-	-	788,769	2,842,082
Transfers (out)	(51,990)	-	-	(83,759)
Total other financing sources (uses)	(51,990)	-	788,769	2,758,323
Net change in fund balance	131,414	(621,677)	(137,311)	2,271,034
Fund balance (deficit), beginning	1,515,707	618,070	1,128,934	8,135,304
Fund balance (deficit), ending	$ 1,647,121	$ (3,607)	$ 991,623	$ 10,406,338

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, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 138,000	$ 138,000	$ 141,302	$ 3,302
Revenues from money and property	900	900	963	63
Total revenues	138,900	138,900	142,265	3,365
EXPENDITURES				
Operating expenses	129,673	129,673	129,673	-
Total expenditures	129,673	129,673	129,673	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,227	9,227	12,592	3,365
NET CHANGE IN FUND BALANCE	9,227	9,227	12,592	3,365
Fund balance, beginning	24,073	24,073	24,073	-
FUND BALANCE, ENDING	$ 33,300	$ 33,300	$ 36,665	$ 3,365

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, 2024

	Budget			Variance with Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 307,000	$ 307,000	$ 315,677	$ 8,677
Revenues from money and property	700	700	1,591	891
Total revenues	307,700	307,700	317,268	9,568
EXPENDITURES				
Operating expenses	303,885	303,885	267,866	36,019
Total expenditures	303,885	303,885	267,866	36,019
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,815	3,815	49,402	45,587
NET CHANGE IN FUND BALANCE	3,815	3,815	49,402	45,587
Fund balance, beginning	20,779	20,779	20,779	-
FUND BALANCE, ENDING	$ 24,594	$ 24,594	$ 70,181	$ 45,587

City of Decatur
2019 Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2024

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 400,000	$ 400,000	$ 452,253	$ 52,253
Revenues from money and property	1,000	1,000	3,591	2,591
Total revenues	401,000	401,000	455,844	54,844
EXPENDITURES				
Operating expenses	401,178	457,111	454,964	2,147
Total expenditures	401,178	457,111	454,964	2,147
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(178)	(56,111)	880	56,991
NET CHANGE IN FUND BALANCE	(178)	(56,111)	880	56,991
Fund balance, beginning	103,721	103,721	103,721	-
FUND BALANCE, ENDING	$ 103,543	$ 47,610	$ 104,601	$ 56,991

City of Decatur
Personnel Board Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Other revenues	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Personnel services	765,670	765,670	706,049	59,621
Operating expenses	251,130	251,130	293,033	(41,903)
Total expenditures	1,016,800	1,016,800	999,082	17,718
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,016,800)	(1,016,800)	(999,082)	17,718
OTHER FINANCING SOURCES				
Operating transfers in	966,799	966,799	966,799	-
Total other financing sources (uses)	966,799	966,799	966,799	-
NET CHANGE IN FUND BALANCE	(50,001)	(50,001)	(32,283)	17,718
Fund balance, beginning	121,690	121,690	121,690	-
FUND BALANCE, ENDING	$ 71,689	$ 71,689	$ 89,407	$ 17,718

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, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 525,000	$ 525,000	$ 547,029	$ 22,029
Total revenues	525,000	525,000	547,029	22,029
EXPENDITURES				
Personal services	-	-	-	-
Operating expenses	50,000	147,283	147,283	-
Capital outlay	1,713,084	1,979,063	451,478	1,527,585
Total expenditures	1,763,084	2,126,346	598,761	1,527,585
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,238,084)	(1,601,346)	(51,732)	1,549,614
NET CHANGE IN FUND BALANCE	(1,238,084)	(1,601,346)	(51,732)	1,549,614
Fund balance, beginning	1,269,750	1,269,750	1,269,750	-
FUND BALANCE, ENDING	$ 31,666	$ (331,596)	$ 1,218,018	$ 1,549,614

City of Decatur
Corrections Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
REVENUES				
Fines and Forfeitures	$ 405,000	$ 405,000	$ 325,304	$ (79,696)
Revenues from money and property	4,000	4,000	16,587	12,587
Total revenues	409,000	409,000	341,891	(67,109)
EXPENDITURES				
Personnel services	266,001	272,001	226,461	45,540
Operating expenses	167,614	161,614	133,200	28,414
Capital outlay	-	-	-	-
Debt service				
Principal	47,160	47,160	47,160	-
Interest	1,356	1,356	1,356	-
Total expenditures	482,131	482,131	408,177	73,954
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(73,131)	(73,131)	(66,286)	6,845
NET CHANGE IN FUND BALANCE	(73,131)	(73,131)	(66,286)	6,845
Fund balance, beginning	451,519	451,519	451,519	-
FUND BALANCE, ENDING	$ 378,388	$ 378,388	$ 385,233	$ 6,845

City of Decatur
Docket Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and Forfeitures	$ 114,800	$ 114,800	$ 107,663	$ (7,137)
Total revenues	114,800	114,800	107,663	(7,137)
EXPENDITURES				
Personnel services	-	-	-	-
Operating expenses	275,868	275,868	275,237	631
Capital outlay	102,000	102,000	-	102,000
Total expenditures	377,868	377,868	275,237	102,631
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(263,068)	(263,068)	(167,574)	95,494
NET CHANGE IN FUND BALANCE	(263,068)	(263,068)	(167,574)	95,494
Fund balance, beginning	557,054	557,054	557,054	-
FUND BALANCE, ENDING	$ 293,986	$ 293,986	$ 389,480	$ 95,494

City of Decatur
Drug Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2024

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 75,000	$ 75,000	$ 56,866	$ (18,134)
Revenues from money and property	6,500	6,500	17,379	10,879
Total revenues	81,500	81,500	74,245	(7,255)
EXPENDITURES				
Operating expenses	36,500	36,500	12,743	23,757
Total expenditures	36,500	36,500	12,743	23,757
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,000	45,000	61,502	16,502
NET CHANGE IN FUND BALANCE	45,000	45,000	61,502	16,502
Fund balance, beginning	367,406	367,406	367,406	-
FUND BALANCE, ENDING	$ 412,406	$ 412,406	$ 428,908	$ 16,502

City of Decatur
Room Occupancy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2024

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and Payments in lieu of taxes	$ 560,000	$ 560,000	$ 540,942	$ (19,058)
Revenues from money and property	-	-	-	-
Total revenues	560,000	560,000	540,942	(19,058)
EXPENDITURES				
Operating expenses	-	35,000	19,000	16,000
Capital Outlay	-	27,059	27,059	-
Debt service				
Principal	133,359	133,359	133,344	15
Interest	14,350	14,350	14,342	8
Total expenditures	147,709	209,768	193,745	16,023
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	412,291	350,232	347,197	(3,035)
OTHER FINANCING USES				
Operating transfers in	-	-	-	-
Operating transfers (out)	(1,869)	(4,308)	(31,476)	(27,168)
Total other financing sources	(1,869)	(4,308)	(31,476)	(27,168)
NET CHANGE IN FUND BALANCE	410,422	345,924	315,721	(30,203)
Fund balance, beginning	892,595	892,595	892,595	-
FUND BALANCE, ENDING	$ 1,303,017	$ 1,238,519	$ 1,208,316	$ (30,203)

City of Decatur
Opioid Settlement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended September 30, 2024

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 164,267	$ 164,267	$ 184,473	$ 20,206
Revenues from money and property	25,000	25,000	60,517	35,517
Total revenues	189,267	189,267	244,990	55,723
EXPENDITURES				
Personnel services	91,767	91,767	-	(91,767)
Operating expenses	53,200	53,200	-	53,200
Capital Outlay	44,300	44,300	-	44,300
Total expenditures	97,500	97,500	-	97,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	91,767	91,767	244,990	153,223
NET CHANGE IN FUND BALANCE	91,767	91,767	244,990	153,223
Fund balance, beginning	1,326,195	1,326,195	1,326,195	-
FUND BALANCE, ENDING	$ 1,417,962	$ 1,417,962	$ 1,571,185	$ 153,223

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 comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Governmental activities										
Net investment in capital assets	$ 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	$ 29,561,806
Restricted	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	4,318,971
Unrestricted	(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)	(35,016,581)
Total governmental activities net position	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)	(1,135,804)
Business-type activities										
Net investment in capital assets	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	168,779,187
Restricted	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	40,071,044
Unrestricted	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	33,133,776
Total business-type activities net position	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	241,984,007
Primary government										
Net investment in capital assets	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	198,340,993
Restricted	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	44,390,015
Unrestricted	(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)	(1,882,805)
Total primary government net assets	$ 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	$ 240,848,203

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	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Governmental activities:										
General Government	$ 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	$ 13,957,454
Public safety	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	23,949,879
Public works	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	8,129,042
Public services	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	9,805,856
Educational assistance	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	20,133,524
Community development	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	1,026,451
Community service contracts	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	2,239,029
Personnel board		-	-	-	-	-	-	801,764	611,900	620,764
Interest on long-term debt	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	1,774,419
Unallocated depreciation	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	2,366,814
Total governmental activities expense	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	84,003,232
Business-type activities:										
Municipal Utilities Board	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	134,707,491
Point Mallard	-	-	5,483,738	5,137,263	3,715,716	5,718,591	5,885,957	5,587,125	5,591,696	5,614,318
Sanitary Landfill	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	5,579,541
Total business-type activities expenses	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	145,901,350
Total primary government expenses	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	229,904,582
Program Revenues										
Governmental activities:										
Charges for services:										
General government	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	6,642,236
Public safety	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	2,245,642
Public works	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	3,920,619
Public services	5,865,597	5,934,305	743,464	697,436	420,542	667,645	684,203	704,558	692,853	703,562
Community Development	-	-	-	-	-	-	-	1,944	2,911	7,716
Operating grants and contributions	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	1,322,425
Capital grants and contributions	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	2,205,732
Total governmental activities program revenues	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	17,047,932
Business-type activities										
Charges for services:										
Municipal Utilities Board	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	141,001,444
Point Mallard	-	-	5,144,403	4,939,976	1,846,806	5,155,091	5,375,310	5,076,812	5,016,486	5,154,135
Sanitary Landfill	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	6,094,943
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	4,046,029	1,536,415	730,767	921,133	1,246,220	3,907,937	359,349	1,195,833	2,539,845	1,205,802
Total business-type activities program revenues	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	153,456,324
Total primary government program revenues	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	170,504,256
Net (Expense)/Revenue										
Governmental activities	(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)	(66,955,300)
Business-type activities	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	7,554,974
Total primary government net expense	(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)	(59,400,326)

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	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	37,490,197
Property taxes	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	19,300,964
Alcoholic beverage taxes*	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	1,768,182
Gasoline taxes*	838,989	860,355	1,050,623	817,441	770,700	806,139	753,123	790,070	813,437	762,676
Automobile taxes*	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	1,393,212
Lodging taxes*	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	1,290,241
Rental taxes*	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	1,075,881
Other taxes*	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	2,603,581
Interest on investments	6,522,999	3,324,831	(998,910)	1,644,900	1,125,044	1,032,167	216,775	163,743	85,679	75,454
Other	1,275,761	22,921	579,096	164,001	287,769	37,239	383,589	206,279	711,482	953,234
Extraordinary item			1,605,911							
Transfers	771,089	(174,131)	1,014,611	(2,234,098)	396,735	795,661	(9,188,159)	865,723	(2,142,585)	930,600
Total governmental activities	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	67,644,222
Business-type activities:										
Interest on investments	8,745,972	6,571,087	2,061,311	475,867	1,081,704	1,883,254	1,329,049	438,987	182,828	173,935
Forgiveness of Long-term debt	-	-	-	-	-	-	-	-	-	-
Other	(400,943)	17,336	96,700	(71,715)	66,343	583,010	(145,266)	87,779	49,311	46,454
Extraordinary item			9,272,861							
Transfers	(771,089)	174,131	(1,014,611)	2,234,098	(396,737)	(795,661)	9,188,159	(865,723)	2,142,585	(930,600)
Total business-type activities	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	(710,211)
Total primary government	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	66,934,011
Change in Net Position										
Governmental activities	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)	688,922
Business-type activities	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	6,844,763
Total primary government	$ 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	$ 7,533,685

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General fund										
Nonspendable	$ 579,089	$ 376,296	$ 237,233	$ 214,106	$ 237,316	$ 185,036	$ 53,403	$ 25,204	$ 19,543	$ 21,299
Restricted	1,657	1,588	1,547	1,312	1,312	1,312	1,312	1,312	1,312	1,312
Committed	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	17,809,129
Unassigned	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	9,031,061
Total general fund	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	26,862,801
All other governmental funds										
Nonspendable	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	1,068,386
Restricted	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	3,249,271
Committed	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	4,289,409
Unassigned	2,269,207	(262,189)	(1,950,208)	(2,184,140)	-	-	-	-	(403,248)	(284,827)
Total all other governmental funds	$ 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	$ 8,322,239

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

	Fiscal Year									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Revenues										
Sales & use taxes	$ 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	$ 37,490,198
Property taxes	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	12,804,007
Other taxes	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	8,439,412
Licenses & permits	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	6,874,042
Fines & forfeitures	2,052,172	1,456,505	986,137	608,125	638,627	894,355	1,003,660	1,084,515	1,123,993	1,277,650
Revenues from money & property	6,768,658	3,616,217	(667,667)	1,976,998	1,393,261	1,292,076	476,857	395,853	305,821	278,241
Charges for services	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	5,350,291
Intergovernmental	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	10,236,944
Gifts & donations	86,999	95,449	148,338	72,357	378,020	119,680	165,000	280,405	226,081	155,629
Other revenues	6,889,637	405,855	2,588,126	395,282	874,035	409,959	375,268	1,268,944	1,050,811	825,963
Total revenues	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	83,732,377
Expenditures										
General government	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	4,511,312
Public safety	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	23,406,958
Public works	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	8,326,936
Public services	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	9,362,391
Educational assistance	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	25,487,456
Community service contracts	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	2,239,029
Community development	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	2,311,183
Personnel board	-	-	-	-	-	-	-	801,764	611,900	620,764
Debt Service: Principal	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	3,576,260
Interest and fiscal charges	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	1,734,540
Debt issuance costs	-	389,968	242,575	214,280	-	-	15	86,803	354,892	-
Total expenditures	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	81,576,829
Excess (deficiency) of revenues over expenditures	(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	2,155,548
Other Financing Sources (Uses)										
General obligation debt issued	-	32,745,000	18,185,000	17,660,000	-	-	-	5,140,000	21,630,000	2,500,000
Premium on debt issue	-	2,652,253	2,066,675	-	-	-	-	97,594	316,632	-
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Lease Proceeds ***	1,390,121	1,335,604	32,039	-	-	-	837,996	422,596	-	-
Inception of subscription-based IT arrangements	288,148	-	-	-						
Payment to escrow agent	-	-	-	(16,373,131)	-	-	-	-	(14,105,614)	-
Transfers in	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	749,409
Transfers (out)	(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)	(940,571)
Total other financing (uses) sources	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	2,308,838
Net change in fund balance	$ (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	$ 4,464,386
Debt service as a percentage of noncapital expenditures	6.3%	5.0%	6.4%	4.5%	6.1%	6.3%	9.8%	5.1%	6.5%	6.8%

** 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	Historical and Residential Property	Commercial and Industrial Property	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
2015	198,796,920	645,795,960	9,039,260	230,243,280	623,388,860	18.6 Mills	3,961,013,167	15.74%
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%

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
2015	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	6.5 Mills	16.6 Mills	45.3 Mills
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

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

Taxpayer	2015 Taxable Assessed Value	2015 Rank	2015 Percentage of Net City Taxable Assessed Value	2016 Taxable Assessed Value	2016 Rank	2016 Percentage of Net City Taxable Assessed Value	2017 Taxable Assessed Value	2017 Rank	2017 Percentage of Net City Taxable Assessed Value	2018 Taxable Assessed Value	2018 Rank	2018 Percentage of Net City Taxable Assessed Value	2019 Taxable Assessed Value	2019 Rank	2019 Percentage of Net City Taxable Assessed Value
Bunge Corporation	19,230,040	4	3.08%	18,957,020	4	2.96%	15,686,620	5	2.41%	19,535,500	4	2.69%	25,218,360	3	3.57%
BellSouth	6,918,000	7	1.11%	4,923,500	8	0.77%	6,596,200	7	1.01%	*			*		
Hexcel Corporation	80,968,860	2	12.99%	88,503,120	2	13.84%	115,923,600	1	17.79%	129,027,720	1	17.77%	94,714,420	2	13.42%
General Electric/Haier	17,694,600	5	2.84%	24,603,100	3	3.85%	23,886,940	3	3.67%	23,460,220	3	3.23%	23,703,380	4	3.36%
Nucor Steel	108,511,480	1	17.41%	100,342,940	1	15.69%	85,160,720	2	13.07%	93,710,320	2	12.90%	101,212,160	1	14.34%
O.C.I. Chemical Corp	4,248,060	9	0.68%	4,287,060	9	0.67%	4,046,600	10	0.62%	4,417,860	9	0.61%	4,456,900	7	0.63%
Meow Mix	5,960,260	8	0.96%	12,920,104	6	2.02%	5,922,580	8	0.91%	6,916,740	7	0.95%	7,070,620	6	1.00%
Hyosung USA, Inc.	*			*			*			4,787,100	8	0.66%	5,225,880	9	0.74%
ITC-AL LLC	8,646,880	6	1.39%	8,179,880	7	1.28%	7,718,520	6	1.18%	7,433,260	6	1.02%	2,760,362	10	0.39%
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%
Coyote Garrison Decatur LLC	3,571,720	10	0.57%	*			*			*			*		
Polyplex USA, LLC	19,955,600	3	3.20%	18,940,400	5	2.96%	18,162,900	4	2.79%	17,228,060	5	2.37%	15,955,120	5	2.26%
Steel Technologies															
Total	$ 275,705,500		44.23%	$ 286,056,084		44.73%	$ 287,229,440		44.07%	$ 310,283,380		42.73%	$ 285,728,302		40.49%
Net City Taxable Assessed Value			623,388,860			639,485,700			651,710,520			726,167,020			705,645,260

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

	2020			2021			2022			2023			2024		
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	25,909,520	4	3.46%	26,233,020	4	3.41%	28,838,860	4	3.45%	31,552,700	4	3.55%	34,546,580	4	3.65%
BellSouth	*			*			-			-			-		
Hexcel Corporation	108,259,680	1	14.46%	108,350,500	2	14.10%	105,644,020	2	12.62%	101,760,520	2	11.45%	96,555,380	2	10.20%
General Electric/Haier	38,182,000	3	5.10%	39,853,700	3	5.19%	38,465,720	3	4.60%	37,827,720	3	4.26%	35,197,420	3	3.72%
Nucor Steel	88,500,080	2	11.82%	108,977,660	1	14.19%	129,474,200	1	15.47%	140,602,000	1	15.82%	149,532,560	1	15.80%
O.C.I. Chemical Corp	4,371,960	9	0.58%	4,391,580	9	0.57%	4,938,840	9	0.59%	6,054,500	8	0.68%	6,647,880	9	0.70%
Meow Mix	7,003,220	8	0.94%	7,203,000	7	0.94%	8,096,920	7	0.97%	8,547,300	7	0.96%	12,808,820	6	1.35%
Hyosung USA, Inc.	4,097,880	10	0.55%	4,091,960	10	0.53%	4,049,380	10	0.48%	3,929,060	10	0.44%	-		0.00%
ITC-AL LLC	7,185,060	7	0.96%	4,576,580	8	0.60%	-		0.00%	5,455,020	9	0.61%	5,454,500	10	0.58%
Ardent Mills, LLC (Conagra)	8,843,520	6	1.18%	9,964,520	6	1.30%	10,202,300	6	1.22%	9,848,940	6	1.11%	9,877,940	7	1.04%
Coyote Garrison Decatur LLC	*			*			-			-			-		
Polyplex USA, LLC	16,758,320	5	2.24%	12,943,260	5	1.68%	14,851,240	5	1.77%	12,648,480	5	1.42%	15,400,620	5	1.63%
Steel Technologies										-			7,006,500	8	0.74%
Total	$ 309,111,240		41.29%	$ 326,585,780		42.51%	$ 344,561,480		41.16%	$ 358,226,240		40.31%	$ 373,028,200		39.42%
Net City Taxable Assessed Value			748,709,380			768,259,120			837,044,960			888,621,580			946,233,200

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
2015	20,345,222	20,228,986	99.43%	14,334	20,243,320	99.5%
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%	10,261	26,262,608	98.3%
2020	26,992,758	24,637,744	91.28%	1,694,740	26,332,484	97.6%
2021	27,082,273	26,995,942	99.68%	12,192	27,008,134	99.7%
2022	27,979,367	27,150,699	97.04%	47,122	27,197,821	97.2%
2023**	29,235,302	29,151,333	99.71%			
2024*	36,865,179					

Source:
Morgan County Revenue Commissioner

* FY 24 revenue collected amounts will not be available until mid-July 2025
** FY 23 collections in subsequent years will not be available until mid-July 2025

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Apparel	$ 48,581	$ 49,402	$ 50,606	$ 48,752	$ 35,960	$ 44,021	$ 53,625	$ 41,401	$ 72,483	$ 62,724
Multi-Line Retail	$ 533,557	$ 503,774	$ 596,825	$ 556,261	$ 471,528	$ 442,566	$ 337,965	$ 148,859	$ 210,809	$ 170,418
Restaurants	$ 189,420	$ 165,423	$ 169,393	$ 165,410	$ 127,136	$ 148,127	$ 137,321	$ 201,243	$ 154,769	$ 138,512
Grocery Stores	$ 122,432	$ 116,618	$ 111,110	$ 104,158	$ 103,391	$ 101,114	$ 85,501	$ 89,777	$ 80,136	$ 78,899
Building Materials	$ 24,871	$ 26,836	$ 52,577	$ 25,121	$ 14,922	$ 16,971	$ 67,453	$ 78,528	$ 77,028	$ 63,561
Automobile Dealers	$ 355,976	$ 356,864	$ 356,282	$ 342,976	$ 232,836	$ 269,234	$ 269,605	$ 317,935	$ 294,061	$ 230,500
Household Furnishings	$ 8,646	$ 8,009	$ 11,920	$ 10,481	$ 7,362	$ 7,538	$ 7,763	$ 27,439	$ 28,083	$ 26,665
Convenience Stores	$ 54,583	$ 50,493	$ 50,544	$ 50,990	$ 39,219	$ 40,102	$ 38,199	$ 31,931	$ 35,557	$ 33,510
All other outlets	$ 629,414	$ 701,738	$ 451,460	$ 386,004	$ 479,546	$ 395,346	$ 346,622	$ 381,769	$ 558,504	$ 477,803
Total	$ 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	$ 1,282,591

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
2015	4.00%	1.00%	4.00%	9.00%
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%

Source:
City Revenue Department

Notes:
Tax rates indicated are the general rate.

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

	Calendar Year 2024			Calendar Year 2023			Calendar Year 2022		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	5,229,578	1	8.05%	5,094,023	1	7.79%	4,708,189	1	7.70%
Manufacturer	3,095,344	2	4.76%	3,022,387	2	4.62%	2,827,997	2	4.63%
Grocery store	2,399,166	3	3.69%	2,347,580	3	3.59%	2,255,463	3	3.69%
Multi-line retailer	1,723,751	4	2.65%	1,804,239	4	2.76%	1,744,110	4	2.85%
Building materials /hard line	1,511,731	5	2.33%	1,517,541	5	2.32%	1,387,202	5	2.27%
Multi-line retailer	1,451,099	6	2.23%	1,471,082	6	2.25%	1,259,272	6	2.06%
Grocery store	1,040,448	7	1.60%	978,228	7	1.50%	954,410	7	1.56%
Apparel Store									
Building materials /hard line									
Automobile dealer	957,500	8	1.47%	944,135	8	1.44%	925,612	8	1.51%
Multi-line retailer							738,920	10	1.21%
Manufacturer	827,867	10	1.27%	809,747	10	1.24%			
Automobile dealer	894,759	9	1.38%	824,956	9	1.26%	748,328	9	1.22%
Total	$ 19,131,242		29.44%	$ 18,813,918		28.78%	$ 17,549,503		28.71%

	Calendar Year 2021			Calendar Year 2020			Calendar Year 2019		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	4,419,307	1	7.92%	$ 4,211,233	1	8.43%	$ 4,207,375	1	8.70%
Manufacturer	2,644,063	2	4.74%	2,386,185	2	4.78%	1,939,906	2	4.01%
Grocery store	2,150,853	3	3.85%	1,968,702	3	3.94%	1,605,699	3	3.32%
Multi-line retailer	1,233,810	6	2.21%	1,041,981	6	2.09%	937,366	5	1.94%
Building materials /hard line	1,703,961	4	3.05%	1,478,592	4	2.96%	1,205,364	4	2.49%
Multi-line retailer	*			*			*		
Grocery store	1,035,954	7	1.86%	994,615	7	1.99%	839,337	7	1.74%
Apparel Store	*			617,979	9	1.24%	577,001	9	1.19%
Building materials /hard line	1,287,072	5	2.31%	1,077,781	5	2.16%	868,700	6	1.80%
Automobile dealer	888,673	8	1.59%	784,985	8	1.57%	773,297	8	1.60%
Multi-line retailer	794,693	9	1.42%	*			*		
Manufacturer	*			*			*		
	750,480	10	1.34%	574,038	10	1.15%	523,929	10	1.08%
Total	$ 16,908,865		30.29%	$ 15,136,090		30.31%	$ 13,477,974		27.86%

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 2018			Calendar Year 2017			Calendar Year 2016		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	$ 3,951,670	1	8.86%	$ 3,890,428	1	9.20%	$ 3,842,685	1	9.83%
Manufacturer	2,260,719	2	5.07%	2,108,019	2	4.98%	1,627,433	2	4.16%
Grocery store	1,361,800	3	3.05%	1,065,203	4	2.52%	1,002,354	4	2.56%
Multi-line retailer	951,878	5	2.14%	900,660	5	2.13%	849,926	6	2.17%
Building materials /hard line	1,161,078	4	2.60%	1,169,429	3	2.76%	1,138,342	3	2.91%
Multi-line retailer	585,560	9	1.31%	603,855	9	1.43%	590,507	10	1.51%
Grocery store	843,166	6	1.89%	887,086	6	2.10%	858,139	5	2.19%
Apparel Store	535,169	10	1.20%	555,165	10	1.31%	607,759	9	1.55%
Building materials /hard line	784,960	7	1.76%	756,826	7	1.79%	741,728	7	1.90%
Automobile dealer	741,860	8	1.66%	739,811	8	1.75%	725,808	8	1.86%
Multi-line retailer									
Manufacturer									
Total	$ 13,177,860		29.56%	$ 12,676,482		29.96%	$ 11,984,680		30.65%

	Calendar Year 2015		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	$ 3,708,054	1	9.89%
Manufacturer	1,880,011	2	5.01%
Grocery store	1,224,425	3	3.27%
Multi-line retailer	875,168	5	2.33%
Building materials /hard line	1,040,212	4	2.77%
Multi-line retailer	698,811	7	1.86%
Grocery store	832,716	6	2.22%
Apparel Store	638,815	10	1.70%
Building materials /hard line	693,029	8	1.85%
Automobile dealer	639,662	9	1.71%
Multi-line retailer			
Manufacturer			
Total	$ 12,230,903		32.62%

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
2015	95,544,700	16,663,591	12,489,561	16,303,592	141,001,444
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

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**	**Water Revenue Warrants**	**Wastewater Revenue Warrants**	**Water Notes Payable**	**Wastewater Notes Payable**	**Leases**	**Total Primary Government**	**Percentage of Personal Income**	**Total Debt per Capita**
2015	50,253	-	34	21,370	49,530	-	-	-	121,187	8.80%	2,161
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	78,965	-	2,664	14,149	179,476		-	-	275,254	14.41%	4,703

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
2015	50,252,354	1.27%	896
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

Sources:
Morgan County Economic Development Association provided demographics

City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2024

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	$	81,630,351	100.00%	$	81,630,351
Total Direct Debt					81,630,351
* City of Decatur Board of Education	$	199,762,340	100.00%		199,762,340
Morgan County		14,743,582	42.99%		6,338,266
Morgan County Board of Education		93,349,022	42.99%		40,130,745
Total Overlapping Debt					246,231,350
Total direct and overlapping debt				**$**	**327,861,701**

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2024 net assessed valuation of all taxable property in the City ($946,233,200 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County ($2,200,943,980).

*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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	$ 124,677,772	$ 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
Total net debt applicable to limit	44,947,354	49,845,756	51,967,650	46,048,999	46,567,244	43,242,593	41,715,180	57,512,777	89,546,745	81,630,351
Legal debt margin	74,425,418	$ 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
Total net debt applicable to the limit as a percentage of debt limit	36.05%	38.97%	39.87%	31.71%	33.00%	28.88%	27.15%	34.35%	50.39%	43.13%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	$ 1,166,146,480
Less tax exempt property	(219,913,280)
Net Assessed Value	946,233,200
Debt limit (20% of net assessed value)	189,246,640
Debt applicable to limit:	
General obligation bonds/ leases	81,630,351
Less:School	
Total net debt applicable to limit	81,630,351
Legal debt margin	$ 107,616,289

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
2015	141,138,101	123,318,615	17,819,486	7,548,849	2.36%
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%

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
2015	56,068	1,376,638	24,553	37.8	546	8,693	5.7%
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%

Sources:
Morgan County Economic Development Association
Decatur City Schools

City of Decatur
Principal Employers
Current Year and Prior Nine Years

Employer	2024 Employees	2024 Rank	2024 Percentage of Total City Employment	2023 Employees	2023 Rank	2023 Percentage of Total City Employment	2022 Employees	2022 Rank	2022 Percentage of Total City Employment
Decatur Morgan Hospital	1,773	1	4.58%	1,745	1	4.76%	1,715	1	6.54%
Haier/General Electric	1,400	3	3.62%	1,375	3	3.75%	1,395	3	5.32%
Decatur City Schools	1,445	2	3.74%	1,445	2	3.94%	1,398	2	5.33%
United Launch Alliance	763	7	1.97%	763	7	2.08%	752	6	2.87%
3M Company	788	5	2.04%	788	5	2.15%	998	5	3.81%
Wayne Farms Fresh	684	8	1.77%	684	8	1.87%	684	8	2.61%
Nucor Steel	767	6	1.98%	767	6	2.09%	725	7	2.76%
City of Decatur	493	10	1.27%	558	9	1.52%	674	9	2.57%
Wayne Farms Prepared Foods	820	4	2.12%	820	4	2.24%	1,135	4	4.33%
Gemstone Foods, LLC	520	9	1.34%	520	10	1.42%	520	10	1.98%
Total	9,453		24.44%	9,465		25.83%	9,996		38.11%

Employer	2021 Employees	2021 Rank	2021 Percentage of Total City Employment	2020 Employees	2020 Rank	2020 Percentage of Total City Employment	2019 Employees	2019 Rank	2019 Percentage of Total City Employment
Decatur Morgan Hospital	1,553	1	4.73%	1,458	2	4.54%	1,500	1	4.47%
General Electric	1,395	2	4.25%	1,681	1	5.23%	1,381	2	4.12%
Decatur City Schools	1,347	3	4.10%	1,337	3	4.16%	1,172	3	3.49%
United Launch Alliance	715	8	2.18%	665	9	2.07%	620	9	1.85%
3M Company	950	5	2.89%	956	5	2.98%	960	5	2.86%
Wayne Farms Fresh	719	7	2.19%	750	6	2.33%	750	6	2.24%
Nucor Steel	725	6	2.21%	720	7	2.24%	720	7	2.15%
City of Decatur	674	9	2.05%	682	8	2.12%	670	8	2.00%
Wayne Farms Prepared Foods	1,047	4	3.19%	1,151	4	3.58%	1,151	4	3.43%
Gemstone Foods, LLC	486	10	1.48%	486	10	1.51%	486	10	1.45%
Total	9,611		29.27%	9,886		30.77%	9,410		28.05%

Source:
Morgan County Economic Development Association

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

	2018			2017			2016		
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	1,365	1	4.19%	1,365	1	5.02%	1,365	1	4.58%
General Electric	1,325	2	4.07%	1,325	2	4.88%	1,295	2	4.35%
Decatur City Schools	1,172	3	3.60%	1,133	3	4.17%	1,133	3	3.80%
United Launch Alliance	620	9	1.90%	607	10	2.23%	820	7	2.75%
3M Company	961	5	2.95%	850	6	3.13%	850	6	2.85%
Wayne Farms Fresh	881	6	2.71%	881	5	3.24%	871	5	2.92%
Nucor Steel	728	7	2.24%	709	8	2.61%	721	8	2.42%
City of Decatur	665	8	2.04%	662	9	2.44%	658	10	2.21%
Wayne Farms East/West	1,033	4	3.17%	1,002	4	3.69%	942	4	3.16%
Gemstone Foods, LLC									
Total	8,750		26.87%	8,534		31.41%	8,655		29.05%

	2015		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**
Decatur Morgan Hospital	1,449	1	5.24%
General Electric	1,338	2	4.84%
Decatur City Schools	1,200	3	4.34%
United Launch Alliance	808	7	2.92%
3M Company	850	6	3.07%
Wayne Farms Fresh	871	5	3.15%
Nucor Steel	721	8	2.61%
City of Decatur	665	10	2.40%
Wayne Farms East/West	942	4	3.41%
Gemstone Foods, LLC			
Total	8,844		31.98%

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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government	68	73	72	69	69	68	65	61	54	53
Public Safety	239	287	251	255	267	270	268	274	269	275
Public Works	61	62	50	48	59	51	55	54	55	64
Public Services	83	85	73	76	66	72	67	68	68	63
Community Development	14	18	16	16	15	15	16	14	15	14
Municipal Utilities Board	189	184	184	182	179	165	166	163	168	166
Point Mallard	11	11	10	10	10	10	7	8	8	9
Sanitary Landfill	17	22	18	18	17	19	21	20	21	21
Total	682	742	674	674	682	670	665	662	658	665

Source:
City of Decatur Personnel Board
Decatur Utilities Personnel Department

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

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government										
Building permits issued	3,969	4,339	4,252	3,693	3,426	3,503	3,496	3,051	3,325	3,039
Building inspections conducted	8,040	8,002	7,105	5,386	4,983	5,496	5,296	5,340	5,863	5,476
Police										
Adult arrests	3,895	4,495	3,756	4,122	3,896	4,142	4,422	3,881	3,930	4,635
Traffic citations	5,397	12,890	10,342	6,406	6,375	11,247	11,483	14,020	15,692	14,133
Fire										
Inspections	238	566	441	226	243	192	478	410	210	172
Emergency medical responses	5,063	5,201	6,173	5,651	4,034	3,295	5,003	4,758	5,354	5,709
Fire and/or Hazmat responses	2,883	3,037	2,072	2,623	2,306	1,959	2,151	1,988	1,838	1,558
Refuse collections										
Recyclables collected in tons	1,527	1,705	1,788	1,674	1,500	2,204	2,296	2,049	2,223	2,926
Garbage and trash collected	38,803	42,848	39,556	41,440	41,039	37,085	36,889	35,368	34,397	33,755
Municipal Utilities Board										
Electrical connections	26,941	26,963	26,842	26,814	26,734	26,644	26,531	26,599	26,582	26,525
Water connections	26,066	25,745	25,750	25,628	25,585	25,496	25,385	25,375	25,362	25,340
Wastewater connections	21,209	21,082	20,892	20,755	20,692	20,588	20,474	20,448	20,416	20,388
Gas connections	13,486	13,556	13,491	13,476	13,506	13,596	13,575	13,561	13,637	13,661

Source:
Various city departments

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

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Stations	1	3	4	4	4	4	5	5	5	3
Police vehicles	42	35	34	200	202	188	165	162	160	166
Boat	1	1	1							
Motorcycles	10	8	8							
Trucks/SUV/ATV	147	158	155							
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Fire trucks	14	14	14	8	10	9	9	9	10	9
Trucks/SUV/ATV	23	23	21	6	5	5	5	5	5	5
Sanitation										
Garbage collection trucks	15	15	11	17	16	20	17	17	17	17
Tractor trailer trucks	4	5	6							
Heavy equipment/loader trucks/SUV	19	16	16							
Other public works										
Paved streets (miles)	338	336	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	48	48	48
Storm drainage conduits (miles)	148	145	145	145	145	145	145	145	145	145
Parks and Recreation										
Number of parks*	34	34	30	26	26	26	26	26	26	26
Acres of Parks	1500	1500	1280	1278	1278	1278	1278	1278	1278	1278
Golf courses (public & private)	2	2	2	2	2	2	4	4	4	4
Tennis courts	47	47	46	46	46	46	46	46	46	46
Pickelball Courts	15	15								
Recreations centers	3	3	3	3	4	4	4	4	4	5
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	23	23	35	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	2	2	2	2	2	2	2	2
Soccer facilities (acres)	40.5	40.5	62	62	62	62	62	62	62	62
Ice rinks	0	0	0	1	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)	496	495	494	494	492	492	491	490	487	487
Gas mains (miles)	431	426	425	423	423	421	421	421	420	420
Electric lines (miles)	596	596	596	596	596	596	594	594	593	593
Sanitary sewers (miles)	382	379	377	377	375	374	374	358	350	348
Fire hydrants in service	2147	2130	2127	2117	2065	2060	2060	2048	2039	2032

Sources:
Various city departments and capital assets records

SINGLE AUDIT REPORTS

Issued in Accordance with the Uniform Guidance

For the Year Ended September 30, 2024

CITY OF DECATUR Alabama™

the City of Opportunity

Table of Contents

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2025. Our report includes a reference to other auditors who audited 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, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Decatur, Alabama
March 31, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Decatur, Alabama's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report theron dated March 31, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Decatur, Alabama
June 30, 2025

City of Decatur
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2024

Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Grantor or Pass-Through Grantor's Number	Passed Through to Subrecipients	Grant Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Community Development Block Grants/Entitlement Grants Cluster				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218	B-21-MC-01-0011	$ -	$ 44,792
Community Development Block Grant/Entitlement Grants	14.218	B-22-MC-01-0011	-	115,571
Community Development Block Grant/Entitlement Grants	14.218	B-23-MC-01-0011	77,282	168,467
Community Development Block Grant/Entitlement Grants	14.218	B-24-MC-01-0011	-	56,289
Total Community Development Block Grants/Entitlement Grants Cluster			77,282	385,119
Total U.S. Department of Housing and Urban Development (HUD)			77,282	385,119
U.S. Department of Interior National Park Service (DOI)				
Direct Programs:				
Historic Preservation Fund Grants-in-aid	15.904	P23PAP00274-00	-	61,000
Passed Through Alabama Historical Commission:				
Historic Preservation Fund Grants-in-aid	15.904	AL-23-10025	-	21,293
		AL-23-10017	-	21,000
Total U.S. Department of Interior National Park Service			-	103,293
U.S. Department of Justice (DOJ)				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	2021-BU-BX-2102-6736	-	5,005
Bulletproof Vest Partnership Program		2022-BU-BX-2202-9392	-	385
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	15PBJA-23-GG-03019-JAGX	-	10,440
Total U.S. Department of Justice			-	15,830
U.S. Department of Transportation (DOT)				
Passed Through Alabama Department of Transportation:				
Highway Planning and Construction Cluster				
Highway Planning and Construction - Metropolitan Planning Organization	20.205	SPR-PART3-PLDC(023)	-	223,876
Highway Planning and Construction - Federal Aid Highway Program	20.205	ATRP-52-2020-176	-	43,039
Highway Planning and Construction - Federal Aid Highway Program	20.205	STPSU-5220 (252)	-	563,486
Total Highway Planning and Construction Cluster			-	830,401
Transit Services Programs Cluster				
Enhanced mobility of Seniors and Individuals with Disabilities	20.513	UMTAC TR24	-	31,188
Total Transit Services Programs Cluster			-	31,188
National Infrastructure Investments	20.933	BUILD-NR17(937)	-	22,382

City of Decatur

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2024

Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Grantor or Pass-Through Grantor's Number	Passed Throught to Subrecipients	Grant Expenditures
U.S. Department of Transportation (Continued)				
Passed Through North Alabama Highway Safety Office:				
Highway Safety Cluster				
State and Community Highway Safety - Safety Belt	20.600	24-FP-OP-26	-	1,891
State and Community Highway Safety -402 Step GHSP	20.600	24-FP-PT-028	-	10,039
Total Highway Safety Cluster			-	11,930
Total U.S. Department of Transportation			-	895,901
U.S. Department of the Treasury				
Direct Programs:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-8676	-	1,330,989
Total U.S. Department of the Treasury			-	1,330,989
Appalachian Regional Commission (ARC)				
Direct Programs:				
Appalachian Area Development	23.002	AL-20913-22	-	204,516
Total Appalachian Regional Commission (ARC)			-	204,516
Department of Health and Human Services (HHS)				
Passed Through Alabama Department of Child Abuse and Neglect Prevention				
Temporary Assistance for Needy Families (TANF)	93.558	TANF 2024-502	-	76,700
Total Department of Health and Human Services (HHS)			-	76,700
Total Federal Awards			$ 77,282	$ 3,012,348

Note 1 - Entity Definition

For the purposes of this schedule, the entity is defined as the City of Decatur; therefore, this schedule does not include the grant activities of the City of Decatur's Board of Education ("Board of Education), a component unit of the City described in the notes to the general-purpose financial statements. This entity is subject to and has undergone a separate single audit as needed to comply with the Uniform Guidance.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal Awards (Uniform Guidance)*. Since the schedule presents only a select portion of the operations of the City of Decatur, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Decatur under programs of the federal government for the year ended September 30, 2024 presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related Fund liability is incurred.

The City of Decatur elected not to utilize the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Payments to Subrecipients

The City passes certain federal awards received agencies of the United States Government to not-for-profit agencies (subrecipients). The City reports expenditures of Federal awards to subrecipients when paid in cash.

Payments to subrecipients from the U.S. Department of Housing and Urban Development under the Community Development Block Grant totaled $77,282 under this award for the year ended September 30, 2024.

City of Decatur
Schedule of Findings and Questioned Costs
For the year ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued on whether the financial statements audited were prepared in accordance with GAAP	*Unmodified*			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	✓	no
Significant deficiency(ies) identified not considered? to be material weaknesses?		yes	✓	none reported
Noncompliance material to the financial statements noted?		yes	✓	no

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?		yes	✓	no
Significant deficiency(ies) identified not considered? to be material weaknesses?		yes	✓	none reported
Type of auditor's report issued on compliance: for major programs	*Unmodified*			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?		yes	✓	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs	$750,000			
Auditee qualified as low-risk auditee?		yes	✓	no

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Financial Statement Findings

None noted.

Federal Award Findings and Questioned Costs

None noted.