COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF DECATUR Alabama™

A Grand City on a Charming Scale

FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

2016

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Prepared by
Finance Department






ALABAMA
OLD STATE
BANK BUILDING
Erected 1833. Cost $9,482. Classic Revival design. Listed on National Register of Historic Places. Decatur Branch, Bank of The State of Alabama. Chartered 1832 by state legislature, profitable until 1837, charter revoked 1842 and closed. 1842-1901 used as residence, Union Army supply depot, and First National Bank. 1901 purchased by Dr. F. Y. Cantwell. Renovated 1934 by C.W.A. as museum and civic hall. Donated by Mrs. W. B. Edmundson and American Legion Post No. 15 to City. Restored 1982. Site is original lot No. 60 of 1824 Town Plan.



POINT
MALLARD

CITY OF DECATUR

PRINCESS
PRINCESS



cook museum of NATURAL SCIENCE

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur

Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Jeffrey R. Emer

Executive Director/CEO

CITY OF Decatur
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2016

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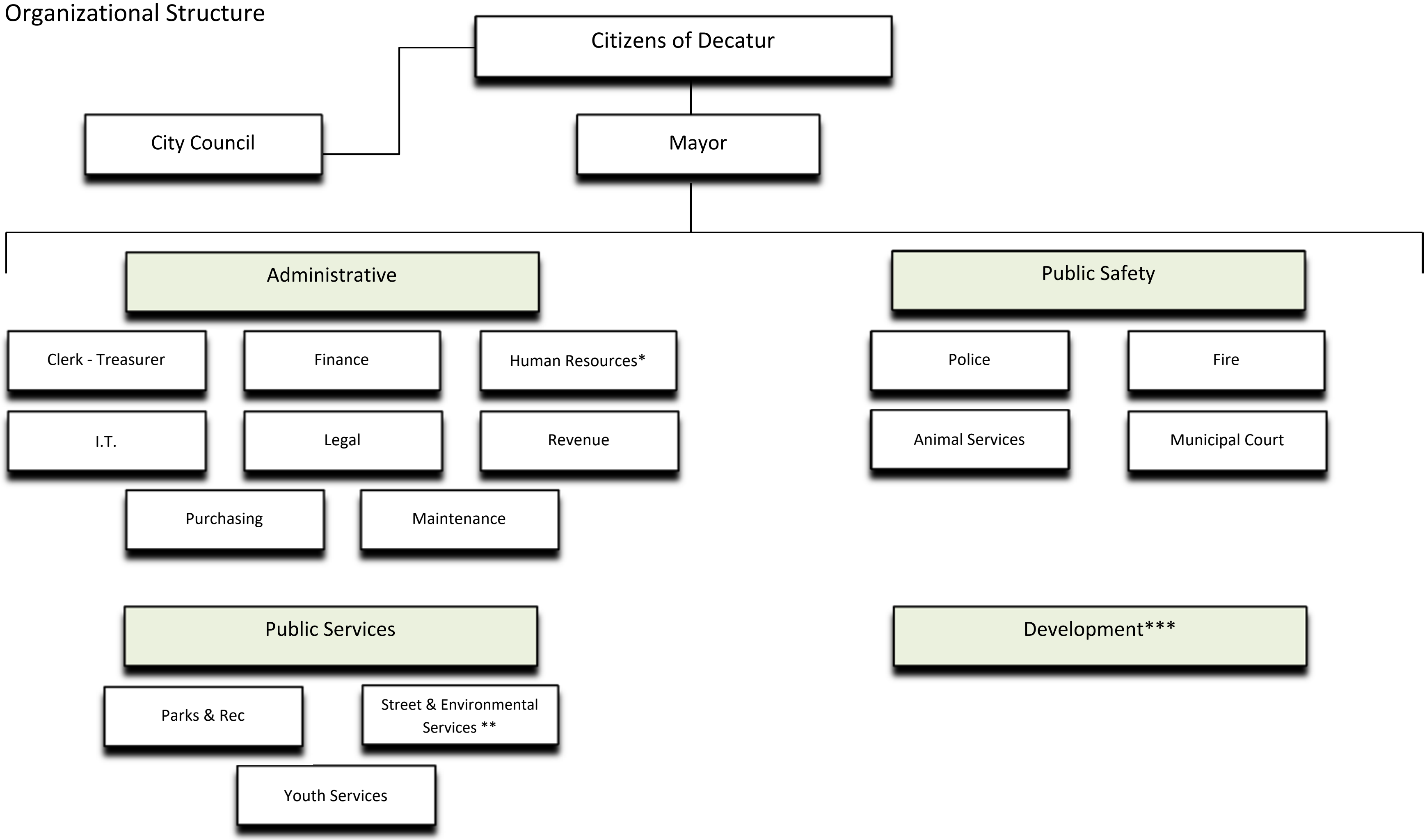
City of Decatur, Alabama

Organizational Structure



* Human Resources works independently and answers to the Personnel Board whose members are appointed by the City Council.
** Includes former Public Works, Garage, Street, Sanitation, Landfill, and Recycling.
** A consolidated group of departments under one Director/Manager. Areas included are Planning, Engineering, Building (Code Enforcement), And Community Development.

Revised December 2015

City of Decatur

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
Medical Clinic Board

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

City / County Boards

North Central Mental Retardation Authority

Mental Health Center of North Central Alabama

State Products Mart Authority

Board of Equalization

E-911 Board

Healthcare Authority of Morgan County

Decatur/Morgan County Port Authority

Airport Authority

EMS Advisory Committee

Decatur/Morgan County Farmer's Market

Morgan County Industrial Park & Economic Development Cooperative District

Downtown Parking Advisory Task Force

OFFICALS OF THE CITY OF DECATUR

2016

MAYOR

DON KYLE

CITY COUNCIL

Gary Hammon - President

Roger Anders – President Pro Tempore	Billy Jackson
Charles Kirby	Chuck Ard

DEPARTMENT DIRECTORS

City Attorney	Herman Marks
City Clerk	Stacy Gilley
Building	Wally Terry
Community Development & Planning	Wally Terry
Engineering	Wally Terry
Fire Chief	Anthony Grande
Information Systems	Brad Phillips
Municipal Judge	Bill Cook, Jr.
Landfill	Rickey Terry
Parks & Recreation	Jeff Dunlap
Personnel	Richelle Sandlin
Police Chief	Nathaniel Allen
Street & Environmental Services	Rickey Terry
Youth Services	Bruce Jones

OTHER KEY PERSONNEL

City Engineer	Carl Prewitt
Court Magistrate	Jessica Hayes
Finance Supervisor	Charlene M Brueggeman
Decatur/Morgan County Landfill	Shawn Luker
Maintenance Supervisor	Kurt Johnson
Old State Bank Coordinator	David Breland
Purchasing Agent	Charles Booth
Recycling Coordinator	Emily Johnson
Revenue Administrator	Tina Boyles
Solid Waste Department	Reginald Carter
The Street Department	Wayne Wascavage
The City Shop	Tom Jones

June 30, 2017

The Honorable,
Mayor, City of Decatur
Members of the City Council
Citizens of Decatur
City of Decatur, AL

Honorable Mayor, Council and Citizens

The Comprehensive Annual Financial Report of the City of Decatur, AL, for the fiscal year ending September 30, 2016, is hereby presented to you. The report has been prepared to summarize the financial results of the City's operations in 2016 and to help you understand its financial condition. Responsibility for the accuracy of the presented data and the completeness of the presentation and including all disclosures is the responsibility of the City of Decatur's 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 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 clearly 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 was given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute assurance regarding: (1) protection 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 complied with and the report of Warren Averett, Certified Public Accountants, for the fiscal year ended September 30, 2016 is included in this report. This year's annual audit included a single audit of all federal grants, which complies with federal legislation and is forwarded to the City's grantor agencies for review.
GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of

transmittal is designed to complement 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, Warrant Averett, Inc., Certified Public Accountants.

Profile of the City and 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, the second largest city in the tri-County area, it 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). Huntsville, Alabama is twenty miles east of Decatur. The City currently has a land area of 60.47 square miles, 6.8 square miles is water area and a population of approximately 55,683, with a median age of 38.4. 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 and elections continue to be held on this basis quadrennially.

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 (26 parks, comprising 1,278 acres, 22 developed playgrounds, 46 tennis courts, 4 recreational centers, 35 ball fields, 3 pools, and 4 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 Park features a 35 acre water park (open from May through September), an ice skating complex, championship golf course, archery park, soccer fields, camping and more. Special events and festivals are also held throughout the spring and summer.

The Local Economy

There are many factors that affect the City's financial strength and operations including the national and state economies, local economic development, involvement / support of local industries/ businesses, quality of education systems and effectiveness of City management in it use of resources.

Decatur and Morgan County have a strong diversified industrial base built on the areas proximity to raw materials and easy access to markets. Transportation and Decatur's riverside location have played important roles in the city's history, especially in the development of business and industry. Fourteen of the top Fortune 500 companies and nine Global 500 companies are located in Decatur.

The Local Economy-continued

Decatur's workforce is employed in a range of occupations, 30% work in management, business, science and arts. This is followed by 24% employed in sales and office occupations, 17% in production, material moving, and 17% in production, transportation material moving and 12% is employed in natural resources, construction and maintenance occupations. Decatur's unemployment rate as of 12/31/16 was 5.7% compared to the state's overall rate of 6.2%. Average median income and housing value have remained steady in comparison with other cities of our size in Alabama.

Nucor Steel is one of Alabama's largest recyclers; they have recycled over 2.5 million tons of car bodies, washer/dryers, oil filters and similar scrap in 2016. They also place a high value on their team members and have had no layoffs due to work reduction since 1966. Nucor is committed to doing the best while being the cultural and environmental stewards in the communities where they live and work-from 2011-2017 charitable contributions totaled $1,530,620.68. In the past five years Nucor Decatur has awarded 260 scholarships to children of their team members at a value of over $1.5 million. In March of 2016 Nucor once again, made a capital investment of $4.4 million in their Decatur plant to buy new equipment for the hot mill pickle line, allowing for a broader range of products to reach additional markets and attract new customers. Nucor has 730 employees and an annual payroll of more than $85 million before benefits. This new project is expected to be completed by Dec 31, 2017

Gemstone Foods, who provides a wide array of custom and specialty poultry processing services tailored to the unique requirements of each client. They service some of the nation's largest fast food restaurants and poultry suppliers and are equipped to effectively handle any large orders recently invested over $100k in their facility which will add many new jobs.

Styrolution America, LLC is in the Chemicals and Chemical Preparations, N.E.C. industry in Decatur, AL. This company currently has approximately 10,000 to 25,000 employees worldwide and annual sales of Over $1,000,000,000 invested in its plant $1million in fiscal year 2016. Their products are used in wide range of industries, including automotive, electronics, household, construction, healthcare, toy/sports/leisure and packaging. Total sales in 2016 were at 4.5 billion euros or $4,861,790,111 in U S dollars.

In additon to a strong manufacturing base, the City of Decatur has many other treasurers to offer, such as Fine Arts School, College Educational Facilities, Entertainment, Fine Dining Cuisine, and Loft Apartment Living.

- In fiscal year 2016, the City invested $235,812 in the Historic Princess Theater Center for Performing Arts. The capital investment will allow the theater to buy a digital cinema package and sound system, which would allow it to be open at least 300 nights a year. It will also equip the venue with audio equipment that will serve the requirements of high-quality performances. The Princess Theater had a humble beginning; in 1887 it was a livery stable for the Casa Grande Hotel. In 1919 it saw its first transition into a silent film and vaudeville playhouse, then in 1924 transformed in to the Art Deco style Vitrolite glass and featured the two story marquee with over ½ mile of neon. What a transition from a humble stable to a treasure for the City of Decatur.
- Southeastern Bible College found a home in Decatur. It will be leasing space in the Progress Bank building on Grant Street, to house its new Bachelor of Arts in leadership ministries program
- The former Central Baptist Church was sold and will become home to the newly planned Alabama Culinary Center that is slated to become a culinary center, a food market and an event center with a capacity for at least 200 people.
- The Cross-Eyed Owl Brewing Co, who will open a 9,000 square foot establishment is projected to open in the spring of 2017

The Local Economy-continued

- *Albany Bistro* a neighborhood restaurant serves upscale southern cuisine in the Historic Albany District, with an ever changing menu featuring seasonal, locally grown, sustainable ingredients. The chef and his team have been asked to partnership with the Huntsville Botanical Gardens $16M expansion project, which will include a gourmet restaurant called "The Table Café". This new venture should open in March of 2017.
- Nestled into the corner of historic Bank Street, the much loved *Simp McGhee's* fine dining with a Cajun twist is just a stone's throw from the Tennessee River. This restaurant exudes old fashion charm while offering fresh Cajun seafood and beef selections sure to please any palate. You can also hear the complete story of "Simp McGhee" the infamous river boat captain of Decatur at the turn of the century; his boisterous ways, unconventional operations, and blustering manner made him a most picturesque legend of the Tennessee River.
- A 92 year old former furniture store has been given new life; it will house one and two bedroom loft apartment units on the second floor and several studio apartments will be housed on the third floor, with four retail establishments on the first floor. With 37 storage units in the basement and ample parking for everyone behind the facility, this building offers many conveniences for future residents
- The former Amberley Suites will be converting into upscale apartments with about 106 units targeted for retires.

With two downtowns, employment opportunities, educational choices, living, dining and entertainment just a short walk in any direction and the ease of a short drive to work in Huntsville, Athens, Florence or Birmingham, who would not want to settle in the City of Decatur, AL?

Long-term financial planning

As the Spring Avenue widening project continues moving forward, the city will pay 20 percent of the project cost with federal funds through ALDOT funding 80 percent. The project will widen two miles of Spring Avenue from Cedar Lake Road to Day Road (from two to five lanes), with a bike trail added on the west side.

The Strategic Plan, 2015-2019 Forward Decatur, focuses on several key projects that will impact the redevelopment efforts of downtown Decatur. This plan has a major focus on residential development in the City Centre, the establishment of Education and Technology Business Park, the Decatur Downtown Commons, streetscape and economic development and restoration of the Railroad Depot. Many of the action items included in the Strategic Plan are currently underway or are slated for the future.

Construction on the addition of the Morgan County Jail that will be used to house City of Decatur inmates will be ready for occupancy in March 2017. The complete project is anticipated to come in at or just slightly above budget.

Beltline Sewer Project Phase II is scheduled to be completed April 2017, Phase III, February of 2018 and Phase IV should be complete by June of 2018. Decatur's long range plan calls for the annexation of property in the area around the intersection of Hwy 67 (Beltline Road) and Gordon Terry Parkway, going north to Hwy 20 following Hwy 67. This area of Decatur has been identified by our Planning Department as the highest priority area for future revenue growth.

Financial Management

City Council approved the General Fund reserve policy in 2000 to provide a minium of three months operating funds held in reserve for future general contingencies. Updated in 2010 with the new fund balance categories, unassigned balance of at least 10% current year budgeted annual revenues plus committed fund balance of $9.8 to fulfill this requirement to hold three months of budgeted expense in reserve.

The City's investment policy desires to increase our funding resources while protecting our cash assets.

Awards and Acknowledgment

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 Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015. This was the twenty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 comprehensive annual 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 professional staff of the Finance Department. We express our appreciation to our independent auditors, especially Jeremy Jefferys, CPA and Casi Poslajko, CPA. We want also to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a sound and responsible manner.

Respectfully submitted,

Charlene M Brueggeman

Charlene M Brueggeman
Finance Supervisor

FINANCIAL SECTION

Warren Averett
CPAs AND ADVISORS

101 Monroe St NE
Huntsville, AL 35801
warrenaverett.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Decatur's Board of Education ("Board of Education"), which is a component unit of the City, or the financial statements of the Municipal Utilities Board Enterprise Fund ("Utilities Board"). The Board of Education's financial statements represent 100 percent, of the assets, net position, and revenues of the discretely presented component units. The Utilities Board's financial statements represent 89.6 percent, 88.4 percent, and 92.5 percent, respectively, of the assets, net position, and revenues of the enterprise funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of 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 of Decatur, Alabama, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and The School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, starting on page 3, and the pension information, on pages 73 through 76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Alabama's basic financial statements. The introductory section, supplementary information section, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The general fund budgetary comparison by activity on pages 77 through 85, the combining and individual nonmajor fund financial statements on pages 87 through 88, the nonmajor governmental fund budgetary comparison schedules on pages 89 through 96 and the nomajor proprietary funds combining statements on pages 97 through 99 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors 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 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, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Warren Averett, LLC

Huntsville, Alabama
June 30, 2017

FINANCIAL SECTION

Management's Discussion and Analysis

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, 2016. 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.

2016 Highlights

Financial Highlights

- The total net position of the City is **$250** million. Of this amount, (**$38)** million from governmental activities is classified as unrestricted and is the result of the increased liability for the City's Pension Obligation and Post-Employment Benefits (OPEB) obligation. The City implemented GASB Statement 68, Accounting and Financial Reporting for Pensions in FY15. This has resulted in a cumulative amount of $68.8 million in Noncurrent liabilities as of September 30, 2016.
- The unrestricted net position of the business-type activities is $35.8 million and may be used to meet the ongoing obligations of the business-type activities.
- The City's net position increased by $9.7 million. The governmental net position decreased $1.9 million and business-type net position increased by $11.5 million.
- Governmental activities revenues increased $1.4 million due in large part to a $1.6 million increase in Sales Tax revenues.
- As of September 30, 2016, governmental funds reported a combined ending fund balance of $44.6 million, an increase of $9.5 million from the prior year. Of that ending fund balance, $9.4 million is unassigned and available to finance the activities of the governmental funds and $31.4 million is committed or assigned to meet existing obligations.
- General Fund reported a fund balance of $31.1 million, $9.8 million of this amount is available for *general use*. This reflects a $4.2 million increase over the prior year ending balance.
- The policy of the City is at all times to maintain *a* minimum reserve of 3 months (90 days) General Fund Operating Expenses, in addition maintain unassigned fund balance at a minimum of 10% of budgeted revenues. $15.0 million of the $21.2 million committed fund balance is related to this reserve. At fiscal year-end, there were sufficient funds to meet the reserve and exceed the requirement by $9.8 million.
- The City's total debt decreased by $468 thousand during 2016. Debt of governmental activities increased by $4.6 million with the issuance of 2016A warrants. Business type activities debt service decreased by $5.0 million with principal reduction.

City Highlights

- Decatur – Morgan County received another "Top 10 Metro Ranking" by Site Selection Magazine for its ability to attract business. Decatur earned the ranking in the category of "Metros with Population Less than 200,000". This year the Decatur Metro claimed ninth position in a 3-way tie, ranking is based on the number of projects announced in 2015.
- The renovation and development of the railroad depot that started in January 2015 was completed and dedicated on March 26, 2016. This historical structure has been restored into a functional building and is a critical economic development component for the City Center. A portion of this facility will house the traffic division of the Decatur Police Department; the other half is being developed into a Historic Transportation Museum.
- Work on new residential lofts and retail space at 307 2nd Avenue has begun, completion is scheduled for late 2017.
- The Alabama Center for the Arts announced on September 26, 2016 that nine artists will be inducted into the inaugural class of the Alabama Center for the Arts Hall of Fame. All inductees are Alabama natives and residents who have achieved preeminence in their respective fields of artistic expression.
- Wheeler National Wildlife Refuge held its second annual Festival of the Cranes which was a huge success. This 35,000 acre refuge attracts thousands of wintering waterfowl each year, including a small number of the endangered whooping crane. This past year at least "15" individual whooping cranes had been spotted at Wheeler and on one occasion six of them at once. "It was a really incredible opportunity to see that many cranes on a nature trail at once," a member of the International Crane Foundation expressed. It is another unique tourist attraction for the city.
- Milo's the Original Hamburger, named after Milo Carlton who honed his burger craft as a mess cook in the U.S. Army and opened his first shop in 1946 in the Birmingham, AL area, selected Decatur for his first location of a Milo's north of Birmingham, AL
- 3GIS, recognized as one of INC 5000's fastest growing private companies, just announced another expansion August 25, 2016. The company will expand into the former Food Fite Restaurant space in its current building and also expand to occupy an unused portion of the Decatur Daily building at 201 First Ave.
- On August 4, 2016 OCI, LLC the nation's largest manufacturer of sodium percarbonate, a key ingredient in dish and laundry detergent held a ground breaking for a $2.6 million facility expansion. The expansion will include construction and installation of automated packaging equipment.
- In 2016 four Decatur industries celebrate their 25 Year Anniversaries of doing business in Decatur:
  - Lektron manufacturer of wire harness
  - Precision Machine a general machining operation that manufactures replacement parts and components
  - Saputo Dairy, manufactures an assortment of ice cream mixes
  - Daiken America manufactures fluoropolymers
- ITW-Decatur, a manufacturer of aerosol steel cans, celebrated their 50 Year Anniversary
- Ardent Mills,- Decatur, flour manufacturer, celebrated their 75 Year Anniversary
- Alabama Farmer's Cooperative, Inc. celebrated their 80 Year Anniversary. The coop serves the needs of farmers and homeowners throughout the south and manufactures feed products and fertilizers.
- Several of Decatur's industries were honored with "First Place" safety awards from Manufacture Alabama;
  - Styrolution America-Chemical Manufacturing with up to 125 employees
  - Toray Carbon Fibers America, Chemical Manufacturing with 251-500 Employees
  - Nucor Steel – Primary Metal Manufacturing with more than 501 employees

  In addition to receiving safety awards, these industries were also recognized as the Governor's "No *Lost Time Certificate Winners"*

USING THIS ANNUAL REPORT

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 assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Government-wide financial statements

- The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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).

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

- The business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard. All of these activities are collectively referred to in the financial statements as those of the *primary government.*

- As described in the letter of transmittal and notes to the financial statements, other entities' activities are included in this report because of the relationship of these legally separate entities to the City. Financial information of the Board of Education is referred to in the financial statements as those of the *discretely-presented component units*. This discussion and analysis focuses on the primary government, and the complete financial statements (including MD&A) of the component units may be obtained from the Finance Department of the City

- The government-wide financial statements can be found on pages 19 through 20 of this report.

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

Government-wide financial statements –continued

- 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 the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements

- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Fund financial statements

- Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nineteen individual governmental funds:

- General Fund, 2016 A GO Capital Improvement Warrant Fund, and the School 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 sixteen 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 on pages 21 through 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 Point Mallard operations and the Municipal Utilities Board 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 assets* and in the *proprietary fund statement of revenues, expenditures, and changes in fund net assets* for these funds.

- The other two enterprise activities are considered to be non-major proprietary 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 proprietary fund financial statements can be found on pages 25 through 27 of this report.

Notes to the financial statements

- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 70 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 78 of this report.

Government-wide Financial Analysis

- As noted earlier, net position may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded liabilities by $250 million at the close of the most recent fiscal year.

- The largest portion of the City's net position 88% reflects its investment in capital assets (e.g. Land, buildings, improvements other than buildings, 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 13% 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).

- The remaining balance of unrestricted net position is ($2.2) million, which consists of ($38.1) million from governmental activities and $35.9 million from business-type activities.

- The positive unrestricted net position of the business-type activities are available to be used to fund governmental activities if deemed necessary by the City Council because they are only restricted for business-type activities by local ordinance.

City of Decatur's Net Position (in thousands)

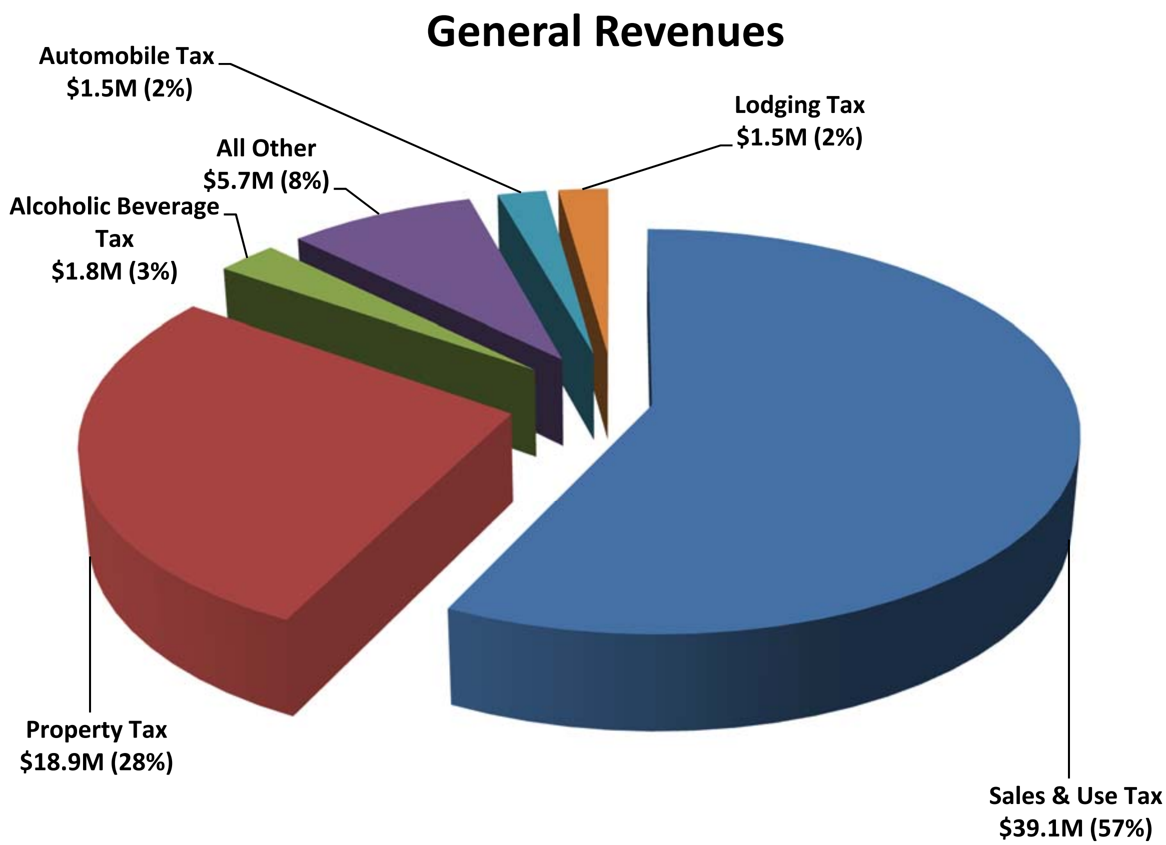
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	51,132	42,636	113,910	121,993	165,042	164,629
Capital assets	72,813	74,731	254,630	239,400	327,443	314,131
Total assets	123,945	117,367	368,540	361,393	492,485	478,760
Deferred outflows of resources	6,698	3,791	2,750	1,646	9,448	5,437
Long-term liabilities Outstanding	127,699	113,360	93,054	97,186	220,753	210,546
Other liabilities	5,917	6,754	23,874	22,868	29,791	29,622
Total liabilities	133,616	120,114	116,928	120,054	250,544	240,168
Deferred inflows of resources	-	2,180	888	1,001	888	3,181
Net position:						
Invested in capital assets, net of related debt	31,327	29,562	188,974	168,779	220,301	198,341
Restricted	3,789	4,319	28,639	40,071	32,428	44,390
Unrestricted	(38,089)	(35,017)	35,861	33,134	(2,228)	(1,883)
Total net position	($2,973)	($1,136)	253,474	241,984	250,501	240,848

- Net position from governmental activities decreased $1.8 million in fiscal year 2016. This is mostly attributed to Pension and OPEB liabilities for the FY16.
- Cash in General Fund increased $3.8 million and General Fund’s revenue and transfers-in exceeded expenditures and transfers out by $4.2 million. The Crossings Fund was incorporated into the General Fund during the fiscal year increasing transfers in by $1.2 million, new police jurisdiction sales tax generated $650 thousand and an increase in Lodging Taxes $212 thousand.
- Sales tax revenues in governmental funds increased $1.6 million and property taxes remained stable at 2015 rates. Net position from business-type activities increased $11.5 million as long term liabilities decreased by $2.0 million and Capital assets increased by $15.2 million.
- Decatur Utilities continued to make upgrades and improvements to its Wastewater system as well as continuing work on the Beltline Sewer Project.

City of Decatur's Changes in Net Position (in thousands)

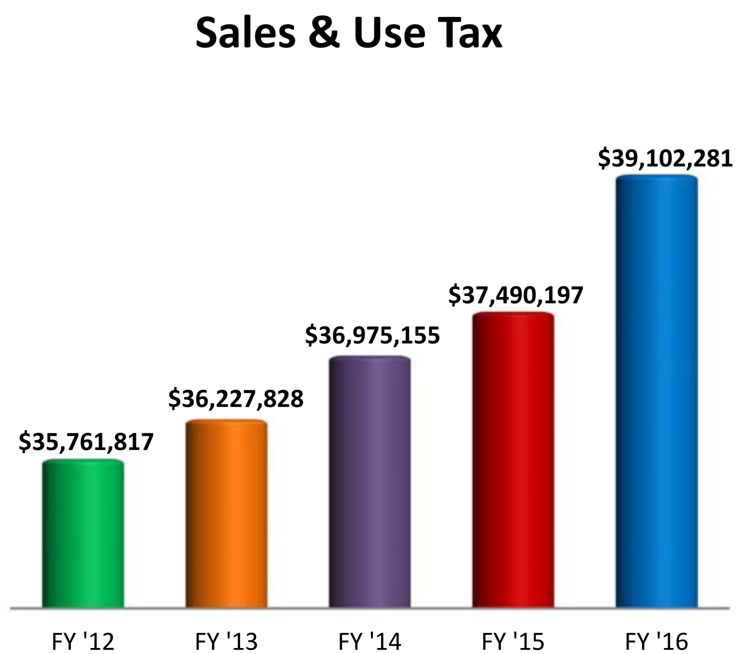
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	12,723	13,520	148,054	152,224	160,777	165,744
Operating grants & contributions	2,192	1,322			2,181	1,322
Capital grants & contributions	2,012	2,206	2,540	1,206	4,563	3,412
General revenues:						
Sales taxes	39,103	37,490			39,103	37,490
Property taxes	18,863	19,301			18,863	19,301
Other taxes	9,435	8,894			9,435	8,894
Interest on investments	86	76	183	174	269	250
Forgiveness of Long-term debt						
Other	711	953	49	72	760	1,025
Total revenues	$85,125	$83,762	$150,826	$153,676	$235,951	$237,438
Expenses:						
General government	5,956	5,194			5,957	5,194
Public safety	23,111	23,950			23,079	23,950
Public works	6,951	8,129			6,970	8,129
Public services	10,196	9,806			10,208	9,806
Intergovernmental assistance	30,856	29,195			30,856	29,195
Community service contracts	2,357	2,239			2,357	2,239
Community development	873	728			873	728
Personnel Board	612	621			612	621
Interest on long-term debt	1,587	1,775			1,587	1,775
Unallocated depreciation	2,321	2,367			2,321	2,367
Municipal Utilities Board			129,940	134,707	129,940	134,707
Other			11,538	11,194	11,538	11,194
Total expenses	$85,820	$84,004	$141,478	$145,901	$226,298	$229,905
Increase in net position before Transfer	3,085	(242)	9,348	7,775	9,653	7,533
Transfers	(2,142)	931	2,142	(931)	0	0
Increase in net position	($1,837)	$689	$11,490	$6,844	$9,653	$7,533
Net position - beginning of year	(1,136)	31,507	241,984	253,277	240,848	284,784
Prior period adjustments						
Net position - end of year	($2,973)	($1,136)	$253,474	$241,984	$250,501	$240,848

Governmental Activities



- Revenues from governmental activities increased $1.4 million during 2016. Revenue from property taxes decreased by $438 thousand. Decatur Utilities' In lieu of Property Taxes which amounted to $5.2 million in 2016 were actually down $412 thousand from FY15. This was attributable to milder temperatures which resulted in lower utility cost for 2016. As the calculation of the amounts due to the City is based off of overall revenue, this decreased the overall revenue in governmental activities.

- Sales taxes increased $1.6 million in 2016, of that amount $649 thousand was collected in the police jurisdiction, combined with continued consumer confidence to inspire increased spending.



- Lodging taxes collections exceeded FY15 by $168.6 thousand, due in part to the reopening of newly renovated Double Tree by Hilton, Riverfront reopening and the opening of the new Holiday Inn Express & Suites opened in early FY16.

- Alcoholic beverage taxes increased by $80.1 thousand even though many communities in Morgan County have now approved the sale of alcohol.

- In the General Fund, Fiscal 2016 Public Safety expenditures exceeded fiscal 2015 expenditures by $1.2 million as purchases of fixed assets exceeded 2015 amounts by $677 thousand and personnel costs were approximately $280 thousand above 2015.

- Business license revenue decreased by $334 thousand from FY15, the majority of industrial and business expansions happened during late FY15 and finished early FY16, which would account for the reduction in business license

- Revenue from building permits decreased by $56 thousand and is also reflected by expansions that were started in FY15 and ending early FY16 see note above.

- The City paid an additional $313 thousand to the City Board of Education in FY16 resulting from an increase in sales tax revenue.

- Revenue from operating grants and contributions increased $860 thousand as approximately $500 thousand more was received from ALDOT for repair and maintenance to streets, $129,000 more was received from HUD for various operating grant costs and an additional $230 thousand in state and federal operating grants were received including $204 thousand for Drug Enforcement and $80 thousand for tobacco prevention.

Governmental Activities-continued

- Overall revenue from fines decreased by $143 thousand**.** Some people are given a choice to pay a fine or go to driving school. When the person chooses school, they pay program costs not a fine. This cost goes to the City and not the court system.

Expenses of governmental activities

- Overall Public works expenses fell short of the budgeted amounts by $816 thousand. Street department expenditures decreased $220 thousand and Sanitation expenditures decreased by $296 thousand both related primarily to reduced administrative costs. In addition, $586 thousand less was spent on road resurfacing in FY16.

Intergovernmental expenses

- Community Development expenses increased by $145 thousand from FY15. The City's Community Development Block Grant (CDBG) payments to grant sub-recipient Community Action increased by $140 thousand in FY16.

Business-Type Activities

- The business-type activities total net position increased $11.5 million over 2015 primarily due to a 1.3 million increase in Capital Grants and Contributions, a 4.8 million decrease in Decatur Utilities expenses, and a 1.9 million transfer of assets (Beltline Sewer) to Decatur Utilities from Governmental Funds.

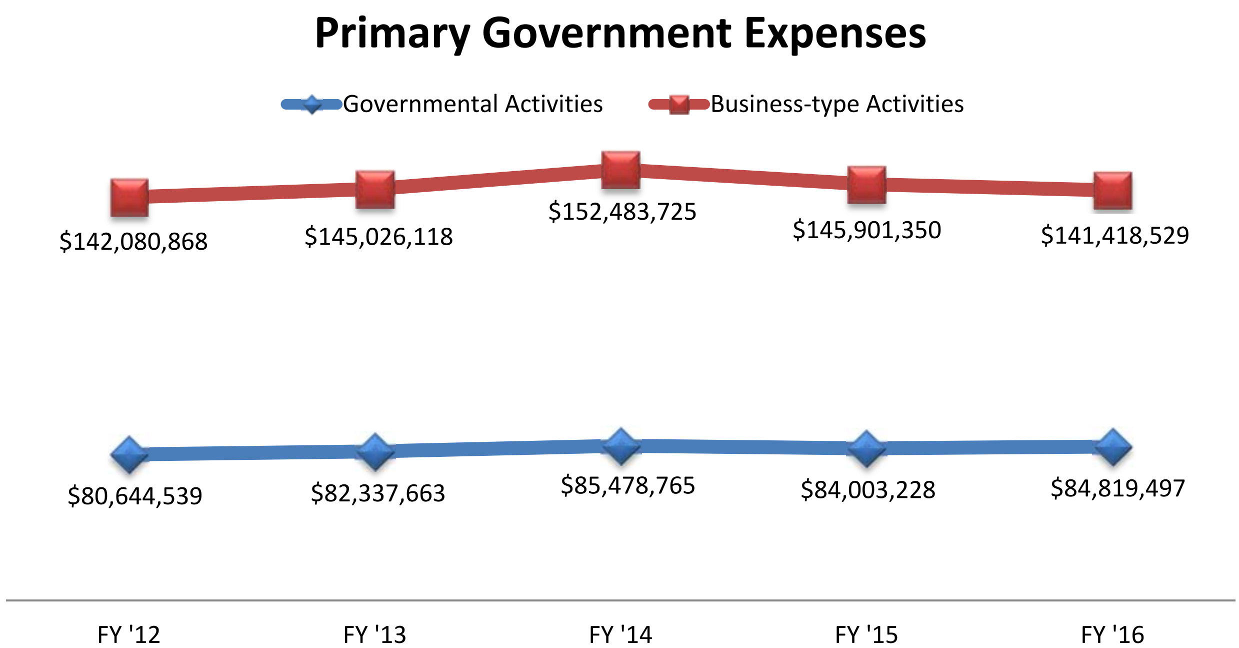
- Revenues from business-type activities decreased $2.9 million which is attributable to decreases within the Municipal Utilities charges for services in FY16

- From fiscal year 2015 to 2016 the Electric System's operating revenues decreased $3.3 million (3.50%) due to lower volumes in the Residential and Industrial customer classes from the prior year. Net position increased 2.48% from the prior year due to a positive operating income.

- From fiscal year 2015 to 2016, the Gas System operating revenues decreased $3.3million (19.99%) from lower volumes in all classes due primarily to a very mild winter. The overall transfer to the City was down due to decrease in income as noted previously. Net position increased in the current year by 1.15%, the majority of the increase was due to positive operating income.

- Operating revenues for the Water System increased $2.3 million (18.46%) as a result of volumetric increases coming from all customer classes, except industrial, as well as continued implementation of Residential access fee increases approved in FY15. Volumetric increases were due primarily to the hot dry summer. Net position increased 6.87% due primarily to the above mentioned items resulting in a positive operating income.

- Operating revenues for the Wastewater System increased $388 thousand or 2.38% due primarily to increased industrial surcharges. Wastewater treatment total volume was down slightly from 2015. Net position increased 8% over the prior year.



Financial Analysis of the Governments 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, 2016 were $44.6 million, an increase of $9.5 million from the 2015 fiscal year. Of this amount, $40.8 million constitutes unassigned, assigned, and committed fund balance, which is generally available for spending at the City's discretion, although it is subject to certain commitments made within each fund by the City Council.

Governmental funds

- Fund balance of General Fund increased $4.2 million over 2015 (some of which came from the transfer of the Crossings Fund Balance to General Fund of $1.2 million). Revenues increased $1.0 million as sales taxes in general fund increased by $1.5 million while revenues from licenses and permits decreased by $344 thousand. 2015 growth for licenses and permits was due in part to several local plant expansions in mid FY15, which increased revenue for building permits and licenses relating to the various new contractors/vendors needed for completion of the projects. General Fund expenditures remained stable; the increase of $2.4 million in expenditures was due to necessary capital equipment purchases and other capital projects throughout the city.

Other notes to General fund Expenses

- The School Fund has a zero fund balance as all funds are remitted directly to the Board of Education as their debt has been paid in full.

- The Room Occupancy Fund has a negative fund balance of $1.8 million which is related to the internal loan balances of $1.2 million to General Fund and $971 thousand to the Landfill Fund to finance the construction of the $3.6 million Ingalls' Harbor Pavilion. The loan is to be repaid by the Room Occupancy Fund over the course of fifteen years from its $2 per room night charge through the Hospitality Association.

- Fund balance in the Major and Non-Major Capital Project funds increased by $7.4 million. The City borrowed an additional $8.7 million in fiscal 2016 to finance capital projects. Some of the projects include the final $1.0 million dollar payment of the joint venture with Morgan County Jail project, completion of the Beltline Sewer Project and larger road projects.

- The General Fund is the primary operating fund of the City. The unassigned, assigned, and committed fund balance of the General Fund was $31.1 million.

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.

- The net position of the enterprise funds increased $11.7 million.

- 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.

Governmental Funds Budgetary Highlights

General Fund

- The FY16 revenue budget was $1.9 million above FY15, due primarily to an $800 thousand budget for the new police jurisdiction sales tax, a budget increase of $304 thousand for garbage collection charges, $255 thousand budget increase for Sale of Fixed Assets and various other increases. Sales tax represented 48.1% of the amended revenue budget, and was $1.1 million over budget. As new retail and restaurant businesses open we expect both property and sales taxes to increase.

- Other taxes that exceeded budget were rental taxes which exceeded the amended budget by $111 thousand and previous year rental tax receipts by $75 thousand resulting primarily from construction related rentals.

- Lodging taxes exceeded the final budgeted amount by $169 thousand for FY16. The increase of revenue is attributed to the re-opening of the Double Tree Inn by Hilton and the grand opening of the Holiday Inn Express on the Beltline

- Franchise tax exceeded budget by $189 thousand, or 25.5% over budget, yet overall revenues were down $30 thousand from FY15

- Business licenses and fees fell short of FY16 budget by $362 thousand. In 2015 there were several large industrial completed expansions, as opposed to few larger industrial expansions in 2016.

- Revenue from building permits and other permits exceeded budget by $41 thousand or 7.9%, yet was $56 thousand less than FY15 revenues.

- In lieu of property tax payments fell short of the budgeted amount by $262.6 thousand for 2016, this was due primarily to a very mild winter.

- Public Services expenses increased $402 thousand for 2016 primarily related to increased employee costs for Parks and Recreation amounting to $273 thousand and various other small increases in expenses related to these services.

- Overall, revenues for 2016 exceeded amended budget by $923 thousand and also exceeded FY15 revenues by $1.million.

- Revenue from operating grants and contributions increased $870 thousand as approximately $500 thousand more was received from ALDOT for repair and maintenance to streets, $129,000 more was received from HUD for various operating grant costs and an additional $230 thousand in state and federal operating grants were received including $204 thousand for Drug Enforcement and $80 thousand for tobacco prevention.

Expenditures were below budget for all departments in 2016 due to good management by the Department Directors.

- The 2016 final amended budget revenues exceeded actual expenditures by $2.1 million.

- One of the programs where expenses exceeded revenues was Community Service Contracts. Expenses were $148.5 thousand over budget, as the Decatur Convention and Visitors Bureau appropriation which are based on Lodgings taxes received, exceeded the budgeted amount.

- Public Services expenses increased $402 thousand for 2016 primarily related to increased employee costs for Parks and Recreation amounting to $273 thousand and various other small increases in expenses related to these services

- Savings for the Intergovernmental Assistance sector was primarily related to the City Garage which was under budget in the amount of $92 thousand. Other savings worth noting came from the Information Services Department of $95 thousand, insurance costs $78 thousand and legal costs $176 thousand; all were under budget for 2015.

<u>Capital Asset and Debt Administration</u>

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2016, totals $327 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 $13.3 million in 2016. Those used for governmental activities decreased by $1.9 million attributable to a transfer of capital assets (Beltline Sewer) from Governmental Funds to Decatur Utilities (a proprietary fund).

- Capital assets used for business-type activities increased by $15.2 million.

Major Capital events during the fiscal year included the following

- $585,268 was spent on Spring Ave. Improvements.
- $254,145 was spent on Beltline Sewer Extension.
- $521,613 was spent on Jack Allen Locker Rooms.
- $106,183 was spent on Danville Rd. Sewers
- $433,279 was spent on completion of the Depot
- $112,649 was spent on the Depot parking lot
- $98,045 was spent on Transfer Station
- $194,184 on Core & Fiber for the City
- $114,912 was spent on Church Street Streetscapes
- $442,821 was spent on Lee Street Streetscapes
- $63,436 was spent on Rough Rider Park
- $969,929 was spent on 23 Police Cars
- $258,230 was spent on 2 International Loader Trucks
- $797,483 was spent on Tyler Software for the City
- $449,990 was spent on a 2016 Rescue Truck for the Fire Department
- $37,000 was spent on rebuilding Scales at the Landfill
- $49,501 was spent on the sewer station at the Campgrounds
- $129,823 was spent on new filters for the Aquatic Center
- $373,770 was spent on the roof for City Hall
- $98,200 was spent on various departmental used motor vehicle

City of Decatur's Capital Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$10,116	$10,117	$4,472	$4,104	$14,558	$14,221
Land improvements	11,536	12,140		-	11,536	12,140
Buildings and improvements	20,761	18,480	10,265	11,416	31,026	29,896
Infrastructure	21,414	23,623		-	21.414	23,623
Construction in process	5,260	7,199	21,830	17,607	22,867	24,806
Machinery and Equipment	3,726	3,172	2,359	2,762	6,085	5,934
Utility plant-in-service		-	215,704	203,511	215,704	203,511
Total	$72,813	$74,731	$254,630	$239,400	$327,443	$314,131

Additional information on the City’s capital assets can be found in Note 4B starting on page 43 of this report.

Long-term debt

- As of September 30, 2016, the City had $120.7 million of long-term debt outstanding. Of this amount, $54.8 million is debt backed by the full faith and credit of the City and $65.9 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt). Long-term debt of the governmental activities increased by net amount $4.6 million. The increase is attributable to the refinancing of the 2006 Capital Improvement GO Warrant and additional borrowing for capital projects such as the final payment on the new Jail Cooperative with Morgan County and additional Beltline Sewer projects.

- 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.

- Decatur City Board of Education long term debt as of September 30, 2016 amounted to $208.8 million in capital outlay warrants, net pension obligation and capital leases. The School System's ad valorem tax payments, other local taxes and public school funds have been pledged for repayment of this debt. The Board of Education issued the Series 2015 Warrants to be primarily used to construct two new high schools in Decatur. The warrants will be repaid from proceeds of property taxes specially levied for this purpose.

City of Decatur's Outstanding Debt (in thousands)
General Obligation and Revenue Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation warrants	$54,841	$50,253		$ -	$54,841	$50,253
Revenue warrants		-	65,855	70,900	65,855	70,900
Capital leases	24	35		-	24	35
Total	$54,865	$50,288	$65,855	$70,900	$120,720	$121,188

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, 2016 the City's allocable debt outstanding was $82.6 million less than the legal debt limit. Additional information regarding the City's long-term debt can be found in Notes 4E and 4D starting on page46 of this report.

2016 Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2016 budget. The approach to the budget process has been one of conservatism. Revenue projections are based on estimates from the source of the revenue as well as trend analysis, historical data, and the current economic conditions with an overall increase of 1% was requested. Department expenditures were level funded in operations to accommodate normal salary increases. Management believes revenues and expenditures will meet overall budgetary goals.

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 the current Mayor Tab Bowling, P.O. Box 488 Decatur, Alabama 35602, by calling (256) 341-4501, or by sending an email to the mayor tbowling@decatur-al.gov.

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

BASIC FINANCIAL STATEMENTS

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CITY OF DECATUR
STATEMENT OF NET POSITION
September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	$ 45,052,449	$ 67,043,522	$ 112,095,971	$ 114,827,315
Receivables (net of allowances)	4,749,510	15,017,914	19,767,424	-
Due from governmental entities	1,008,378	-	1,008,378	20,278,970
Inventories	19,542	1,750,838	1,770,380	187,244
Prepaid items	113,282	-	113,282	-
Other	628,104	526,662	1,154,766	-
Internal balances	(440,021)	440,021	-	-
Restricted assets				
Cash & investments, at cost	-	29,131,548	29,131,548	1,683,087
Capital assets				
Land, collections and construction in process	15,376,395	26,301,958	41,678,353	25,646,442
Other assets, net of accum. depreciation	57,436,923	228,327,743	285,764,666	64,774,489
Total assets	123,944,562	368,540,206	492,484,768	227,397,547
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	1,071,273	-	1,071,273	-
Employer pension contribution	-	-	-	5,697,027
Pension contributions subsequent to measurement date	5,627,084	2,750,033	8,377,117	5,215,000
Total deferred outflows of resources	6,698,357	2,750,033	9,448,390	10,912,027
LIABILITIES				
Accounts payable	2,055,333	11,491,138	13,546,471	3,209,540
Accrued liabilities	1,535,233	2,584,775	4,120,008	7,623,847
Contract retainages	46,988	-	46,988	-
Due to component units	1,829,583	-	1,829,583	-
Due to governmental entities	60,208	-	60,208	-
Customer deposits	248,353	4,582,479	4,830,832	-
Unearned revenue	53,176	-	53,176	34,977
Other	88,256	-	88,256	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,215,000	5,215,000	-
Noncurrent liabilities				
Due within one year	3,644,255	203,001	3,847,256	2,867,141
Due in more than one year	124,054,925	92,851,180	216,906,105	205,940,929
Total liabilities	133,616,310	116,927,573	250,543,883	219,676,434
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	15,810,000
Net difference between projected and actual earnings on pension plan investments	-	887,741	887,741	2,831,000
Total deferred inflows of resources	-	887,741	887,741	18,641,000
NET POSITION				
Net investment in capital assets	31,327,171	188,974,450	220,301,621	35,989,961
Restricted for:				
Highways and Streets	736,716	-	736,716	81,220,282
Debt service	-	28,639,263	28,639,263	5,394,075
Other	1,937,455	-	1,937,455	2,375,555
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,114,186	-	1,114,186	-
Unrestricted	(38,088,919)	35,861,212	(2,227,707)	(124,987,733)
Total net position	$ (2,973,391)	$ 253,474,925	$ 250,501,534	$ (7,860)

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

		Program Revenue			Net Revenue (Expense) & Changes in Net Assets			
Functions/Programs	**Expenses**	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	**Component Units**
Primary Government								
Governmental activities								
General government	$ 5,955,991	$ 6,101,001	$ -	$ 486,731	$ 631,741	$ -	$ 631,741	$ -
Public safety	23,111,083	2,008,137	205,270	-	(20,897,676)	-	(20,897,676)	-
Public works	6,950,859	3,918,168	672,832	682,552	(1,677,307)	-	(1,677,307)	-
Public services	10,196,003	692,853	20,481	214,148	(9,268,521)	-	(9,268,521)	-
Intergovernmental assistance	30,856,146	-	11,024	-	(30,845,122)	-	(30,845,122)	-
Community service contracts	2,357,213		-	-	(2,357,213)	-	(2,357,213)	-
Community development	873,261	2,911	1,282,363	628,206	1,040,219	-	1,040,219	-
Personnel board	611,900	-	-	-	(611,900)	-	(611,900)	-
Interest on long-term debt	1,586,551	-	-	-	(1,586,551)	-	(1,586,551)	-
Unallocated depreciation	2,320,990	-	-	-	(2,320,990)	-	(2,320,990)	-
Total governmental activities	84,819,997	12,723,070	2,191,970	2,011,637	(67,893,320)	-	(67,893,320)	-
Business-type activities								
Municipal Utilities Board	129,940,544	137,016,266	-	2,539,845	-	9,615,567	9,615,567	-
Point Mallard	5,591,696	5,016,486	-	-	-	(575,210)	(575,210)	-
Sanitary Landfill	5,946,289	6,022,126	-	-	-	75,837	75,837	-
Total business-type activities	141,478,529	148,054,878	-	2,539,845	-	9,116,194	9,116,194	-
Total primary government	226,298,526	160,777,948	2,191,970	4,551,482	(67,893,320)	9,116,194	(58,777,126)	-
Component Unit								
Decatur City Board of Education	97,656,354	7,816,302	49,076,588	2,248,437	-	-	-	(38,515,027)
Total component units	$ 97,656,354	$ 7,816,302	$ 49,076,588	$ 2,248,437	-	-	-	(38,515,027)
		General Revenues						
		Sales & use taxes			39,102,654	-	39,102,654	15,960,176
		Property taxes			18,863,532	-	18,863,532	17,504,486
		Alcoholic beverage taxes			1,848,981	-	1,848,981	-
		Gasoline taxes			813,437	-	813,437	-
		Automobile taxes			1,468,633	-	1,468,633	-
		Lodging taxes			1,502,491	-	1,502,491	-
		Rental taxes			1,160,898	-	1,160,898	-
		Other taxes			2,640,531	-	2,640,531	957,214
		Interest on investments			85,679	182,828	268,507	774,415
		Other			711,482	49,311	760,793	4,149,280
		Transfers			(2,142,585)	2,142,585	-	-
		Total general revenues & transfers			66,055,733	2,374,724	68,430,457	39,345,571
		Change in net position			(1,837,587)	11,490,918	9,653,331	830,544
		Net position, beginning			(1,135,804)	241,984,007	240,848,203	(838,404)
		Net position, ending			$ (2,973,391)	$ 253,474,925	$ 250,501,534	$ (7,860)

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2016

	General Fund	School Fund	2016 Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash & cash equivalents	$ 27,561,964	$ 913,024	$ 7,474,735	$ 8,694,442	$ 44,644,165
Cash with fiscal agents	408,284	-	-	-	408,284
Receivables (net of allowances)					
Accounts	401,087	-	-	270,625	671,712
Notes	-	-	-	242,053	242,053
Taxes	3,018,344	776,188	-	41,207	3,835,739
Accrued interest	6	-	-	-	6
Due from other funds	2,236,147	21,770	-	47,341	2,305,258
Due from governmental entities	471,431	120,276	-	416,671	1,008,378
Deposits	62,005	-	-	566,099	628,104
Prepaids	87,701	-	-	25,581	113,282
Inventories	19,542	-	-	-	19,542
Total assets	34,266,511	1,831,258	7,474,735	10,304,019	53,876,523
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
LIABILITIES					
Accounts payable	1,476,745	1,675	-	576,913	2,055,333
Accrued liabilities	1,088,839	-	-	25,279	1,114,118
Contract retainages	-	-	-	46,988	46,988
Due to other funds	-	-	-	2,745,279	2,745,279
Due to component units	-	1,829,583	-	-	1,829,583
Due to governmental entities	188	-	-	60,020	60,208
Customer deposits	247,209	-	-	1,144	248,353
Other	86,807	-	-	1,449	88,256
Total liabilities	2,899,788	1,831,258	-	3,457,072	8,188,118
DEFERRED INFLOWS OF RESOURCES	283,145	-	-	757,701	1,040,846
FUND BALANCES					
Nonspendable	19,543	-	-	1,114,186	1,133,729
Restricted	1,312	-	-	2,672,858	2,674,170
Committed	21,230,959	-	7,474,735	2,705,450	31,411,144
Unassigned	9,831,764	-	-	(403,248)	9,428,516
Total fund balance	31,083,578	-	7,474,735	6,089,246	44,647,559
Total liabilities, inflows and fund balance	$ 34,266,511	$ 1,831,258	$ 7,474,735	$ 10,304,019	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	$ 72,813,318
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred in the funds.	987,670
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	(34,344,012)
The net other post retirement obligation resulting from the amount of annual required contribution in excess of contributions are not current financial obligations and, therefore, are not reported in the funds.	(28,868,241)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(58,209,685)
Net position of governmental activities	$ (2,973,391)

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2016

	General Fund	School Fund	2016 Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUE					
Sales & use taxes	$ 28,742,206	$ 9,460,320	$ -	$ 899,755	$ 39,102,281
Property taxes	3,547,068	9,224,246	-	-	12,771,314
Other taxes	7,271,070	1,216,669	-	443,011	8,930,750
Licenses & permits	6,500,840	-	-	-	6,500,840
Fines & forfeitures	501,105	-	-	622,888	1,123,993
Revenues from money & property	241,528	-	5,955	58,338	305,821
Charges for services	5,321,541	-	-	-	5,321,541
Intergovernmental	5,565,194	562,130	-	4,246,522	10,373,846
Gifts & donations	176,081	-	-	50,000	226,081
Other revenues	331,855	-	-	718,956	1,050,811
Total revenues	58,198,488	20,463,365	5,955	7,039,470	85,707,278
EXPENDITURES					
Current					
General government	4,350,844	40,270	-	1,215,639	5,606,753
Public safety	23,068,950	-	-	287,684	23,356,634
Public works	6,482,985	-	17,346	1,467,561	7,967,892
Public services	8,588,045	-	-	1,116,921	9,704,966
Intergovernmental assistance	6,314,672	20,423,095	-	194,183	26,931,950
Community services contracts	2,357,213	-	-	-	2,357,213
Community development		-	-	2,123,977	2,123,977
Personnel Board		-	-	611,900	611,900
Debt service					
Principal	2,669,905	-	-	557,574	3,227,479
Interest and fiscal charges	1,392,056	-	-	253,084	1,645,140
Debt issuance costs	-	-	354,892	-	354,892
Total expenditures	55,224,670	20,463,365	372,238	7,828,523	83,888,796
Excess (deficiency) of revenues over expenditures	2,973,818	-	(366,283)	(789,053)	1,818,482
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	21,630,000	-	21,630,000
Premium on debt issue	-	-	316,632	-	316,632
Payment to escrow agent	-	-	(14,105,614)	-	(14,105,614)
Transfers in	2,052,587	-	-	805,628	2,858,215
Transfers (out)	(805,628)	-	-	(2,249,568)	(3,055,196)
Total other financing (uses) sources	1,246,959	-	7,841,018	(1,443,940)	7,644,037
Net change in fund balance	4,220,777	-	7,474,735	(2,232,993)	9,462,519
Fund balance, beginning	26,862,801	-	-	8,322,239	35,185,040
Fund balance, ending	$ 31,083,578	$ -	$ 7,474,735	$ 6,089,246	$ 44,647,559

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

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

Net change in fund balances - total governmental funds	$ 9,462,519
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	254,431
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.	(226,888)
Governmenal funds do not report transfers out of capital items as the related capital assets have not been reported within the related funds balance sheets.	(1,945,604)
Certain revenues in the statement of activities do not provide current financial resources and are reported as unavailable in the governmental funds. The amount of funds deferred due to being unavailable decreased from the amounts reported in the prior year, thus reducing the amount of revenue recognized by the reversal of this deferral.	(243,056)
For governmental funds, the issuance of long-term debt (e.g. warrants and leases) provide current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,687,763)
Other expenses reported in the Statement of Activities that do not require current financial resources.	(4,451,226)
Change In Net Position Of Governmental Activities	$ (1,837,587)

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET & ACTUAL
For the Year Ended September 30, 2016

	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	$ 38,196,107	$ 38,196,107	$ 39,560,344	$ 1,364,237	$ 19,829,421	$ 19,829,421	$ 20,463,365	$ 633,944
Licenses and permits	6,800,160	6,800,160	6,500,840	(299,320)				-
Fines and forfeitures	599,286	599,286	501,105	(98,181)				-
Revenues from money and property	199,677	199,677	241,528	41,851				-
Charges for services	5,241,455	5,241,455	5,321,541	80,086				-
Intergovernmental	5,683,574	5,683,574	5,565,194	(118,380)				-
Gifts and donations	118,509	268,509	176,081	(92,428)				
Other revenues	1,127	286,927	331,855	44,928				-
Total revenues	56,839,895	57,275,695	58,198,488	922,793	19,829,421	19,829,421	20,463,365	633,944
EXPENDITURES								
Current								
General government	4,676,611	4,760,319	4,350,844	409,475	33,500	33,500	40,270	(6,770)
Public safety	22,726,484	25,192,699	23,068,950	2,123,749	-	-	-	-
Public works	6,838,200	7,298,972	6,482,985	815,987	-	-	-	-
Public services	8,430,198	8,688,188	8,588,045	100,143	-	-	-	-
Intergovernmental assistance	6,253,520	6,899,189	6,314,672	584,517	19,795,921	19,795,921	20,423,095	(627,174)
Community services contracts	2,208,707	2,208,707	2,357,213	(148,506)	-	-	-	-
Debt service								
Principal	3,169,740	3,169,740	2,669,905	499,835			-	-
Interest	1,407,204	1,407,204	1,392,056	15,148			-	-
Total expenditures	55,710,664	59,625,018	55,224,670	4,400,348	19,829,421	19,829,421	20,463,365	(633,944)
Excess of revenues over expenditures	1,129,231	(2,349,323)	2,973,818	5,323,141	-	-	-	-
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds	-	-	-	-	-	-	-	-
Transfers in	8,114	878,043	2,052,587	1,174,544	-	-	-	-
Transfers out	(853,281)	(853,281)	(805,628)	47,653	-	-	-	-
Total other financing sources (uses)	(845,167)	24,762	1,246,959	1,222,197	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	284,064	(2,324,561)	4,220,777	6,545,338	-	-	-	-
Fund balance, beginning	23,185,346	23,185,346	26,862,801	3,677,455	-	-	-	-
Fund balance, ending	$ 23,469,410	$ 20,860,785	$ 31,083,578	$ 10,222,793	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2016

	Municipal Utilities Board	Other Enterprise Funds	Totals
ASSETS			
Current assets			
Cash & cash equivalents	$ 44,375,816	$ 22,667,706	$ 67,043,522
Receivables (net of allowance)			
Accounts	12,113,558	557,275	12,670,833
Other	2,347,081	-	2,347,081
Due from other funds	-	970,902	970,902
Due from governmental entities	-	-	-
Inventories, at cost	1,701,727	49,111	1,750,838
Other	526,662	-	526,662
Total current assets	61,064,844	24,244,994	85,309,838
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	29,131,548	-	29,131,548
Deferred costs	-	-	-
Capital assets:			
Land	2,975,563	1,496,730	4,472,293
Buildings	-	9,688,124	9,688,124
Improvements other than buildings	-	21,172,370	21,172,370
Furniture & equipment	-	8,796,478	8,796,478
Utility plant in service	377,182,192	-	377,182,192
Construction work in progress	21,829,665	-	21,829,665
Less accumulated depreciation	(161,477,777)	(27,033,644)	(188,511,421)
Total capital assets (net of accumulated depreciation)	240,509,643	14,120,058	254,629,701
Total noncurrent assets	269,641,191	14,120,058	283,761,249
Total assets	330,706,035	38,365,052	369,071,087
DEFERRED OUTFLOWS OF RESOURCES	2,431,603	318,430	2,750,033
LIABILITIES			
Current liabilities			
Accounts payable	11,178,791	312,347	11,491,138
Accrued liabilities	2,542,190	42,585	2,584,775
Compensated absences	85,955	17,046	103,001
Claims payable	-	100,000	100,000
Customer deposits	4,582,479	-	4,582,479
Revenue warrants payable - current	5,215,000	-	5,215,000
Due to other funds	511,585	19,296	530,881
Total current liabilities	24,116,000	491,274	24,607,274
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,686,904	4,686,904
Revenue notes payable	60,440,251	-	60,440,251
Claims payable	-	100,000	100,000
Compensated absences	773,595	153,420	927,015
Net pension liability	17,695,689	2,165,912	19,861,601
Net other postemployment benefit obligation	5,187,545	1,647,864	6,835,409
Total noncurrent liabilities	84,097,080	8,754,100	92,851,180
Total liabilities	108,213,080	9,245,374	117,458,454
DEFERRED INFLOWS OF RESOURCES	887,741	-	887,741
NET POSITION			
Net investment in capital assets	174,854,392	14,120,058	188,974,450
Restricted for debt service	28,639,263	-	28,639,263
Unrestricted	20,543,162	15,318,050	35,861,212
Total net position	$ 224,036,817	$ 29,438,108	$ 253,474,925

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2016

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	$ 137,016,266	$ 6,022,126	$ 143,038,392
Premiums & fees	-	5,016,486	5,016,486
Miscellaneous	-	28,401	28,401
Total operating revenue	137,016,266	11,067,013	148,083,279
Operating expenses			
Personnel, operations & maintenance	108,171,330	8,115,160	116,286,490
Closure and postclosure costs	-	298,361	298,361
Depreciation and amortization	10,161,990	1,830,996	11,992,986
Administrative costs	9,281,736	1,293,468	10,575,204
Total operating expenses	127,615,056	11,537,985	139,153,041
Operating income	9,401,210	(470,972)	8,930,238
Nonoperating revenue (expenses)			
Interest income	141,198	41,630	182,828
Interest expense	(2,325,488)	-	(2,325,488)
Bad debt recoveries (expense)	-	-	-
Intergovernmental grant income	-	-	-
Gain (loss) on disposition of assets	3,969	5,448	9,417
Miscellaneous revenue (expense)	-	11,493	11,493
Total nonoperating revenue (expenses)	(2,180,321)	58,571	(2,121,750)
Income before contributions, transfers & special items	7,220,889	(412,401)	6,808,488
Capital contributions	2,539,845	-	2,539,845
Transfers in	1,945,604	196,981	2,142,585
Transfers (out)	-	-	-
Change in net position	11,706,338	(215,420)	11,490,918
Total net position, beginning	212,330,479	29,653,528	241,984,007
Total net position, ending	$ 224,036,817	$ 29,438,108	$ 253,474,925

The accompanying notes are an integral part of this statement.

CITY OF DECATUR
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2016

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	$137,037,520	$ 11,056,758	$ 148,094,278
Other operating cash receipts	-	28,401	28,401
Payments to suppliers	(97,733,099)	(4,147,004)	(101,880,103)
Payments to employees	(18,094,769)	(4,879,861)	(22,974,630)
Payments for interfund services	-	19,296	19,296
Non-operating cash payments	-	11,493	11,493
Net cash provided by operating activities	21,209,652	2,089,083	23,298,735
Noncapital financing activities			
Advanced to other funds	-	105,846	105,846
Transfers in	-	196,981	196,981
Net cash provided by noncapital financing activities	-	302,827	302,827
Capital and related financing activities			
Acquisition and construction of capital assets	(26,781,064)	(276,100)	(27,057,164)
Proceeds from sale of capital assets	-	5,449	5,449
Capital contributions	4,485,449	-	4,485,449
Principal payments on capital leases	-	-	-
Principal payments on warrants	(5,044,999)	-	(5,044,999)
Interest paid on warrants	(2,285,208)	-	(2,285,208)
Intergovernmental grants	-	116,806	116,806
Net cash (used) by capital and related financing activities	(29,625,822)	(153,845)	(29,779,667)
Investing activities			
Decrease (increase) in restricted assets	11,470,943	-	11,470,943
Miscellaneous non-operating income	6,661	-	6,661
Sale of investments	-	-	-
Interest received	138,506	41,630	180,136
Net cash provided (used) by investing activites	11,616,110	41,630	11,657,740
Net increase (decrease) in cash and cash equivalents	3,199,940	2,279,695	5,479,635
Cash and cash equivalents, beginning	41,175,876	20,388,011	61,563,887
Cash and cash equivalents, ending	$ 44,375,816	$ 22,667,706	$ 67,043,522
Operating income (loss)	$ 9,401,210	$ (470,972)	$ 8,930,238
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	10,161,990	1,830,996	11,992,986
Landfill postclosure costs	-	298,361	298,361
Pension contributions in excess of actuarially determined	30,405	-	30,405
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(491,541)	18,146	(473,395)
Accounts payable	253,843	(143,893)	109,950
Contract retainages	-	-	-
Claims payable	-	100,000	100,000
Inventory	47,010	12,863	59,873
Other current asset	(217,533)	-	(217,533)
Due to (from) other funds	22,108	19,296	41,404
Accrued liabilities	755,560	9,350	764,910
Net pension liability	976,155	55,080	1,031,235
Net OPEB obligation	1,008,082	348,363	1,356,445
Customer deposits	(415,604)	-	(415,604)
Deferred revenue	-	-	-
Other items	(322,033)	11,493	(310,540)
Net cash provided by operating activities	$ 21,209,652	$ 2,089,083	$ 23,298,735

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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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.

Primary Government

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Board of Education
302 Fourth Avenue Northeast
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 assets. 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 *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 *2016 Capital Improvements Fund* accounts for the warrant proceeds from the 2016 issue and accounts for related projects funded by the corresponding warrant.

The following are the City's major enterprise funds:

- The *Municipal Utilities Board* Fund accounts for the operations of the Municipal Utilities Board, 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 used to refund other G.O. Warrants held by the City and for future capital projects related to additional funding received.
- 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

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 Decatur Utilities 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 consist of U.S. Treasury obligations with original maturities greater than three months from the date of acquisition. Thus, investments of the City, as well as its component units, are stated at cost, plus accrued interest, which is approximately the same as their fair value. The State Treasurer's investment pool operates in accordance with appropriate state laws. The reported value of the pool is the same as the fair value of the pool shares.

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.

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, 2016, was $618,779 due from Morgan County for various tax receivables, $89,824 due from Alabama Department of Transportation, and $223,782 from the United States Department of Housing and Urban Development and other federal grantors.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Non-current portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their spending 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. Noncurrent portions of 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 $607,389.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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
Greenways	15 years
Drainage systems	40 years
Motor vehicles	5 years

Compensated Absences

City employees may accumulate up to three-hundred and seventy (370) days of sick leave. Employees of the City who were employed by the City prior to January 1, 2013 and who have twenty-five (25) years of service or, who have reached sixty (60) years of age and have 10 years of service, are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. Employees of the City hired after January 1, 2013 who have reached sixty-two (62) years of age (age 56 for certified full-time firefighter and law enforcement officer) and have 10 years of service credit are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. The liability is calculated according to GASB Statement No. 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 assets. Compensated absences have been historically liquidated through the fund from which the employee is paid, which is primarily, the General Fund and the nonmajor proprietary funds of Pt. Mallard and Sanitary Landfill. All reimbursable leave is paid at the time of an employee's resignation or retirement.

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 refundings as well as pension contributions made susequent 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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 or resolution 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.

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.

Encumbrances-The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2016, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

General Fund	$	2,073,440
Other Governmental Funds		70,968
Total	$	2,144,408

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2016.

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 Expenses 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 $9.0 million. The General Fund Operating Expense 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. GASB Accounting Pronouncements

Pronouncements Effective for the 2016 Financial Statements:

The City adopted GASB No.72, *Fair Value Measurement and Application*, in 2016. This statement provides guidance for applying fair value to certain investments and the disclosures related to all financial measurements. Required disclosures include the level of fair value hierarchy and techniques used to value the investments. The statement is intended to improve comparability among financial statements of government entities as the more detailed guidance allows for a consistent presentation of fair value.

The City adopted GASB No.73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, Amendments for Certain Provisions of GASB Statements 67 and 68*, in 2016. This statement sets requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68. The Statement broadens Statement No. 68 to pension assets not administered by a trust and also clarifies certain provisions for Statement No. 67 and 68 which will improve comparability of disclosed pension information between contributing entities. The implementation of this statement did not have a significant impact on the City's financial statements.

The City adopted GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in 2016. This statement identifies the hierarchy of generally accepted accounting principles within the context of the current governmental financial reporting environment and required retrospective application. The implementation of this statement did not have a significant impact on 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 No.74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in the period beginning after June 15, 2016, fiscal 2017. This statement will improve the usefulness of other postemployment benefit information included in the financial statements and replaces Statement No. 43. It includes requirements for supplemental information and notes to the financial statements. The statement also sets specific requirements for the measurement of the Net OPEB liability.

The City plans to adopt GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the period beginning after June 15, 2017, fiscal 2018. This statement will make financial information more useful for decision making as it requires recognition of the entire OPEB liability and more in depth measure of OPEB expense. New disclosure and supplemental information requirements will also improve the financial reporting surrounding OPEB.

The City plans to adopt GASB No 77, *Tax Abatement Disclosures*, in the period beginning after December 15, 2015, fiscal 2017. This statement improves financial reporting by providing users essential information regarding tax abatements by requiring more detailed information about the abatements and organizing the information in a consistent and comprehensive manner.

The City plans to adopt GASB No 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plan*, in the period beginning after December 15, 2015, fiscal 2017. This statement amends the scope of Statement No. 68 to exclude certain pensions provided to state or local government employees if it includes benefits to non state or local government beneficiaries. It also includes new disclosure requirements.

The City plans to adopt GASB No 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*, in the period beginning after June 15, 2016, fiscal 2017. The statement amends blending requirements to include a component unit incorporated as a not-for-profit corporation and the primary government is the sole corporate member.

The City plans to adopt GASB No 81, *Irrevocable Split-Interest Agreements*, required for fiscal periods beginning after December 15, 2016, fiscal 2018. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City plans to adopt GASB No 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, required for fiscal periods beginning after June 15, 2016, except for certain provisions effective for fiscal periods beginning after June 15, 2017, in fiscal 2017 and 2018. This Statement improves financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues.

The City plans to adopt GASB No 83, *Certain Asset Retirement Obligation,* in the period beginning after June 15, 2018, fiscal 2019. The Statement will enhance comparability of financial statements among governments by providing uniform criteria to measure and recognize certain asset retirement obligations.

The City plans to adopt GASB No 84, *Fiduciary Activities,* in period beginning after December 15, 2018. fiscal 2020. The Statement establishes criteria for identifying fiduciary activities of all state and local governments and will enhance comparability of financial statements through this added criteria and clarity of whether and how business-type activities should report fiduciary activities.

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 $58,209,685 difference are as follows:

Warrants Payable	$ 54,390,084
Capital lease payable	23,741
Accrued interest payable	421,115
Compensated absences	2,271,359
Claims Payable	1,103,386
	$ 58,209,685

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NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS-CONTINUED

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

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 $254,431 difference are as follows:

Capital outlay	$ 5,969,285
Depreciation expense	(5,714,854)
	$ 254,431

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 $(4,687,763) difference are as follows:

Debt issued or incurred:	
General Obligation debt	$ (21,630,000)
Principal repayments:	
General obligation debt	3,216,597
Capital lease	10,882
Payment to escrow agent for defeasance of refunded debt	14,105,614
Deferral of premiums	(316,632)
Amortization of premium, discounts, and refunding loss	(74,224)
	$ (4,687,763)

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 $(4,451,226) difference is as follows:

Compensated absences	$ (58,378)
Claims	(71,696)
Accrued interest	132,813
Net pension obligation	(993,378)
Other postemployment expenses	(3,460,587)
	$ (4,451,226)

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Annually-Budgeted Governmental Funds

General Fund

Special Revenue Funds
7 Cent Gas Tax Fund
4&5 Cent Gas Tax Fund
School Fund
Personnel Board Fund
Heritage Trust Fund
Docket Fees Fund
Room Occupancy Fund
Corrections Fund
Drug Seizure Fund

Governmental Funds Not Annually-Budgeted

Special Revenue Funds
Community Development Fund
Municipal Court Fund

Debt Service Fund
Crossings Warrant Fund

Capital Projects Funds
Capital Projects Fund
Sewer Fund
2012 Capital Improvements Fund
2015 Capital Improvements 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.

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.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

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, 2016:

General Fund		
Public Works		
Projects	$	30,365
Community Service Contracts	$	148,509
School Fund		
General government	$	6,770
Intergovernmental assistance	$	627,174
7 Cent Gas Tax Fund		
Operating expenses	$	196,045
Corrections Fund		
Personnel services	$	76,953

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

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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. Effective January 1, 2001, 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.

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

Cash and deposits	$ 141,227,519
Carrying amount of investments	-
Total	$ 141,227,519
Per Governmental Funds Balance Sheet-total governmental funds	
Cash and investments	$ 45,052,449
Per Proprietary Funds Statement of Net Assets Total enterprise funds	
Cash and investments	67,043,522
Restricted cash for debt service	29,131,548
	96,175,070
Total	$ 141,227,519

A reconciliation of Discretely Presented Component Unit's cash and investments is as follows:

	Board of Education
Cash on hand	$ 40,105,215
Carrying amount of investments	74,722,100
Total Cash and investments	$ 114,827,315

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Investments

Statutes authorize the Board 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 of September 30, 2016, the Board had the following investments and maturities recorded at fair value.

The Board of Education's investments measured and reported at fair value are classified according to the following hierarchy:

> **Level 1-** Investments reflect prices quoted in active markets
> **Level 2-** Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.
> **Level 3-** Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

	Fair Value Measurements		
	Level 1	**Level 2**	**Level 3**
Investments by Fair Value Level			
U.S. Treasury Note	$ 41,117,022	$ -	$ -
Federal National Mortgage Association, Note	16,283,550	-	-
Federal Home Loan Bank, Bond	1,944,436	-	-
Federal National Mortgage Association, Note	11,675,834	-	-
Certificates of Deposit	3,701,258	-	-
	$ 74,722,100	$ -	$ -

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. For this reason, The Board only has guaranteed investments in treasury bills or notes issued by the U.S. Government.

Credit risk

As described above, state law limits the kind of investments that City entities can make. The City has made no further laws in addition to state law related to investments allowed. The City has held no investments other than certificates of deposit in the past and currently holds no deposits or other investments.

The Board of Education has funds invested in obligations of the United States Treasury, Federal National Mortgage Association, and Federal Home Loan Bank, which each have a credit risk rating of Aaa from Moody’s Investors Service.

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, 2016, 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.

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

B. Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance September 30, 2015	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 10,117,257	$ -	$ (1,300)	$ -	$ 10,115,957
Construction in progress	7,198,743	2,848,094	-	(4,786,399)	5,260,438
Total capital assets, not being depreciated	17,316,000	2,848,094	(1,300)	(4,786,399)	15,376,395
Capital assets, being depreciated:					
Buildings and improvements	42,684,696	1,089,281	(133,094)	2,450,520	46,091,403
Land improvements	25,405,389	132,889	-	384,540	25,922,818
Furniture, equipment and other	26,508,665	1,792,838	(1,318,136)	-	26,983,367
Infrastructure	97,045,814	106,183	-	5,735	97,157,732
Total capital assets, being depreciated	191,644,564	3,121,191	(1,451,230)	2,840,795	196,155,320
Less accumulated depreciation for:					
Buildings and improvements	(24,204,276)	(1,259,083)	132,870	-	(25,330,489)
Land improvements	(13,265,875)	(1,121,020)	-	-	(14,386,895)
Furniture, equipment and other	(23,336,715)	(1,013,761)	1,092,771	-	(23,257,705)
Infrastructure	(73,422,319)	(2,320,989)	-	-	(75,743,308)
Total accumulated depreciation	(134,229,185)	(5,714,853)	1,225,641	-	(138,718,397)
Total capital assets, being depreciated, net	57,415,379	(2,593,662)	(225,589)	2,840,795	57,436,923
Governmental activities capital assets, net	$ 74,731,379	$ 254,432	$ (226,889)	$ (1,945,604)	$ 72,813,318
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 4,104,057	$ 368,237	$ (1)	$ -	$ 4,472,293
Construction in progress	17,606,794	71,532,834	(67,309,963)	-	21,829,665
Total capital assets, not being depreciated	21,710,851	71,901,071	(67,309,964)	-	26,301,958
Capital assets, being depreciated:					
Buildings and improvements	30,810,992	49,501	-	-	30,860,493
Furniture, equipment and other	8,641,706	226,599	(71,826)	-	8,796,479
Utility plant-in-service	358,756,548	22,212,644	(3,787,015)	-	377,182,177
Total capital assets, being depreciated	398,209,246	22,488,744	$ (3,858,841)	-	416,839,149
Less accumulated depreciation for:					
Buildings and improvements	(19,395,004)	(1,200,961)	-	-	(20,595,965)
Furniture, equipment and other	(5,879,442)	(630,035)	71,825	-	(6,437,652)
Utility plant-in-service	(155,245,656)	(10,161,990)	3,929,857	-	(161,477,789)
Total accumulated depreciation	(180,520,102)	(11,992,986)	4,001,682	-	(188,511,406)
Total capital assets, being depreciated, net	217,689,144	10,495,758	142,841	-	228,327,743
Business-type activities capital assets, net	$ 239,399,995	$ 82,396,829	$ (67,167,123)	$ -	$ 254,629,701

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Depreciation expense of $2,320,990 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 government	$ 613,913
Public Safety	859,552
Public Works	258,503
Public Services	1,613,623
Intergovernmental	48,272
Total allocated depreciation expense – governmental activities	3,393,863
Total unallocated depreciation expense- governmental activities	2,320,990
Total depreciation expense-governmental activities	$ 5,714,853
Business-type activities:	
Municipal Utilities Board Fund	$ 10,161,990
Sanitary Landfill Fund	1,126,043
Point Mallard Fund	704,953
Total depreciation expense – business-type activities	$ 11,992,986

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2016 was as follows:

	September 30, 2015	Additions/ Reclassifications	Deletions/ Reclassifications	September 30, 2016
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 7,877,273	$ 139,360	$ -	$ 8,016,633
Construction in progress	2,019,329	15,749,840	139,360	17,629,809
Total capital assets, not being depreciated	9,896,602	15,889,200	139,360	25,646,442
Capital assets, being depreciated:				
Buildings and improvements	112,727,404	-	-	112,727,404
Furniture, equipment and other	10,106,408	531,317	98,825	10,538,900
Total capital assets, being depreciated	122,833,812	531,317	98,825	123,266,304
Less accumulated depreciation	54,899,930	3,687,328	95,443	58,491,815
Total capital assets, being depreciated, net	67,933,882	(3,156,011)	3,382	64,774,489
Total governmental activities capital assets, net	$ 77,830,484	$ 12,733,189	$ 142,742	$ 90,420,931

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Interfund Receivables, Payables and Transfers

Transfers In/Out:

The composition of interfund balances as of September 30, 2016 is as follows:

Transfers From:	General Fund	Decatur Utilities	Non-major Government	Non-major Enterprise	Total In
Transfers To:					
General Fund	$ -	$ -	$ 2,052,588	$ -	$ 2,052,588
Non-major Government	805,628	-	-	-	805,628
Non-major Enterprise	-	-	196,981	-	196,981
Total Out	$ 805,628	$ -	$ 2,249,569	$ -	$ 3,055,197

Due To/From Other Funds:

Due To:	General Fund	School Fund	Non-major Government	Non-major Enterprise	Total In
Due From:					
Municipal Utilities Board	$ 442,475	$ 21,770	$ 47,341	$ -	$ 511,586
Non-major Government	1,774,376	-	-	970,902	2,745,278
Non-major Enterprise	19,296	-	-	-	19,296
Total Out	$ 2,236,147	$ 21,770	$ 47,341	$ 970,902	$ 3,276,160

Due To/From Primary Government and Component Units:

Due To:	Component Unit-Board of Education	Total In
Due From:		
Primary Government- School Fund	1,829,583	1,829,583
Total Out	$ 1,829,583	$ 1,829,583

$1,213,627 of the balance due to the general fund and $970,902 due to non-major proprietary funds from non-major governmental funds resulted from advances made for the construction of Ingalls Harbor Pavilion.

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Transfers have been used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations during the current year. The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

D. Leases

Operating Leases

The City had two non-cancelable operating leases for golf carts which expired during the year. During 2016, the City entered into two new non-cancelable operating leases for golf carts. The City also added a new five year non-cancelable lease for office space during the year. The future minimum lease payments are as follows:

Year Ending September 30	Business-Type Activities Point Mallard
2017	$ 58,035
2018	74,438
2019	74,438
2020	47,238
2021	2,803
Total minimum lease payments	$ 256,952

Capital Leases

The City entered into a lease agreement as lessee for financing the acquisition of computer equipment during 2014. The lease agreement is treated as capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements.The asset acquired through capital lease is as follows:

	Governmental Activities
Computer equipment	$ 54,600
Less: accumulated amortization	(30,940)
Total	$ 23,660

The future minimum lease payments for these leases are as follow:

Year Ending September 30	Governmental Activities
2017	$ 11,823
2018	11,823
2019	932
Total minimum lease payments	24,578
Less amount representing interest	(837)
Present value of minimum lease payments	$ 23,741

The future debt service requirements of the governmental activities leases at September 30, 2016 are primarily to be provided by the General Fund.

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Component Unit

The discretely presented component unit, Board of Education, has entered into various lease agreements as lessee for financing the acquisition of transportation and computer equipment. These lease agreements are treated as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2016 are as follows:

Year Ending September 30	Governmental Activities
2017	$ 740,857
2018	460,661
Total minimum lease payments	1,201,518
Less amount representing interest	(10,112)
Present value of minimum lease payments	$ 1,191,406

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt

General Obligation Warrants

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

a. For the acquisition and construction of major capital facilities.

b. To refund other G.O. warrants.

Source of Repayment of Long-Term Debt

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

Type of Debt	Paid From	Resources Provided By
Governmental Activities:		
G.O. warrants - major capital facilities	General Fund Crossings Warrant Fund	General Fund Crossings Warrant Fund
G.O. warrants- infrastructure 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, 2016 was as follows:

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance (thousands)	Amount Due Within One Year (thousands)
PRIMARY GOVERNMENT							
Governmental Activities							
G.O. Warrants - general purposes							
2006-Capital Improvement	16,215	10/11/2006	10/1/2026	4.0 - 4.375	175 -2,360	195	195
2009-A	13,170	6/1/2009	7/1/2020	2.0 - 4.0	190-2,015	7,600	1,795
2011-Sewer	6,500	6/1/2011	6/1/2029	2.0-4.0	295-480	4,995	315
2012 General Obligation	17,160	7/1/2012	7/1/2033	2-3.125	650-1,145	15,060	710
2012-C	1,354	8/7/2012	8/7/2015	1.45	185-199	581	196
2012-D	2,750	8/7/2012	8/7/2015	2.11	112-1,645	2,280	122
2015-A	2,500	6/1/2015	12/31/2017	0.65	-	2,500	-
2016-A	21,630	5/12/2016	10/1/2013	2.0-3.0	295-2,765	21,630	-
	82,517					54,841	3,333
Total Governmental Activities	$ 82,517					$ 54,841	$ 3,333

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance (thousand)	Amount Due Within One Year
Business-Type Activities							
Water System Revenue Warrants							
2009	$ 12,980	6/1/2009	6/1/2019	2.0 - 4.0	1,690 -2,050	$ 5,930	$ 1,905
2009 SRF/ARRA	3,100				115-220	2,610	135
2012	490		8/15/2033		20-30	430	20
2013	10,410	11/1/2013	5/1/2033	3.0-3.5	605-905	10,410	-
	26,980					19,380	2,060
Wastewater System Revenue Warrants							
1997	$ 2,850	11/1/1996	8/15/2017	3.95	135 - 200	$ 200	$ 200
2009 SRF/ARRA	10,530				385 - 720	8,545	440
2010	15,590	12/22/1999	8/15/2020	3.85	720 - 1,095	4,140	975
2012	855		8/15/2033		30-55	755	35
2013	37,125	8/15/2013	8/15/2033	2.0-3.5	1,400-2,370	32,835	1,505
	66,950					46,475	3,155
Total Business-Type Activities	$ 93,930					$ 65,855	$ 5,215
Total Primary Government	$ 176,447					$ 120,696	$ 8,548

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Governmental-Type Activities

Board of Education

2010 QSCB	1,050	2010	9/1/2027	5.15	1,050	1,050	-
2011QZAB	5,000	2011	5/1/2026	4.60	5,000	5,000	-
2013 BRAC	1,830	2013	6/1/2033	3.25-5	64-591	1,639	67
Series 2013	30,325	2013	2/1/2035	2.75-5	1,030-3,380	29,295	1,065
Series 2015	87,750	2015	2/1/2045	2.00-5	825-6,535	86,925	845
	125,955					123,909	1,977

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

Advance Refunding

In May 2016, the City issued the 2016-A General Obligation Warrants for the face amount of $21,630,000 with interest rates ranging from 2.00% to 3.00% for an advanced partial refunding of the 2006 General Obligation Warrants, which had interest rates ranging from 4.00% to 4.41%. $14,105,614 of the net proceeds (which included a premium of $205,811 and a payment of $221,662 for underwriting and issuance cost) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the refunded portion of the 2006 General Obligation Warrants is considered defeased and the liability for the refunded portion of these bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by $293,581. This difference is reported in the accompanying financial statements as deferred outflow of resources and is recognized as a component of interest expense over the remaining life of the refunded debt.

The Ciy completed the advance refunding to reduce its debt serice payments over the next 11 years by $2,045,103 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,953,389.

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2016 are shown below. There is $29,131,548 available in the Municipal Utilities Board Enterprise Fund to service the revenue warrants.

The Municipal Utilities Board Fund received multiple loans made available by the American Recovery and Reinvestment Act (the "ARRA") in 2010, 2011 and 2012. The Alabama Drinking Water Finance Authority loaned $7,367,402 to the Municipal Utilities Board Fund of which $3,662,402 was forgiven in the prior year pursuant to the ARRA and recorded as forgiveness of long-term debt on the statement of activities and a special item on the proprietary statement of revenues, expenses and changes in fund net assets. The fund was required to issue water and sewer warrants, respectively, in the amount of the loans less the ARRA forgiveness portion. The 2009 Series SRF/ARRA Water Warrants were issued in the amount of $3,215,000. The 2012 Series SRF/ARRA Water Warrants were issued in the amount of $490,000. Total bonds outstanding at September 30, 2016 were $3,040,000 with final maturity in 2031 and 2033.

The Alabama Water Pollution Control Authority also loaned $15,665,364 to the Municipal Utilities Board Fund of which $5,135,364 was forgiven in the prior year pursuant to the ARRA and recorded as forgiveness of long-term debt on the statement of activities and a special item on the proprietary statement of revenues, expenses and changes in fund net assets. The fund was required to issue water and sewer warrants, respectively, in the amount of the loans less the ARRA forgiveness portion. The 2009 Series SRF/ARRA Wastewater Warrants were issued in the amount of $10,530,000. The 2012 Series SRF/ARRA Wastewater Warrants were issued in the amount of $855,000. Total bonds outstanding at September 30, 2016 were $8,545,000 and $755,000 with final maturity in 2031 and 2033, respectively.

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

PRIMARY GOVERNMENT	**(thousands)** G.O. Warrants	
Governmental Activities:	Principal	Interest
2017	$ 3,333	$ 1,346
2018	6,034	1,895
2019	3,622	1,786
2020	3,565	1,674
2021	2,527	1,520
2022 – 2026	20,110	5,200
2027 – 2031	10,645	1,515
2032 – 2037	5,005	360
Total governmental activities	$ 54,841	$ 15,296

Business-Type Activities	Principal	Interest
2016	$ 5,215	$ 2,127
2017	5,190	1,965
2018	5,370	1,790
2019	4,045	1,610
2020	3,045	1,489
2022 – 2026	16,705	5,972
2027 – 2031	19,510	3,167
2032 - 2034	6,775	356
Total business-type activities	$ 65,855	$ 18,476

COMPONENT UNITS

	Capital Outlay Warrants	
Governmental Activities: Board of Education	Principal	Interest
2017	1,977	5,235
2018	2,046	5,164
2019	2,134	5,080
2020	2,218	4,993
2021	2,322	4,889
2022-2026	18,430	22,627
2027-2031	19,057	18,151
2032-2036	21,719	14,436
2037-2041	27,335	8,815
2042-2046	26,670	2,257
Total Governmental Activities	$ 123,908	$ 91,647

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016, was as follows (in thousands):

PRIMARY GOVERNMENT

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation warrants	$ 50,253	$ 21,630	$ (17,042)	$ 54,841	$ 3,333
Less amounts deferred for:					
Issue discounts & premiums	329	316	(25)	620	
Total warrant, bonds, & notes	50,582	21,946	(17,067)	55,461	3,333
Capitalized leases	35	-	(11)	24	11
Compensated absences	2,212	59	-	2,271	227
Claims payable	1,032	71	-	1,103	73
Net pension obligation	34,091	5,880	-	39,971	-
Other post-employment benefits	25,408	3,460	-	28,868	-
Governmental Activities Long-Term Liabilities	$ 113,360	$ 31,416	$ (17,078)	$ 127,698	$ 3,644
Business-Type Activities:					
Revenue warrants	$ 70,900	$ -	$ (5,045)	$ 65,855	$ 5,215
Less amounts deferred for:					
Issue discounts & premiums	(290)	-	89	(201)	-
Total warrants	70,610	-	(4,956)	65,654	5,215
Landfill closure and postclosure	4,389	297	-	4,686	-
Compensated absences	972	58	-	1,030	103
Claims payable	100	100	-	200	100
Net pension obligation	19,733	129	-	19,862	-
Other post-employment benefits	3,430	3,407	-	6,837	-
					0
Business-Type Activities Long-Term Liabilities	$ 99,234	$ 3,991	$ (4,956)	$ 98,269	$ 5,418

COMPONENT UNITS-BOARD OF EDUCATION

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities – Board of Education					
Revenue warrants	$ 125,829	$ -	$ (1,919)	$ 123,910	$ 1,977
Issue discounts & premiums	4,211	-	(159)	4,052	159
Capitalized Leases	781	1,382	(972)	1,191	731
Net Pension Liability	71,376	8,279	-	79,655	-
Total Board of Education Long-Term Liabilities	$ 130,821	$ 1,382	$ (3,050)	$ 208,808	$ 2,867

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. Conduit Debt Obligations

From time to time, the City has, through its Industrial Development Board, issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2016, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the six outstanding issues was approximately $80,000,000. The original issue amounts of these series totaled $95,140,000.

G. Fund Balance Constraints

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	2016 Capital Improvements Fund	Other Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Inventory	$ 19,543	$ -	$ -	$ 19,543
Permanent Fund	-	-	1,114,186	1,114,186
Total Nonspendable	19,543	-	1,114,186	1,133,729
Restricted:				
Special Revenues	-	-	2,672,858	2,672,858
MPO Dues	-	-	-	-
Tri-Centennial	1,312	-	-	1,312
Grant Funds	-	-	-	-
Total Restricted	1,312	-	2,672,858	2,674,170
Committed:				
OPEB Reserve	1,820,224	-	-	1,820,224
Repairs/Maintenance	22,584	-	-	22,584
Reserve Policy	15,008,740	-	-	15,008,740
Personnel Board	-	-	164,924	164,924
Sewer Extension	-	-	4,306,792	4,306,792
Hwy 31 Grant	-	-	-	-
Misc Capital Projects	2,593,215	7,474,735	-	10,067,950
Other	1,786,196	-	(1,766,266)	19,930
Total Committed	21,230,959	7,474,735	2,705,450	31,411,144
Unassigned:	9,831,764	-	(403,248)	9,428,516
Total Fund Balance:	$ 31,083,578	$ 7,474,735	$ 6,089,246	$ 44,647,559

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 2016 was $1,698,714 by the Electric System, $127,545 by the Natural Gas System, $387,261 by the Water System and $80,043 by the Wastewater 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 $4,686,904 reported for landfill closure and postclosure care liability at September 30, 2016 within the proprietary statement of net assets, represents the cumulative amount reported to date based on the use of 47.00 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of $5,357,926 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, 2016. The City expects to close the landfill in the year 2032. 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

Grants

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, 2016, 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.

Construction Contracts

The City has entered into various construction contracts as of September 30, 2016. 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.

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. 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 $2,439,756 and the outstanding balance due to TVA for collection of the loans was also $2,439,756.

Occasionally, the Gas System enters into natural gas purchase commitments to purchase minimum volumes of gas at fixed prices over a one to three year period. 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, 2016, contract commitments total $514,500 for fiscal year 2017 and $87,600 for fiscal year 2018. At September 30, 2016, no purchase commitments extended beyond December 2017. Additional outstanding commitments were $683,383 for fiscal year 2017.

NOTE 5 – OTHER INFORMATION - CONTINUED

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 $850,000, $275,000 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, 2016. $475,000 of the the remaining portion has been reported in the government-wide statement of net assets as noncurrent liabilities due in more than one year, with $375,000 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.

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, 2016.

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

Wheeler Basin Regional 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 Wheeler Basin Regional 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 $23,450 in appropriations during the fiscal year ending September 30, 2016.

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

NOTE 5 – OTHER INFORMATION - CONTINUED

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

Morgan County Emergency Management Commission District is commonly known as 911. This seven-member board, of which the City Council appoints three members, manages the emergency phone service 911 along with other duties. The City of Decatur provided $427,525 in appropriations during the fiscal year.

North Central Alabama Mental Health Board provides mental health and general welfare services to the citizens of North Alabama. The Board is comprised of nine members of whom three are appointed by the City Council.

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

Plan Description
The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing 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. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama 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.

The ERS Board of Control consists of 13 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. Six 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) Two vested active employees of an employer participating in ERS pursuant to § 36-27-6.

NOTE 5 – OTHER INFORMATION - CONTINUED

Benefits provided

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 846 local participating employers. These participating employers include 287 cities, 65 counties, and 494 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2015, membership consisted of:

	ERS	City of Decatur
Retirees and benificiaries currently receiving benefits	22,211	304
Terminated employees entitled to but not yet receiving benefits	1,353	13
Terminated employees no entitled to a benefit	5,451	21
Active Members	55,378	531
Total	84,393	869

Contributions. 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. ERS local participating employers are not required by statute to increase contribution rates for their members.

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.

NOTE 5 – OTHER INFORMATION - CONTINUED

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, 2016, the City's active employee contribution rate was 5.19% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 11.42% of covered employee payroll.

City's contractually required contribution rate for the year ended September 30, 2016 was 12.94% of pensionable pay for Tier 1 employees, and 10.69% of pensionable pay for Tier 2 employees,. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, 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 System were $2,912,564 for the year ended September 30, 2016.

Net Pension Liability

The City's and Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques as shown in the following table:

	City of Decatur	Municipal Utilities Board
Total Pension Liability		
as of September 30, 2014 (a)	$ 114,831,676	$ 46,217,734
Entry Age Normal Cost for		
October 1, 2014 - September 30, 2015 (b)	$ 2,168,298	$ 735,009
Actual Benefit Payments and Refunds for		
October 1, 2014 - September 30, 2015 (c)	$ (6,815,284)	$ 2,738,647
Total Pension Liability		
as of September 30, 2015		
[(a) x (1.08)] + (b) - [(c) x (1.04)]	$ 119,098,613	$ 47,801,969

Actuarial assumptions

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return*	8.00%

**Net of pension plan investment expense*

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

NOTE 5 – OTHER INFORMATION - CONTINUED

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

** Includes assumed rate of inflation at 2.50%*

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 8%. 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 Pension Liability (a) - (b)**
Balances at 9/30/2014	$ 114,245,228	$ 78,314,255	$ 35,930,973
Changes for the year:			
Service cost	2,168,298	-	2,168,298
Interest	8,867,007	-	8,867,007
Changes of assumptions	-	-	-
Differences between expected and actual experience	633,364	-	633,364
Contributions - employer	-	2,967,587	(2,967,587)
Contributions - employee	-	1,451,728	(1,451,728)
Net investment income	-	915,644	(915,644)
Benefit payments, including refunds of employee contributions	(6,815,284)	(6,815,284)	-
Administrative expense	-	-	-
Transfers among Employers	-	127,694	(127,694)
Net changes	4,853,385	(1,352,631)	6,206,016
Balances at 9/30/2015	$ 119,098,613	$ 76,961,624	$ 42,136,989

NOTE 5 – OTHER INFORMATION - CONTINUED

Benefits provided-Continued

Changes in Net Pension Liability - Municipal Utilities Board

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2015	$ 47,240,201	$ 30,520,667	$ 16,719,534
Changes for the year:			
Service cost	735,009	-	735,009
Interest	3,669,670	-	3,669,670
Changes of assumptions	-	-	-
Differences between expected and actual experience	(1,104,264)	-	(1,104,264)
Contributions - employer	-	1,481,898	(1,481,898)
Contributions - employee	-	588,751	(588,751)
Net investment income	-	357,511	(357,511)
Benefit payments, including refunds of employee contributions	(2,738,647)	(2,738,647)	-
Administrative expense	-	-	-
Transfers among Employers	-	(103,900)	103,900
Net changes	561,768	(414,387)	976,155
Balances at 9/30/2016	$ 47,801,969	$ 30,106,280	$ 17,695,689

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

The following table presents the City independent of the Board (as the Board is reported separately) and the Board's net pension liability calculated using the discount rate of 8%, as well as what the City's and the 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 (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increases (9.00%)
City's net pension liability	$ 55,854,159	$ 42,136,989	$ 30,563,149
Board's net pension liability	$ 22,721,931	$ 17,695,689	$ 13,407,057

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, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 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 www.rsa-al.gov.

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, 2016, the City and Board recognized pension expense of $3,864,690 and $1,482,240 respectively. At September 30, 2016, 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 experience	$ 532,830	$ -
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	2,499,799	-
Employer contributions subsequent to the measurement date	2,912,564	-
Total	$ 5,945,193	$ -

At September 30, 2016, 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 experience	$ -	$ 887,741
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	979,785	-
Employer contributions subsequent to the measurement date	1,451,818	-
Total	$ 2,431,603	$ 887,741

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

	City of Decatur	Municipal Utilities Board
Year ended September 30:		
2017	$ 583,216	$ (26,812)
2018	583,216	(26,812)
2019	583,216	(26,811)
2020	1,152,287	194,132
2021	100,534	(21,654)
Thereafter	30,160	-

Component Unit

Plan Description

The Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement plan, was established September 15, 1939 under the provisions of 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). Title 16-Chapter 25 of the Code of Alabama 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.

NOTE 5 – OTHER INFORMATION - CONTINUED

Benefits provided

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

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.

Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 7% of earnable compensation.

Participating employers' contractually required contribution rate for the year ended September 30, 2016 was 11.94% of annual pay for Tier 1 members and 10.84% 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 System were $5,697,027 for the year ended September 30, 2016.

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

At September 30, 2016 the System reported a liability of $79,655,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014. The System'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, 2015 the System's proportion was .761109%, which was an increase (decrease) of (.024577%) from its proportion measured as of September 30, 2014.

NOTE 5 – OTHER INFORMATION - CONTINUED

For the year ended September 30, 2016, the System recognized pension expense of $5,559,000. At September 30, 2016 the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 432,000
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	5,215,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,399,000
Employer contributions subsequent to the measurement date	5,697,027	-
Total	$ 10,912,027	$ 2,831,000

$5,697,027 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, 2016. 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:	
2017	$ 277,000
2018	277,000
2019	277,000
2020	1,668,000
2021	(115,000)
Thereafter	-

Actuarial assumptions

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Projected Salary increases	3.5% - 8.25%
Investment rate of return*	8.00%

**Net of pension plan investment expense*

Mortality rates for TRS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2014 valuation 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, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

NOTE 5 – OTHER INFORMATION - CONTINUED

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

** Includes assumed rate of inflation at 2.50%*

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 8%. 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 8%, 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 (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increases (9.00%)
System's proportionate share of collective net pension liability	$ 105,378,000	$ 79,655,000	$ 57,839,000

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, 2015. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2015. The auditor's report dated October 17, 2016 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2015 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 5 – OTHER INFORMATION - CONTINUED

E. Post-Retirement Health Plan

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") as defined by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. 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, 2016 unless Medicare is involved, in which case, retirees pay the State Employee's Insurance benefit Medicare rate. The City pays all 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. $30,516,110 has been recognized in total for OPEB liabilities as of year-end, but the City will continue to fund the plan on a projected pay-as-you-go basis until after the next valuation. At that time, the City plans to begin contributing the remaining cost of benefits at a rate determined by an actuarial valuation that is prepared in accordance with certain parameters.

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty (30) years.

For 2016, the required contribution was determined as part of the September 30, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.25% inflation rate (b) 4.0% investment rate of return; (c) a 4.5% medical cost trend rate; (d) a 3.5% cost trend for dental and vision care, respectively; (e) 100% participation rate by retirees and 80.0% participation rate by spouses of participating retirees; (f) retirement rates consistent with the City's pension plan actuarial valuation; and (g) a thirty-year amortization period of the actuarial liability as a level percentage of projected payroll on an open basis. The actuarially determined rate as a percentage of annual covered payroll was 26.80%.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	6,380,342
Interest on net OPEB obligation	1,068,286
Adjustment to annual required contribution	(1,485,076)
Annual OPEB cost (expense)	5,963,552
Contributions made	2,154,597
Increase in net OPEB obligation	3,808,955
Net OPEB obligation-beginning of year	26,707,155
Net OPEB obligation-end of year	$ 30,516,110

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for September 30, 2016 are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/16	$5,963,552	37.0%	$30,516,110
9/30/15	$5,819,725	34.5%	$26,707,155
9/30/14	$6,216,413	26.8%	$23,054,282

NOTE 5 – OTHER INFORMATION – CONTINUED

The funded status of the plan as of September 30, 2014, the date of the latest actuarial valuations, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/14	$0	$68,128,013	$68,128,013	0%	$19,566,916	348.18%
9/30/12	$0	$65,817,918	$65,817,918	0%	$21,877,494	300.85%
9/30/10	$0	$69,145,336	$69,145,336	0%	$22,950,035	301.29%
9/30/08	$0	$58,847,513	$58,847,513	0%	$22,680,049	259.47%

The City elected to implement GASB Statement No. 45, prospectively in the year of implementation, fiscal year 2009. Therefore, comparative data prior to 2009 is not available.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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. Benefits provided retirees at September 30, 2016 include:

1. Retiree group health/dental benefits to age 65. Retiree contributes a percentage of total premiums.
2. Retiree Medicare supplement policy at age 65. Retiree contributes a percentage of total premiums.
3. Dependent group health/dental benefits to age 65 with retiree contributing a percentage of the total premium.
4. Spouse Medicare supplemental policy at age 65. Retiree contributes a percentage of total premiums. (Provided until death of 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 a higher percentage of the total premium.
6. Early Retirement Medical Option – Employees retiring under age 55 or older also have a reduced 10-year benefit period and pay a higher percentage of the total 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 no longer have life insurance benefits as an active or retired employee.

The Board administers the provisions of post-employment benefits, other than pension benefits. The benefits are expensed when paid.

For 2015, the required contribution of the Board was determined as part of the October 1, 2013 actuarial valuation using the projected unit credit actuarial cost method The actuarial assumptions included (a) 4.0% discount rate; (b) 3.0% projected salary increases; (c) an 8% medical cost trend rate graded to 5.0% over six years; (d) 100% participation rate by retirees and 60.0% participation rate by spouses of participating retirees; (e) retirement rates consistent with the City's pension plan actuarial valuation; and (f) a thirty-year amortization period of the actuarial liability. The actuarially determined rate as a percentage of annual covered payroll was 21.34%.

NOTE 5 – OTHER INFORMATION – CONTINUED

The Board's annual OPEB cost, the annual OPEB cost contributed to the plan, and the net OPEB obligation for September 30, 2016 are as follows:

Annual Required Contribution:	2015	2016
Normal Cost	$ 555,364	$ 587,443
Amortization	1,027,987	1,234,381
Interest	31,357	36,079
Total ARC	$ 1,614,708	$ 1,857,903

Net OPEB Obligation:

Net OPEB obligation- October 1	$ 3,430,247	$ 4,179,463
Annual Required Contribution	1,614,708	1,857,903
Interest	137,210	167,179
Adjustment to annual required contribution	(142,044)	(186,809)
Annual OPEB cost	1,609,874	1,838,273
Contributions made	(860,658)	(830,192)
Increase in Net OPEB Obligation	749,216	1,008,081
Net OPEB Obligation	$ 4,179,463	$ 5,187,544

Present Value of Future Benefits as of October 1, 2013:

Active Employees	$ 17,112,079	$ 18,769,572
Retirees	12,203,724	13,626,891
Total	$ 29,315,803	$ 32,396,463

Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2016-2017	$0	$26,437,292	$26,437,292	0%	$9,484,773	278.7%
2015-2016	$0	$25,633,222	$25,633,222	0%	$9,253,437	277.0%
2014-2015	$0	$22,930,269	$22,930,269	0%	$8,976,397	255.5%
2013-2014	$0	$22,316,324	$22,316,324	0%	$8,714,949	256.1%
2012-2013	$0	$21,692,149	$21,692,149	0%	$8,714,949	248.9%
2011-2012	$0	$17,775,704	$17,775,704	0%	$8,125,125	218.8%
2010-2011	$0	$$17,229,925	17,229,925	0%	$8,125,125	212.1%

NOTE 5 – OTHER INFORMATION – CONTINUED

Component Units

Plan Description

The Board of Education contributes to the Alabama Retired Education Employees' Health Care Trust (the "Trust"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The Trust provides health care benefits to state and local school system retirees and was established in 2007 under the provisions of Act Number 2007-16, Acts of Alabama, as an irrevocable trust fund. Responsibility for general administration and operations of the Trust is vested with the Public Education Employees' Health Insurance Board (PEEHIB) members. The **Code of Alabama 1975**, Section 16-25A-4 provides the PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years. The Trust issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Public Educations Employees' Health Insurance Plan website, http://www.rsa-al.gov/PEEHIP/peehip.html under the Trust Fund Financial tab.

Funding Policy

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act Number 255 to provide a uniform plan of health insurance for current and retired employees of state educational institutions. The plan is administered by the PEEHIB. Any Trust Fund assets used in paying administrative costs and retiree benefits are transferred to and paid from PEEHIF. The PEEHIB periodically reviews the funds available in the PEEHIF and if excess funds are determined to be available, the PEEHIB authorizes a transfer of funds from the PEEHIF to the Trust. Retirees are required to contribute monthly as follows:

	2016
Individual Coverage – Non-Medicare Eligible	$ 151.00
Individual Coverage – Medicare Eligible	$ 10.00
Family Coverage – Non-Medicare Eligible Retired Member and Non-Medicare Eligible Non-Spousal Dependent(s)	$ 391.00
Family Coverage – Non-Medicare Eligible Retired Member andNon-Medicare Eligible Dependen(s) with Non-Medicare Eligible Spouse	$ 416.00
Family Coverage – Non-Medicare Eligible Retired Member and Non-Spousal Dependent Medicare Eligible	$ 250.00
Family Coverage – Non-Medicare Eligible Retired Member and Spouse Dependent Medicare Eligible	$ 260.00
Family Coverage – Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - No Spouse)	$ 250.00
Family Coverage – Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - With Non-Medicare Eligible Spouse	$ 275.00
Family Coverage – Medicare Eligible Retired Member and Non-Spousal Dependent Medicare Eligible	$ 109.00
Family Coverage – Medicare Eligible Retired Member and Spousal Dependent Medicare Eligible	$ 119.00
Tobacco Surcharge	$ 50.00
Surviving Spouse – Non-Medicare Eligible	$ 740.00
Surviving Spouse – Non-Medicare Eligible and Dependent Non-Medicare Eligible	$ 987.00

Surviving Spouse – Non-Medicare Eligible and Dependent Medicare Eligible	$	1,033.00
Surviving Spouse – Medicare Eligible	$	425.00
Surviving Spouse – Medicare Eligible and Dependent Non-Medicare Eligible	$	679.00
Surviving Spouse – Medicare Eligible and Dependent Medicare Eligible	$	725.00

For employees that retire other than for disability, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium.

Optional Plans (Hospital Indemnity, Cancer, Dental, Vision) – up to two optional plans can be taken by retirees at no cost if the retiree is not also taking one of the Hospital Medical Plans. Otherwise, retirees can purchase the Optional Plans at the normal monthly rate of $38.00 or $50.00 for family dental.

Members who retired on or after October 1, 2005, and before January 1, 2012, pay two percent of the employer premium for each year under 25 years of service, and for each year over 25 years of service, the retiree premium is reduced by two percent. Employees who retire on or after January 1, 2012, with less than 25 years of service, are required to pay 4% for each year under 25 years of service. Additionally, non-Medicare eligible employees who retire on or after January 1, 2012 are required to pay 1% more for each year less than age 65 (age premium) and to pay the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). When the retiree becomes Medicare eligible, the age and subsidy premium will no longer apply. However, the years of service premium (if applicable to the retiree) will continue to be applied throughout retirement. These changes are being phased in over a five year period.

The Board is required to contribute at a rate specified by the State for each active employee. The Board's share of premiums for retired Board employees health insurance is included as part of the premium for active employees. The following shows the required contributions in dollars and the percentage of that amount contributed for Board retirees:

Fiscal Year Ended September, 30,	2016	2015	2014
Active Health Insurance Premiums Paid by the Board	$ 780.00	$ 780.00	$ 714.00
Amount of Premium Attributable to Retirees	$ 211.21	$ 180.76	$ 220.09
Percentage of Active Employee Premiums Attributable to Retirees	27.08%	23.17%	30.83%
Percentage of Required Amount Contributed	100.00%	100.00%	100.00%
Total Amount Paid Attributable to Retirees	$ 2,821,185	$ 2,390,282	$ 3,053,976

Each year the PEEHIB certifies to the Governor and to the Legislature the contribution rates based on the amount needed to fund coverage for benefits for the following fiscal year and the Legislature sets the premium rate in the annual appropriation bill. This results in a pay-as-you-go funding method. The Board accounts for "on-behalf" payments made by the federal government for retiree drug subsidy programs as offseting revenues and expenditures. The amount recognized in the 2016 financial statements for these payments is $716,530.

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, 2016 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, 2016, 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, 2016 are as follows:

	Workers Compensation		Legal Claims		Total	
	2016	2015	2016	2015	2016	2015
Unpaid claims, beginning of year	680,828	477,081	425,000	375,000	1,105,828	852,081
Incurred claims	310,580	480,646	177,250	213,951	487,830	694,597
Less claim payments	(263,021)	(276,899)	(227,250)	(163,951)	(490,271)	(440,850)
Unpaid claims, end of year	728,387	680,828	375,000	425,000	1,103,387	1,105,828

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.

H. Subsequent Events

The City has evaluated subsequent events through April 26, 2017, the date on which the financial statements were available for issue.

REQUIRED SUPPLEMENTAL INFORMATION

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		Municipal Utilities Board	
Total pension liability	**2015**	**2014**	**2015**	**2014**
Service cost	$ 2,168,298	$ 2,211,718	$ 735,009	$ 719,118
Interest	8,867,007	8,567,542	3,669,670	3,551,873
Changes in benefit terms	-	-	-	-
Differences between actual & expected experience	633,364	-	(1,104,264)	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(6,815,284)	(7,256,603)	(2,738,647)	(2,858,415)
Net change in total pension liability	**4,853,385**	**3,522,657**	**561,768**	**1,412,576**
Total pension liability-beginning	114,245,228	110,722,571	47,240,201	45,827,625
Total pension liability-ending (a)	119,098,613	114,245,228	47,801,969	47,240,201
Plan fiduciary net positon				
Contribution-employer	2,967,587	3,049,380	1,481,898	1,439,683
Contribution-employee	1,451,728	1,488,936	588,751	478,274
Net investment income	915,644	8,538,093	357,511	3,314,923
Benefit payments, including refunds of employee contributions	(6,815,284)	(7,256,603)	(2,738,647)	(2,858,415)
Administrative expense	127,694	(47,845)	(103,901)	96,722
Net change in plan fiduciary net postion-beginning	**(1,352,631)**	**5,771,961**	**(414,388)**	**2,471,187**
Plan fiduciary net position-beginning	78,314,255	72,542,294	30,520,667	28,049,480
Plan fiduciary net position-ending (b)	76,961,624	78,314,255	30,106,279	30,520,667
Net pension liability (asset)- ending (a)-(b)	**42,136,989**	**35,930,973**	**17,695,690**	**16,719,534**
Plan fiduciary net position as a percentage of total pension liability	**64.62%**	**68.55%**	**62.98%**	**64.61%**
Covered- employee payroll	**25,990,353**	**25,172,255**	**9,916,527**	**9,655,596**
Net pension liability (asset) as a percentage of covered-employee payroll	**162.13%**	**142.74%**	**178.45%**	**173.16%**

** This schedule is presented to illustrate the requirement to show information for 10 years. However, since 2014 was the year of implementation, subsequent years' information will be added in subsequent years until a full 10-year trend is compiled.*

CITY OF DECATUR
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	City of Decatur		Municipal Utilities Board	
	2016	**2015**	**2016**	**2015**
Actuarially determined contribution	$ 2,967,587	$ 3,049,380	$ 1,481,898	$ 1,439,683
Contributions in relation to the actuarially determined contribution	$ 2,967,587	$ 3,049,380	$ 1,481,898	$ 1,439,683
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 25,990,353	$ 25,172,255	$ 9,916,527	$ 9,655,596
Contributions as a percentage of covered-employee payroll	11.42%	12.11%	14.94%	14.91%

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 2016 were based on the September 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	*Entry Age*
Amortization method	*Level percent closed*
Remaining amortization period	*30 years*
Asset valuation method	*Five year smoothed market*
Inflation	*3.00%*
Salary increases	*3.75 - 7.25%, including inflation*
Investment rate of return	*8.00%, net of pension plan investment expense, including inflation*

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

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

	2016	2015
System's proportion of the net pension liability	0.761109%	0.785686%
System's proportionate share of the net pension liability	79,655,000	71,376,000
System's covered-employee payroll	47,934,304	49,729,459
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.18%	143.53%
Plan fiduciary net position as a percentage of the total pension liability	67.51%	71.01%

CITY OF DECATUR
BOARD OF EDUCATION SCHEDULE OF SYSTEM CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEMS OF ALABAMA
September 30, 2015

	2016	2015
Contractually Required Contribution	$ 5,697,027	$ 5,654,232
Contributions in relation to the contractually required contribution	$ 5,697,027	$ 5,654,232
Contribution deficiency (excess)	$ -	$ -
System's covered-employee payroll	$ 48,021,155.00	$ 47,934,304.00
Contributions as a percentage of covered-employee payroll	11.86%	11.80%

SUPPLEMENTAL INFORMATION

CITY OF DECATUR
GENERAL FUND
BALANCE SHEET
September 30, 2016

ASSETS	
Cash & cash equivalents	$ 27,561,964
Cash with fiscal agent	408,284
Receivables (net of allowances):	
Accounts	401,087
Taxes	3,018,344
Accrued interest	6
Due from other funds	2,236,147
Due from other governmental entities	471,431
Deposits	62,005
Prepaids	87,701
Inventories	19,542
Total assets	$ 34,266,511
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 1,476,745
Accrued liabilities	1,088,839
Due to other governmental entities	188
Customer deposits	247,209
Other	86,807
Total liabilities	2,899,788
DEFERRED INFLOWS OF RESOURCES	283,145
FUND BALANCE	
Nonspendable	19,543
Restricted	1,312
Committed	21,230,959
Assigned	-
Unassigned	9,831,764
Total fund balance	31,083,578
Total liabilities, deferred resources and fund balance	$ 34,266,511

CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL
For the Year Ended September 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	$ 38,196,107	$ 38,196,107	$ 39,560,344	$ 1,364,237
Licenses and permits	6,800,160	6,800,160	6,500,840	(299,320)
Fines and forfeitures	599,286	599,286	501,105	(98,181)
Revenues from money and property	199,677	199,677	241,528	41,851
Charges for services	5,241,455	5,241,455	5,321,541	80,086
Intergovernmental	5,683,574	5,683,574	5,565,194	(118,380)
Gifts and donations	118,509	268,509	176,081	(92,428)
Other revenues	1,127	286,927	331,855	44,928
Total revenues	56,839,895	57,275,695	58,198,488	922,793
EXPENDITURES				
Current				
General government	4,676,611	4,760,319	4,350,844	409,475
Public safety	22,726,484	25,192,699	23,068,950	2,123,749
Public works	6,838,200	7,298,972	6,482,985	815,987
Public services	8,430,198	8,688,188	8,588,045	100,143
Intergovernmental assistance	6,253,520	6,899,189	6,314,672	584,517
Community services contracts	2,208,707	2,208,707	2,357,213	(148,506)
Debt service:				
Principal	3,169,740	3,169,740	2,669,905	499,835
Interest and fiscal charges	1,407,204	1,407,204	1,392,056	15,148
Total expenditures	55,710,664	59,625,018	55,224,670	4,400,348
Excess of revenues over expenditures	1,129,231	(2,349,323)	2,973,818	5,323,141
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Operating transfers in	8,114	878,043	2,052,587	1,174,544
Operating transfers out	(853,281)	(853,281)	(805,628)	47,653
Total other financing sources (uses)	(845,167)	24,762	1,246,959	1,222,197
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	284,064	(2,324,561)	4,220,777	6,545,338
Fund balance, beginning	23,185,346	23,185,346	26,862,801	3,677,455
Fund balance, ending	**$ 23,469,410**	**$ 20,860,785**	**$ 31,083,578**	**$ 10,222,793**

CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	$ 28,100,000	$ 28,100,000	$ 28,742,206	$ 642,206
Ad valorem	3,637,212	3,637,212	3,547,068	(90,144)
Other	6,458,895	6,458,895	7,271,070	812,175
Total	38,196,107	38,196,107	39,560,344	1,364,237
Licenses and permits				
Motor Vehicle	171,978	171,978	174,460	2,482
Business Licenses and Permits	6,076,518	6,076,518	5,760,585	(315,933)
Building Permits and Inspection Fees	551,664	551,664	565,795	14,131
Total	6,800,160	6,800,160	6,500,840	(299,320)
Fines and forfeitures	599,286	599,286	501,105	(98,181)
Revenues from money and property				
Interest	48,139	48,139	68,858	20,719
Other	151,538	151,538	172,670	21,132
Total	199,677	199,677	241,528	41,851
Charges for current services				
Recreation	519,986	519,986	572,386	52,400
Animal shelter	34,892	34,892	26,128	(8,764)
General government	428,313	428,313	480,512	52,199
Public safety	222,371	222,371	275,438	53,067
Public works	3,963,382	3,963,382	3,918,168	(45,214)
Cemetery	46,531	46,531	47,775	1,244
Old bank	900	900	595	(305)
Youth services	25,080	25,080	539	(24,541)
Total	5,241,455	5,241,455	5,321,541	80,086
Intergovernmental				
Tax equivalents	5,379,030	5,379,030	5,224,104	(154,926)
State Grants	-	-	-	-
State Shared Taxes	304,544	304,544	341,090	36,546
State contributions	-	-	-	-
Total	5,683,574	5,683,574	5,565,194	(118,380)
Gifts & donations	118,509	268,509	176,081	(92,428)
Other revenues	1,127	286,927	331,855	44,928
TOTAL REVENUES	56,839,895	57,275,695	58,198,488	922,793

CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
EXPENDITURES				
Current Expenditures				
General Government				
Mayor and Council				
Personal services	290,004	291,081	289,723	1,358
Operating expenses	130,100	130,100	127,022	3,078
Total	420,104	421,181	416,745	4,436
Legal Services				
Personal services	385,575	389,881	391,363	(1,482)
Operating expenses	61,500	61,500	48,535	12,965
Total	447,075	451,381	439,898	11,483
Municipal Court				
Personal services	431,846	439,718	420,878	18,840
Operating expenses	15,500	14,087	14,961	(874)
Total	447,346	453,805	435,839	17,966
City Clerk				
Personal services	455,458	461,917	457,093	4,824
Operating expenses	154,450	171,450	125,316	46,134
Total	609,908	633,367	582,409	50,958
Revenue department				
Personal services	249,946	253,531	215,090	38,441
Operating expenses	72,850	72,495	95,183	(22,688)
Total	322,796	326,026	310,273	15,753
Finance department				
Personal services	742,974	752,663	650,244	102,419
Operating expenses	23,300	23,300	29,256	(5,956)
Total	766,274	775,963	679,500	96,463
Public building				
Personal services	123,622	125,775	125,850	(75)
Operating expenses	747,835	747,835	628,886	118,949
Total	871,457	873,610	754,736	118,874
Community development				
Personal services	638,266	646,878	583,262	63,616
Operating expenses	153,385	153,385	148,182	5,203
Capital outlay	-	24,723		24,723
Total	791,651	824,986	731,444	93,542
Total general government	4,676,611	4,760,319	4,350,844	409,475

CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Public Safety				
Fire				
Personal services	8,787,572	8,861,487	8,589,752	271,735
Operating expenses	881,650	1,003,150	968,080	35,070
Capital outlay	-	1,119,355		1,119,355
Total	9,669,222	10,983,992	9,557,832	1,426,160
Inspection				
Personal services	712,777	723,542	662,526	61,016
Operating expenses	52,609	52,609	69,635	(17,026)
Capital outlay	-	33,200		33,200
Total	765,386	809,351	732,161	77,190
Police				
Personal services	10,805,076	10,967,627	10,537,134	430,493
Operating expenses	1,486,800	1,523,048	2,241,823	(718,775)
Capital outlay	-	908,681		908,681
Total	12,291,876	13,399,356	12,778,957	620,399
Total public safety	22,726,484	25,192,699	23,068,950	2,123,749
Public Works				
Director				
Personal services	376,245	386,032	334,399	51,633
Operating expenses	89,670	84,190	56,010	28,180
Total	465,915	470,222	390,409	79,813
Streets				
Personal services	1,743,732	1,774,951	1,652,051	122,900
Operating expenses	959,483	959,482	821,985	137,497
Total	2,703,215	2,734,433	2,474,036	260,397
Projects				
Operating expenses		61,891	92,256	(30,365)
Total	-	61,891	92,256	(30,365)
Engineering				
Personal services	192,318	201,700	204,528	(2,828)
Operating expenses	10,600	35,880	28,505	7,375
Total	202,918	237,580	233,033	4,547
Sanitation				
Personal services	1,672,436	1,701,502	1,512,873	188,629
Operating expenses	1,793,716	2,093,344	1,780,378	312,966
Total	3,466,152	3,794,846	3,293,251	501,595
Total public works	6,838,200	7,298,972	6,482,985	815,987

CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Public Services				
Animal Shelter				
Personal services	466,766	496,378	483,475	12,903
Operating expenses	137,290	160,390	169,166	(8,776)
Total	604,056	656,768	652,641	4,127
Park and recreation				
Personal services	4,237,014	4,271,610	4,196,742	74,868
Operating expenses	2,629,500	2,670,800	2,718,926	(48,126)
Capital outlay	-	9,000	-	9,000
Total	6,866,514	6,951,410	6,915,668	35,742
Cemetery				
Personal services	90,509	92,662	96,959	(4,297)
Operating expenses	97,650	97,650	75,840	21,810
Total	188,159	190,312	172,799	17,513
Youth services				
Personal services	478,079	482,385	546,270	(63,885)
Operating expenses	194,190	206,190	169,228	36,962
Capital outlay	-	26,923	-	26,923
Total	672,269	715,498	715,498	-
Culture				
Old Bank	99,200	99,200	92,047	7,153
Train Depot		75,000	39,392	35,608
Total	99,200	174,200	131,439	42,761
Total public services	8,430,198	8,688,188	8,588,045	100,143

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Intergovernmental assistance				
Garage				
Personal services	176,453	212,067	203,188	8,879
Operating expenses	52,403	49,119	51,407	(2,288)
Total	228,856	261,186	254,595	6,591
Purchasing				
Personal services	174,962	177,115	177,713	(598)
Operating expenses	21,300	21,300	14,119	7,181
Total	196,262	198,415	191,832	6,583
Information services				
Personal services	736,966	747,731	755,156	(7,425)
Operating expenses	932,500	932,500	1,199,572	(267,072)
Capital outlay	-	596,115	-	596,115
Total	1,669,466	2,276,346	1,954,728	321,618
Miscellaneous				
Workman's compensation	500,000	500,000	703,841	(203,841)
Insurance	375,000	375,000	295,229	79,771
Other	2,844,616	2,844,616	2,517,178	327,438
Total	3,719,616	3,719,616	3,516,248	203,368
Planning department				
Personal services	269,070	273,376	274,228	(852)
Operating expenses	88,100	88,100	70,734	17,366
Total	357,170	361,476	344,962	16,514
Safety				
Personal services	71,500	71,500	-	71,500
Operating expenses	10,650	10,650	52,307	(41,657)
Total	82,150	82,150	52,307	29,843
Total Intergovernmental assistance	6,253,520	6,899,189	6,314,672	584,517

CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Community Service Contracts				
Wheeler Basin Regional Library Board	380,000	380,000	380,000	-
Morgan County Emergency Management Dist.	421,609	421,609	427,525	(5,916)
Decatur-Morgan County Emergency Mgt. Agency	23,450	23,450	23,450	-
Economic Development Association	64,900	64,900	64,900	-
Morgan County Health Department	120,560	120,560	120,560	-
Morgan County Commission	150,000	150,000	150,000	-
Community Action and Community Development Agency of North Alabama:				
Meals on Wheels	15,808	15,808	15,808	-
Foster Grandparents	8,000	8,000	8,000	-
Decatur-Morgan County Seniors' Council, Inc.	56,000	56,000	56,000	-
Decatur Convention and Visitors' Bureau	535,500	535,500	678,090	(142,590)
Chamber of Commerce:				
Community Business Development Board	25,000	25,000	25,000	-
Morgan County Rescue Squad	12,000	12,000	12,000	-
American Red Cross	-	-	-	-
Pryor Field Airport Authority	30,000	30,000	30,000	-
Volunteer Center	8,000	8,000	8,000	-
Carnegie Visual Arts	20,000	20,000	20,000	-
Free Health Clinic	59,280	59,280	59,280	-
Morgan County Child Advocacy Center	21,000	21,000	21,000	-
Downtown Redevelopment Authority	74,100	74,100	74,100	-
Decatur Youth Symphony	13,500	13,500	13,500	-
Princess Theatre	80,000	80,000	80,000	-
C/C One Vision, One Voice	40,000	40,000	40,000	-
Starting Strong Pre-K	50,000	50,000	50,000	-
Total Community Services Contract	2,208,707	2,208,707	2,357,213	(148,506)
Debt Service Expenditures				
Principal	3,169,740	3,169,740	2,669,905	499,835
Interest and fiscal charges	1,407,204	1,407,204	1,392,056	15,148
Total Debt Service Expenditures	4,576,944	4,576,944	4,061,961	514,983
TOTAL EXPENDITURES	55,710,664	59,625,018	55,224,670	4,400,348
Excess (deficiency) of revenues over expenditures	1,129,231	(2,349,323)	2,973,818	5,323,141

CITY OF DECATUR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	8,114	878,043	2,052,587	1,174,544
Operating transfers out	(853,281)	(853,281)	(805,628)	47,653
Total other financing sources (uses)	(845,167)	24,762	1,246,959	1,222,197
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	284,064	(2,324,561)	4,220,777	6,545,338
Fund balance, beginning	23,185,346	23,185,346	26,862,801	3,677,455
Fund balance, ending	**$ 23,469,410**	**$ 20,860,785**	**$ 31,083,578**	**$ 10,222,793**

OTHER GOVERNMENTAL FUNDS

The City maintains these governmental funds that are considered non-major funds.

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.

Community Development 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 resource functions of the City.

Municipal Court Special Revenue Fund - to account for fines collected and dispersed each month to the State, City (General Fund), Corrections and Docket Fee Funds.

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 and Police Jurisdiction limits which are restricted for use for tourism product development.

Crossings Warrant Debt Service Fund - to account for the accumulation of sales tax specified for debt related to the Crossings development and payment of debt.

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.

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.

Capital Improvements Fund - to account for construction of various road projects and economic development projects which are financed from special allocations of intergovernmental revenue and shared projects with the State of Alabama.

2012 Capital Improvements Fund - to account for the cost of constructing road projects and economic development projects which are shared projects with the State of Alabama.

2015 Capital Improvements Fund - to account for the cost of constructing road projects and economic development projects which are financed by general obligation warrants.

2016 Capital Improvements Fund - to account for the cost of road projects, completion of Beltline Sewer project, final jail payment and the refinancing of 2006 A warrant.

CITY OF DECATUR
NON-MAJOR GOVERNMENTAL FUNDS (by fund type)
COMBINING BALANCE SHEET
September 30, 2016

	Special Revenue Funds										**Debt Service Fund**	**Permanent Fund**	**Capital Projects Fund**				
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Crossings Warrant Fund	Perpetual Care	Sewer Fund	Capital Improvements Fund	2012 Capital Improvements Fund	2015 Capital Improvements Fund	**Total Nonmajor Governmental Funds**
ASSETS																	
Cash & investments, at cost	$ 372,305	$ -	$ -	$ 192,561	$ 51,879	$ 1,233,925	$ 170,265	$ 161,502	$ 391,102	$ 390,630	$ -	$ 1,114,186	$ 4,466,750	$ 41,502	$ 94,262	$ 13,573	$ 8,694,442
Receivables (net of allowances)											-			-	-	-	
Accounts	-	-	168,723	-	61,599	-	33,515	6,788	-	-	-	-	-	-	-	-	270,625
Notes	-	-	242,053	-	-	-	-	-	-	-	-	-	-	-	-	-	242,053
Taxes	-	-	-	-	-	-	-	-	-	41,207	-	-	-	-	-	-	41,207
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	47,341	-	-	-	47,341
Due from governmental entities	13,332	72,549	288,820	-	-	-	-	-	-	-	-	-	-	41,970	-	-	416,671
Deposits	20,453	545,646	-	-	-	-	-	25,581	-	-		-	-	-	-	-	591,680
Total assets	$ 406,090	$ 618,195	$ 699,596	$ 192,561	$ 113,478	$ 1,233,925	$ 203,780	$ 193,871	$ 391,102	$ 431,837	$ -	$ 1,114,186	$ 4,514,091	$ 83,472	$ 94,262	$ 13,573	$ 10,304,019
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIABILITIES																	
Accounts payable	3,284	44,252	139,353	5,519	47,732	64,846	9,058	40,190	-	-	-	-	207,299	1,807	-	13,573	576,913
Accrued liabilities	-	-	3,732	10,226	4,277	-	3,697	3,347	-	-	-	-	-	-	-	-	25,279
Contract retainages	-	-	3,915	-	-	43,073	-	-	-	-	-	-	-	-	-	-	46,988
Due to other funds	-	196,678	77,866	11,892	-	-	3,147	3,204	-	2,184,529	-	-	-	267,963	-	-	2,745,279
Due to other governmental entities	-	-	-	-	60,020	-	-	-	-	-	-	-	-	-	-	-	60,020
Customer deposits	-	-	1,144	-	-	-	-	-	-	-	-	-	-	-	-	-	1,144
Other	-	-	-	-	1,449	-	-	-	-	-	-	-	-	-	-	-	1,449
Total liabilities	3,284	240,930	226,010	27,637	113,478	107,919	15,902	46,741	-	2,184,529	-	-	207,299	269,770	-	13,573	3,457,072
DEFERRED INFLOWS OF RESOURCES	-	43,355	710,404	-	-	-	-	-	-	-	-	-	-	3,942	-	-	757,701
FUND BALANCES																	
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	1,114,186	-	-	-	-	1,114,186
Restricted	402,806	333,910	84,026	-	-	1,126,006	187,878	147,130	391,102	-	-	-	-	-	-	-	2,672,858
Committed	-	-	82,404	164,924	-	-	-	-	-	(1,752,692)	-	-	4,306,792	(190,240)	94,262	-	2,705,450
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(403,248)	-	-	-	-	-	-	-	-	-	-	-	-	-	(403,248)
	-											-	-	-	-		-
Total fund balance (deficit)	402,806	333,910	(236,818)	164,924	-	1,126,006	187,878	147,130	391,102	(1,752,692)	-	1,114,186	4,306,792	(190,240)	94,262	-	6,089,246
Total liabilities, deferred inflows and fund balance	$ 406,090	$ 618,195	$ 699,596	$ 192,561	$ 113,478	$ 1,233,925	$ 203,780	$ 193,871	$ 391,102	$ 431,837	$ -	$ 1,114,186	$ 4,514,091	$ 83,472	$ 94,262	$ 13,573	$ 10,304,019

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, 2016

	Special Revenue Funds										**Debt Service Fund**	**Permanent Fund**	**Capital Projects Funds**				
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Crossings Warrant Fund	Perpetual Care	Sewer Fund	Capital Improvements Fund	2012 Capital Improvements Fund	2015 Capital Improvements Fund	**Total Nonmajor Governmental Funds**
REVENUE																	
Sales & use taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 899,755	$ -	$ -	$ -	$ -	$ -	$ 899,755
Other taxes	-	-	-	-	-	-	-	-	-	443,011	-	-	-	-	-	-	443,011
Fines & forfeitures	-	-	-	-	-	-	476,478	146,410	-	-	-	-	-	-	-	-	622,888
Revenues from money & property	727	304	4	-	-	-	378	-	637	-	-	47,979	7,882	-	294	133	58,338
Intergovernmental	345,212	335,614	1,722,129	-	-	486,731	-	-	204,152	-	-	-	-	1,152,684	-	-	4,246,522
Gifts & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000	-	-	50,000
Other revenues	-	-	191,345	17	-	-	-	-	481	-	-	-	527,113	-	-	-	718,956
Total revenues	345,939	335,918	1,913,478	17	-	486,731	476,856	146,410	205,270	443,011	899,755	47,979	534,995	1,202,684	294	133	7,039,470
EXPENDITURES																	
Current																	
General government	-	-	-	-	-	447,067	361,558	407,014	-	-	-	-	-	-	-	-	1,215,639
Public safety	-	-	-	-	-	-	219,241	-	68,443	-	-	-	-	-	-	-	287,684
Public works	327,407	147,233	-	-	-	129,629	-	-	-	-	-	-	255,220	480,976	125,353	1,743	1,467,561
Public services	-	-	-	-	-	277,347	-	-	-	49,386	-	-	-	521,613	-	268,575	1,116,921
Community development	-	-	2,123,977	-	-	-	-	-	-	-	-	-	-	-	-	-	2,123,977
Personnel board	-	-	-	611,900	-	-	-	-	-	-	-	-	-	-	-	-	611,900
Debt service																	
Principal	-	-	-	-	-	-	-	-	-	70,000	177,574	-	310,000	-	-	-	557,574
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	54,194	9,128	-	189,762	-	-	-	253,084
Total expenditures	327,407	147,233	2,123,977	611,900	-	1,048,226	580,799	407,014	68,443	173,580	186,702	-	754,982	1,002,589	125,353	270,318	7,828,523
Excess (deficiency) of revenues over expenditures	18,532	188,685	(210,499)	(611,883)	-	(561,495)	(103,943)	(260,604)	136,827	269,431	713,053	47,979	(219,987)	200,095	(125,059)	(270,185)	(789,053)
OTHER FINANCING SOURCES (USES)																	
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discount on debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	180,067	625,561	-	-	-	-	-	-	-	-	-	-	-	-	805,628
Transfers (out)	-	-	(14,114)	-	-	-	-	-	-	(9,206)	(2,224,069)	(2,179)	-	-	-	-	(2,249,568)
Total other financing sources (uses)	-	-	165,953	625,561	-	-	-	-	-	(9,206)	(2,224,069)	(2,179)	-	-	-	-	(1,443,940)
Net change in fund balance	18,532	188,685	(44,546)	13,678	-	(561,495)	(103,943)	(260,604)	136,827	260,225	(1,511,016)	45,800	(219,987)	200,095	(125,059)	(270,185)	(2,232,993)
Fund balance (deficit), beginning	384,274	145,225	(192,272)	151,246	-	1,687,501	291,821	407,734	254,275	(2,012,917)	1,511,016	1,068,386	4,526,779	(390,335)	219,321	270,185	8,322,239
Fund balance (deficit), ending	$ 402,806	$ 333,910	$ (236,818)	$ 164,924	$ -	$ 1,126,006	$ 187,878	$ 147,130	$ 391,102	$ (1,752,692)	$ -	$ 1,114,186	$ 4,306,792	$ (190,240)	$ 94,262	$ -	$ 6,089,246

CITY OF DECATUR
7 CENT GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 196,711	$ 196,711	$ 345,212	$ 148,501
Revenues from money and property	412	412	727	315
Total revenues	197,123	197,123	345,939	148,816
Expenditures				
Operating expenses	131,362	131,362	327,407	(196,045)
Total expenditures	131,362	131,362	327,407	(196,045)
Excess (deficiency) of revenues over expenditures	65,761	65,761	18,532	(47,229)
Net change in fund balance	65,761	65,761	18,532	(47,229)
Fund balance, beginning	384,274	384,274	384,274	-
Fund balance, ending	$ 450,035	$ 450,035	$ 402,806	(47,229)

CITY OF DECATUR
4 & 5 CENT GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 290,185	$ 290,185	$ 335,614	$ 45,429
Revenues from money and property	1,055	1,055	304	(751)
Total revenues	291,240	291,240	335,918	44,678
Expenditures				
Operating expenses	1,436,000	1,436,000	147,233	1,288,767
Total expenditures	1,436,000	1,436,000	147,233	1,288,767
Excess (deficiency) of revenues over expenditures	(1,144,760)	(1,144,760)	188,685	1,333,445
Net change in fund balance	(1,144,760)	(1,144,760)	188,685	1,333,445
Fund balance, beginning	145,225	145,225	145,225	-
Fund balance, ending	$ (999,535)	$ (999,535)	$ 333,910	$ 1,333,445

CITY OF DECATUR
PERSONNEL BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Other	$ -	$ -	$ 17	$ 17
Total revenues	-	-	17	17
Expenditures				
Personnel services	491,611	491,611	489,546	2,065
Operating expenses	133,950	133,950	122,354	11,596
Total expenditures	625,561	625,561	611,900	13,661
Excess (deficiency) of revenues over expenditures	(625,561)	(625,561)	(611,883)	13,678
Other financing sources				
Operating transfers in	625,561	625,561	625,561	-
Total other financing sources (uses)	625,561	625,561	625,561	-
Net change in fund balance	-	-	13,678	13,678
Fund balance, beginning	151,246	151,246	151,246	-
Fund balance, ending	$ 151,246	$ 151,246	$ 164,924	$ 13,678

CITY OF DECATUR
HERITAGE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 473,008	$ 473,008	$ 486,731	$ 13,723
Total revenues	473,008	473,008	486,731	13,723
Expenditures				
Capital outlay	1,048,032	1,466,532	1,048,226	418,306
Total expenditures	1,048,032	1,466,532	1,048,226	418,306
Excess (deficiency) of revenues over expenditures	(575,024)	(993,524)	(561,495)	432,029
Net change in fund balance	(575,024)	(993,524)	(561,495)	432,029
Fund balance, beginning	1,687,501	1,687,501	1,687,501	-
Fund balance, ending	$ 1,112,477	$ 693,977	$ 1,126,006	$ 432,029

CITY OF DECATUR
CORRECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines and Forfeitures	$ 404,615	$ 404,615	$ 476,478	$ 71,863
Revenues from money and property	457	457	378	(79)
Total revenues	405,072	405,072	476,856	71,784
Expenditures				
Personnel services	272,939	284,605	361,558	(76,953)
Operating expenses	243,600	379,240	219,241	159,999
Total expenditures	516,539	663,845	580,799	83,046
Excess (deficiency) of revenues over expenditures	(111,467)	(258,773)	(103,943)	154,830
Net change in fund balance	(111,467)	(258,773)	(103,943)	154,830
Fund balance, beginning	291,821	291,821	291,821	-
Fund balance, ending	$ 180,354	$ 33,048	$ 187,878	$ 154,830

CITY OF DECATUR
DOCKET FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Fines and Forfeitures	$ 194,406	$ 194,406	$ 146,410	$ (47,996)
Total revenues	194,406	194,406	146,410	(47,996)
Expenditures				
Personnel services	211,570	214,800	131,903	82,897
Operating expenses	131,800	351,800	275,111	76,689
Total expenditures	343,370	566,600	407,014	159,586
Net change in fund balance	(148,964)	(372,194)	(260,604)	111,590
Fund balance, beginning	407,734	407,734	407,734	-
Fund balance, ending	$ 258,770	$ 35,540	$ 147,130	$ 111,590

CITY OF DECATUR
DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 40,000	$ 40,000	$ 204,152	$ 164,152
Revenues from money and property	750	750	637	(113)
Other	-	-	481	481
Total revenues	40,750	40,750	205,270	164,520
Expenditures				
Operating expenses	124,000	124,000	64,109	59,891
Capital outlay	24,000	24,000	4,334	19,666
Total expenditures	148,000	148,000	68,443	79,557
Excess (deficiency) of revenues over expenditures	(107,250)	(107,250)	136,827	244,077
Other financing sources (uses)				
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(107,250)	(107,250)	136,827	244,077
Fund balance, beginning	254,275	254,275	254,275	-
Fund balance, ending	$ 147,025	$ 147,025	$ 391,102	$ 244,077

CITY OF DECATUR
ROOM OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended September 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes and Payments in lieu of taxes	$ 447,257	$ 447,257	$ 443,011	$ (4,246)
Total revenues	447,257	447,257	443,011	(4,246)
Expenditures				
Capital outlay	-	49,386	49,386	-
Debt service				
Principal	70,000	70,000	70,000	-
Interest	54,194	54,194	54,194	-
Total expenditures	124,194	173,580	173,580	-
Excess (deficiency) of revenues over expenditures	323,063	273,677	269,431	(4,246)
Other financing sources				
Operating transfers (out)	(10,109)	(10,109)	(9,206)	903
Total other financing sources	(10,109)	(10,109)	(9,206)	903
Net change in fund balance	312,954	263,568	260,225	(3,343)
Fund balance, beginning	(2,012,917)	(2,012,917)	(2,012,917)	-
Fund balance, ending	$ (1,699,963)	$ (1,749,349)	$(1,752,692)	$ (3,343)

CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2016

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash & investments, at cost	$ 849,623	$ 21,818,083	$22,667,706
Receivables (net of allowance)			
Accounts	20,148	537,127	557,275
Due from other funds	-	970,902	970,902
Due from governmental entities	-	-	-
Inventories, at cost	49,111	-	49,111
Total current assets	918,882	23,326,112	24,244,994
Noncurrent assets			
Capital assets:			
Land	254,931	1,241,799	1,496,730
Buildings	7,322,728	2,365,396	9,688,124
Improvements other than buildings	9,989,935	11,182,435	21,172,370
Furniture & equipment	1,333,669	7,462,809	8,796,478
Construction work in progress	-	-	-
Less accumulated depreciation	(12,360,167)	(14,673,477)	(27,033,644)
Total capital assets (net of accumlated depreciation)	6,541,096	7,578,962	14,120,058
Total noncurrent assets	6,541,096	7,578,962	14,120,058
Total assets	7,459,978	30,905,074	38,365,052
DEFERRED OUTFLOWS OF RESOURCES	98,408	220,022	318,430
LIABILITIES			
Current liabilities			
Accounts payable	142,336	170,011	312,347
Accrued liabilities	24,324	18,261	42,585
Compensated absences	4,308	12,738	17,046
Claims payable	-	100,000	100,000
Due to other funds	5,610	13,686	19,296
Total current liabilities	176,578	314,696	491,274
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,686,904	4,686,904
Compensated absences	38,772	114,648	153,420
Claims payable	-	100,000	100,000
Net pension liability	698,896	1,467,016	2,165,912
Net other postemployment benefit obligatior	963,998	683,866	1,647,864
Total noncurrent liabilities	1,701,666	7,052,434	8,754,100
Total liabilities	1,878,244	7,367,130	9,245,374
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	6,541,096	7,578,962	14,120,058
Unrestricted	(860,954)	16,179,004	15,318,050
Total net position	$ 5,680,142	$ 23,757,966	$ 29,438,108

CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2016

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
Operating revenue			
Charges for services	$ -	$ 6,022,126	$ 6,022,126
Premiums & fees	5,016,486	-	5,016,486
Miscellaneous	-	28,401	28,401
Total operating revenue	5,016,486	6,050,527	11,067,013
Operating expenses			
Personnel, operations & maintenance	4,282,801	3,832,359	8,115,160
Closure and postclosure costs	-	298,361	298,361
Depreciation and amortization	704,953	1,126,043	1,830,996
Administrative costs	603,942	689,526	1,293,468
Total operating expenses	5,591,696	5,946,289	11,537,985
Operating income (loss)	(575,210)	104,238	(470,972)
Nonoperating revenue (expenses)			
Interest income	-	41,630	41,630
Gain on disposition of assets	493	4,955	5,448
Miscellaneous revenue	11,493	-	11,493
Total nonoperating revenue	11,986	46,585	58,571
Income (loss) before contributions, transfers & special items	(563,224)	150,823	(412,401)
Transfers in	192,889	4,092	196,981
Change in net position	(370,335)	154,915	(215,420)
Total net position, beginning	6,050,477	23,603,051	29,653,528
Total net position, ending	$ 5,680,142	$ 23,757,966	$ 29,438,108

CITY OF DECATUR
NON-MAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2016

	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
Operating activities			
Receipts from customers and users	$ 5,050,918	$ 6,005,840	$ 11,056,758
Other operating cash receipts	-	28,401	28,401
Payments to suppliers	(736,743)	(3,410,261)	(4,147,004)
Payments to employees	(4,157,262)	(722,599)	(4,879,861)
Payments for interfund services	5,610	13,686	19,296
Non-operating cash receipts	11,493	-	11,493
Net cash provided (used) by operating activities	174,016	1,915,067	2,089,083
Noncapital financing activities			
Advances to other funds	-	105,846	105,846
Operating transfers in	192,889	4,092	196,981
Net cash provided (used) by noncapital financing activities	192,889	109,938	302,827
Capital and related financing activities			
Acquisition and construction of capital assets	(193,049)	(83,051)	(276,100)
Proceeds from sale of capital assets	493	4,956	5,449
Intergovernmental grants	-	116,806	116,806
Net cash used by capital and related financing activities	(192,556)	38,711	(153,845)
Investing activities			
Interest received	-	41,630	41,630
Net cash provided by investing activities	-	41,630	41,630
Net increase in cash and cash equivalents	174,349	2,105,346	2,279,695
Cash and cash equivalents, beginning	675,274	19,712,737	20,388,011
Cash and cash equivalents, ending	$ 849,623	$ 21,818,083	$ 22,667,706
Operating income (loss)	$ (575,210)	$ 104,238	$ (470,972)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	704,953	1,126,043	1,830,996
Landfill postclosue costs	-	298,361	298,361
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	34,432	(16,286)	18,146
Accounts payable	(125,822)	(18,071)	(143,893)
Contract retainages	-	-	-
Claims payable	-	100,000	100,000
Inventory	5,138	7,725	12,863
Accrued liabilities	19,812	(10,462)	9,350
Net pension liability	17,483	37,597	55,080
Net OPEB obligation	76,127	272,236	348,363
Net cash provided (used) by operating activities	$ 174,016	$ 1,915,067	$ 2,089,083

Supplemental information

Noncash activities			
Acquisition of capital assets through contributions from other funds	$ -	$ -	$ -
Borrowing under capital lease	$ -	$ -	$ -

SINGLE AUDIT SECTION

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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*

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

We have audited, 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, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2017. Our report includes reference to other auditors who audited the financial statements of the City of Decatur's Board of Education ("Board of Education"), which is a component unit of the City, and the Municipal Utilities Board Enterprise Fund ("Utilities Board"), an enterprise fund, as described in our report on the City's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 combination of control deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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.

Warren Averett, LLC

Huntsville, Alabama
June 30, 2017

Warren Averett
CPAs AND ADVISORS

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Huntsville, AL 35801
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for 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, 2016. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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, 2016.

Report on Internal Control over Compliance

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

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

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

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, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 30, 2017, 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 basic 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 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.

Purpose of this Report

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.

Warren Averett, LLC

Huntsville, Alabama
June 30, 2017

City of Decatur, Alabama
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2016

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or Pass-Through Grantor's Number	Grant Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant	14.218	B-12-MC-O1-0011	108,898
		B-13-MC-O1-0011	99,024
		B-14-MC-O1-0011	140,581
		B-15-MC-O1-0011	134,040
		B-16-MC-O1-0011	346,643
			829,186
U.S. Department of Justice			
Direct Programs:			
2015 Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0011	16,281
Equitable Sharing Program	16.922	N/A	4,211
Joint Terrorism Task Force	16	N/A	2,610
			23,102
U.S. Department of Transportation			
Passed Through North Alabama Highway Safety Office:			
State and Highway Community Safety (402 Step GHSP)	20.600	15-SP-PT-001	6,978
State and Highway Community Safety (Alcohol Impaired Driving Countermeasures Incentive Grants I)	20.601	15-HS-M5-001	2,014
			8,992
Passed Through Alabama Department of Transportation:			
Metropolitan Planning Organization	20.205	PLM45M 100062936	143,971
Highway Planning and Construction - Spring Avenue	20.205	STPOA-9215	468,214
Highway Planning and Construction - Lee Street	20.205	STPTE-TE15(904)	354,257
			966,442

City of Decatur, Alabama
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2016

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or Pass-Through Grantor's Number	Grant Expenditures
U.S. Department of Interior National Park Service			
Direct Program:			
Wayside Exhibits and Signage Along Trail of Tears NHT	15.916	P14AC01029	18,000
			18,000
Executive Office of the President			
Passed Through Gulf Coast HIDTA:			
ONDCP Gulf Coast HIDTA Grant	95.001	G14GC0002B	2,674
		G15GC0002B	14,003
			16,677
U.S. Department of Homeland Security			
Direct Program:			
Assistance to Firefighters Grant	97.044	EMW-2014-FV-01153	410,455
Port Security Grant Program	97.056	EMW-2014-PU-00106-S01	28,000
			438,455
Total Federal Awards			$ 2,300,854

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.

Note 2 - Basis of Presentation

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 3 – 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, 2016. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. The City of Decatur did not elect to utilize the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Payments to Subrecipients

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development under the Community Development Block Grant to not-for-profit agencies (subrecipients). The City reports expenditures of Federal awards to subrecipients when paid in cash. Payments to subrecipients totaled $254,802 under this award for the year ended September 30, 2016.

City of Decatur, Alabama
Schedule of Findings and Questioned Costs
For the year ended September 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*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 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 the Uniform Guidance?	______yes	✓ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grant
97.044	Assistance to Firefighters Grant

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.

City of Decatur, Alabama
Summary Schedule of Prior Year Audit Findings
For the year ended September 30, 2016

Financial Statement Findings

None noted.

None noted.

STATISTICAL SECTION
(Unaudited)

Statistical Section

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

Contents

Source:
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Decatur
Net Assets by Component,
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Governmental activities										
Net investment in capital assets	$ 31,327,171	$ 29,561,806	$ 30,447,007	$ 33,080,019	$ 33,975,719	$ 35,365,812	$ 32,000,473	$ 33,454,568	$ 26,700,022	$ 19,978,084
Restricted	3,788,357	4,318,971	3,885,349	3,145,307	5,659,061	2,382,802	2,325,232	3,401,527	4,459,535	5,417,757
Unrestricted	(38,088,919)	(35,016,581)	(2,825,187)	(2,232,953)	(2,153,233)	2,372,206	9,250,203	11,924,579	18,838,999	24,266,429
Total governmental activities net assets	(2,973,391)	(1,135,804)	31,507,169	33,992,373	37,481,547	40,120,820	43,575,908	48,780,674	49,998,556	49,662,270
Business-type activities										
Net investment in capital assets	188,974,450	168,779,187	123,170,516	141,972,809	187,342,637	174,056,977	164,005,708	173,451,387	167,520,564	165,133,023
Restricted	28,639,263	40,071,044	47,773,019	58,288,930	8,838,606	5,667,314	16,836,846	5,059,388	5,185,299	5,050,864
Unrestricted	35,861,212	33,133,776	82,333,175	47,187,185	44,934,480	41,638,502	35,277,505	33,731,687	37,692,763	37,098,632
Total business-type activities net assets	253,474,925	241,984,007	253,276,710	247,448,924	241,115,723	221,362,793	216,120,059	212,242,462	210,398,626	207,282,519
Primary government										
Net investment in capital assets	220,301,621	198,340,993	153,617,523	175,052,828	221,318,356	209,422,789	196,006,181	206,905,955	194,220,586	185,111,107
Restricted	32,427,620	44,390,015	51,658,368	61,434,237	14,497,667	8,050,116	19,162,078	8,460,915	9,644,834	10,468,621
Unrestricted	(2,227,707)	(1,882,805)	79,507,988	44,954,232	42,781,247	44,010,708	44,527,708	45,656,266	56,531,762	61,365,061
Total primary government net assets	$ 250,501,534	$ 240,848,203	$ 284,783,879	$ 281,441,297	$ 278,597,270	$ 261,483,613	$ 259,695,967	$ 261,023,136	$ 260,397,182	$ 256,944,789

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

City of Decatur
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	Fiscal Year									
Expenses	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Governmental activities:										
General Government	$ 5,955,991	$ 5,193,908	$ 4,878,951	$ 4,954,798	$ 5,044,332	$ 5,010,588	$ 5,005,446	$ 5,175,066	$ 4,421,245	$ 4,499,566
Public safety	23,111,083	23,949,879	22,981,334	22,958,877	21,943,955	21,414,691	21,236,517	21,631,775	20,949,207	19,883,381
Public works	6,950,859	8,129,042	10,452,310	8,129,190	7,609,409	8,522,763	7,619,663	7,913,537	9,238,083	7,428,328
Public services	10,196,003	9,805,856	8,795,026	10,164,983	10,437,085	9,555,143	10,198,141	10,273,746	11,436,422	9,939,516
Intergovernmental assistance	30,856,146	29,195,207	29,312,427	27,710,626	25,839,587	25,313,985	24,544,626	22,613,644	19,601,360	18,271,003
Community service contracts	2,357,213	2,239,029	2,349,354	2,401,418	2,739,907	3,083,825	3,062,672	2,831,805	2,973,892	2,840,387
Community development	873,261	728,314	1,841,519	1,026,452	1,750,619	1,734,467	1,099,361	1,449,526	1,315,544	1,647,028
Personnel board	611,900	620,764	580,781	573,625	594,999	534,424	559,696	525,530	537,308	540,514
Interest on long-term debt	1,586,551	1,774,419	1,837,110	1,910,582	2,147,487	2,342,822	2,581,851	2,675,197	3,227,317	3,411,694
Unallocated depreciation	2,320,990	2,366,814	2,449,953	2,507,112	2,575,465	2,735,488	2,906,451	2,994,155	3,114,842	3,294,946
Total governmental activities expense	84,819,997	84,003,232	85,478,765	82,337,663	80,682,845	80,248,196	78,814,424	78,083,981	76,815,220	71,756,363
Business-type activities:										
Municipal Utilities Board	129,940,544	134,707,491	141,507,769	134,132,114	132,446,082	138,399,838	134,497,905	143,021,311	146,138,993	133,900,304
Point Mallard	5,591,696	5,614,318	5,382,914	5,311,189	4,674,328	4,317,541	4,231,449	4,252,309	4,731,723	4,031,207
Sanitary Landfill	5,946,289	5,579,541	5,593,042	5,582,815	5,600,555	5,114,326	3,961,936	3,509,975	3,561,336	3,319,933
Total business-type activities expenses	141,478,529	145,901,350	152,483,725	145,026,118	142,720,965	147,831,705	142,691,290	150,783,595	154,432,052	141,251,444
Total primary government expenses	226,298,526	229,904,582	237,962,490	227,363,781	223,403,810	228,079,901	221,505,714	228,867,576	231,247,272	213,007,807
Program Revenues										
Governmental activities:										
Charges for services:										
General government	6,101,001	6,642,236	6,546,578	6,118,428	6,356,657	5,713,461	5,130,679	6,064,711	5,723,572	3,197,582
Public safety	2,008,137	2,245,642	2,213,545	2,279,815	2,544,045	2,392,923	2,538,534	2,625,851	2,669,455	2,411,482
Public works	3,918,168	3,920,619	3,358,806	3,295,403	3,221,422	3,126,217	3,026,586	2,718,167	2,793,431	2,667,469
Public services	692,853	703,562	714,905	777,107	683,828	532,171	569,653	563,471	605,347	509,251
Intergovernmental assistance	-	-	264,600	288,963	217,231	96,792	97,363	199,744	208,539	907,140
Community Development	2,911	7,716	15,068							
Operating grants and contributions	2,191,970	1,322,425	2,837,884	1,571,696	1,603,384	2,041,789	1,208,121	1,413,881	986,048	1,264,494
Capital grants and contributions	2,011,637	2,205,732	1,060,037	1,413,023	2,529,386	529,706	992,144	3,671,862	643,104	875,826
Total governmental activities program revenues	16,926,677	17,047,932	17,011,423	15,744,435	17,155,953	14,433,059	13,563,080	17,257,687	13,629,496	11,833,244
Business-type activities										
Charges for services:										
Municipal Utilities Board	137,016,266	141,001,444	146,862,667	138,618,004	139,093,646	141,928,757	135,751,956	141,266,120	145,442,999	136,260,625
Point Mallard	5,016,486	5,154,135	4,760,368	4,658,432	4,106,134	3,632,355	3,756,443	3,560,994	3,708,573	3,231,385
Sanitary Landfill	6,022,126	6,094,943	5,926,274	5,853,244	6,178,169	5,858,038	5,481,697	5,089,116	5,127,222	4,920,629
Operating grants and contributions	-	-								
Capital grants and contributions	2,539,845	1,205,802	405,913	740,348	985,813	414,573	1,058,497	1,964,787	952,638	1,577,854
Total business-type activities program revenues	150,594,723	153,456,324	157,955,222	149,870,028	150,363,762	151,833,723	146,048,593	151,881,017	155,231,432	145,990,493
Total primary government program revenues	167,521,400	170,504,256	174,966,645	165,614,463	167,519,715	166,266,782	159,611,673	169,138,704	168,860,928	157,823,737
Net (Expense)/Revenue										
Governmental activities	(67,893,320)	(66,955,300)	(68,467,342)	(66,593,228)	(63,526,892)	(65,815,137)	(65,251,344)	(60,826,294)	(63,185,724)	(59,923,119)
Business-type activities	9,116,194	7,554,974	5,471,497	4,843,910	7,642,797	4,002,018	3,357,303	1,097,422	799,380	4,739,049
Total primary government net expense	(58,777,126)	(59,400,326)	(62,995,845)	(61,749,318)	(55,884,095)	(61,813,119)	(61,894,041)	(59,728,872)	(62,386,344)	(55,184,070)

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

City of Decatur
Changes in Net Position,
Last Ten Fiscal Years (Unaudited), continued
(accrual basis of accounting)

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	39,102,654	37,490,197	36,975,155	36,227,828	35,761,817	34,578,700	33,346,132	32,326,864	36,339,971	35,529,035
Property taxes	18,863,532	19,300,964	19,453,927	18,203,180	18,203,215	18,339,161	18,293,847	17,890,492	16,954,012	16,596,910
Alcoholic beverage taxes	1,848,981	1,768,182	1,750,197	1,785,189	1,815,900	1,889,725	2,058,897	2,079,989	2,178,344	2,096,980
Gasoline taxes	813,437	762,676	762,635	841,873	849,450	826,571	817,274	854,729	866,383	908,017
Automobile taxes	1,468,633	1,393,212	1,385,352	1,397,678	1,335,785	1,258,968	1,256,066	1,316,502	1,386,524	1,422,446
Lodging taxes	1,502,491	1,290,241	1,298,503	1,494,547	1,564,045	1,469,788	1,210,713	1,219,763	1,480,525	1,270,831
Rental taxes	1,160,898	1,075,881	1,061,858	1,016,323	1,121,628	1,085,585	1,062,431	1,433,785	1,393,968	1,237,542
Other taxes	2,640,531	2,603,581	2,433,363	2,473,382	2,315,731	2,082,928	1,947,147	2,188,989	2,032,363	2,319,190
Interest on investments	85,679	75,454	99,328	134,835	125,155	220,673	272,408	382,714	1,035,330	1,930,389
Other	711,482	953,234	766,711	748,981	905,614	930,989	42,752	270,146	375,869	618,759
Transfers	(2,142,585)	930,600	(4,891)	(1,219,764)	(3,091,348)	(332,725)	(261,089)	(355,561)	(521,279)	(424,573)
Total governmental activities	66,055,733	67,644,222	65,982,138	63,104,052	60,906,992	62,350,363	60,046,578	59,608,412	63,522,010	63,505,526
Business-type activities:										
Interest on investments	182,828	173,935	212,843	208,518	221,019	229,545	259,204	390,853	1,795,448	2,579,834
Forgiveness of Long-term debt			-	-	8,797,766	-	-	-	-	-
Other	49,311	46,454	138,555	61,011	-	-	-	-	-	-
Transfers	2,142,585	(930,600)	4,891	1,219,764	3,091,348	332,725	261,089	355,561	521,279	493,633
Total business-type activities	2,374,724	(710,211)	356,289	1,489,293	12,110,133	562,270	520,293	746,414	2,316,727	3,073,467
Total primary government	68,430,457	66,934,011	66,338,427	64,593,345	73,017,125	62,912,633	60,566,871	60,354,826	65,838,737	66,578,993
Change in Net Position										
Govermental activities	(1,837,587)	688,922	(2,485,204)	(3,489,176)	(2,619,900)	(3,464,774)	(5,204,766)	(1,217,882)	336,286	3,582,407
Business-type activities	11,490,918	6,844,763	5,827,786	6,333,203	19,752,930	4,564,288	3,877,596	1,843,836	3,116,107	7,812,516
Total primary government	$ 9,653,331	$ 7,533,685	$ 3,342,582	$ 2,844,027	$ 17,133,030	$ 1,099,514	$ (1,327,170)	$ 625,954	$ 3,452,393	$ 11,394,923

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

City of Decatur
Fund Balances--Governmental Funds
Last Ten Fiscal Years (Unaudited)

	2016	2015	2014	2013	2012	2011
General Fund						
Nonspendable	$ 19,543	$ 21,299	$ 21,549	$ 13,545	$ 33,486	$ 24,092
Restricted	1,312	1,312	1,311	0	0	0
Committed	21,230,959	17,809,129	17,009,274	10,871,653	14,444,242	16,427,815
Assigned	-	-	-	751,791	653,402	778,556
Unassigned	9,831,764	9,031,061	6,153,212	9,365,011	4,929,105	3,707,793
Total general fund	31,083,578	26,862,801	23,185,346	21,002,000	20,060,235	20,938,256
All Other Governmental Funds						
Nonspendable	1,114,186	1,068,386	1,021,886	985,086	940,236	886,196
Restricted	2,672,858	3,249,271	2,862,151	827,177	2,089,301	66,004
Committed	2,705,450	4,289,409	4,283,113	7,369,361	10,340,213	2,368,053
Assigned	-	-	-	-	1,090,523	6,186,691
Unassigned	(403,248)	(284,827)	(631,842)	(531,029)	(3,226,317)	(591,464)
Total all other governmental funds	$ 6,089,246	$ 8,322,239	$ 7,535,308	$ 8,650,595	$ 11,233,956	$ 8,915,480

	2010	2009	2008	2007
General Fund				
Reserved	$ 589,640	$ 623,643	$ 620,606	$ 56,368
Unreserved	19,591,466	20,507,843	23,136,284	23,219,358
Total general fund	20,181,106	21,131,486	23,756,890	23,275,726
All Other Governmental Funds				
Reserved	2,025,447	1,451,421	2,493,068	2,474,867
Unreserved, reported in:				
Special purposes	-	-	-	4,187,649
Special revenue funds	2,905,305	3,610,185	2,590,092	3,006,657
Capital projects funds (a)	1,484,186	2,601,381	3,278,650	4,572,320
Total all other governmental funds	$ 6,414,938	$ 7,662,987	$ 8,361,810	$ 14,241,493

Notes:

Retroactive application of Statement 54 was not implented for Fund Balances shown prior to 2011.

City of Decatur
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Sales & use taxes	$ 39,102,654	$ 37,490,198	$ 36,975,156	$ 36,227,829	$ 35,761,817	$ 34,578,700	$ 33,346,135	$ 32,326,864	$ 36,339,971	$ 35,529,035
Property taxes	12,771,314	12,804,007	12,449,851	11,568,399	11,426,462	11,686,642	11,218,029	10,739,439	9,936,417	9,410,127
Other taxes	8,930,750	8,439,412	8,194,022	8,491,566	8,511,059	8,179,629	8,004,948	8,506,615	8,939,531	8,527,677
Licenses & permits	6,500,840	6,874,042	6,332,105	6,395,655	6,452,426	5,930,213	5,250,842	6,074,151	6,097,503	5,820,517
Fines & forfeitures	1,123,993	1,277,650	1,483,398	1,294,427	1,158,209	1,397,745	1,566,624	1,653,106	1,537,289	1,164,807
Revenues from money & property	305,821	278,241	295,724	331,552	335,715	437,777	461,205	547,055	1,224,431	2,047,717
Charges for services	5,321,168	5,350,291	4,791,185	4,746,517	4,648,317	4,378,276	4,306,050	3,876,829	3,958,824	3,711,980
Intergovernmental	10,373,846	10,236,944	11,472,765	10,122,422	10,950,800	9,751,238	9,323,451	10,138,379	9,231,663	11,342,347
Gifts & donations	226,081	155,629	108,180	79,115	190,764	7,600	50,500	81,383	171,487	250,030
Other revenues	1,050,811	825,963	640,298	762,753	772,327	940,355	44,972	155,030	219,020	466,313
Total revenues	85,707,278	83,732,377	82,742,684	80,020,235	80,207,896	77,288,175	73,572,756	74,098,851	77,656,136	78,270,550
Expenditures										
General Government	5,606,753	4,511,312	4,456,127	4,354,201	4,207,598	4,032,711	4,016,914	4,076,940	4,041,456	3,850,086
Public safety	23,356,634	23,406,958	22,038,762	22,665,964	22,262,093	20,700,647	21,489,174	22,545,457	24,420,567	21,048,410
Public works	7,967,892	8,326,936	11,542,923	10,146,277	8,301,676	9,143,890	7,963,402	7,930,561	9,526,118	8,217,746
Public services	9,704,966	9,362,391	8,948,313	9,743,971	10,443,037	12,280,657	10,045,869	10,949,244	10,892,284	12,550,008
Intergovernmental assistance	26,931,950	25,487,456	24,699,081	22,984,911	22,298,492	21,608,450	20,873,837	19,272,133	19,941,091	18,279,913
Community service contracts	2,357,213	2,239,029	2,349,354	2,401,419	2,739,907	3,083,825	3,062,672	2,831,805	2,973,892	2,780,387
Community development	2,123,977	2,311,183	1,841,519	1,465,521	3,399,597	1,734,467	1,099,361	1,635,289	1,315,546	1,647,028
Personnel board	611,900	620,764	580,781	573,625	594,999	534,424	559,696	525,530	537,308	540,514
Debt Service: Principal	3,227,479	3,576,260	3,469,657	4,250,001	6,498,052	4,741,306	4,586,418	5,134,778	5,331,457	6,364,555
Interest and fiscal charges	1,645,140	1,734,540	1,797,817	1,856,179	2,194,321	2,259,325	2,387,670	2,983,520	3,233,231	3,063,770
Debt issuance costs	354,892	-	-	-	157,790	124,206	-	482,284	1,310	271,303
Capital projects construction and outlay	-	-	-	-	-	-	-	-	319,116	197,031
Total expenditures	83,888,796	81,576,829	81,724,334	80,442,069	83,097,562	80,243,908	76,085,013	78,367,541	82,533,376	78,810,751
Excess (deficiency) of revenues over expenditures	1,818,482	2,155,548	1,018,350	(421,834)	(2,889,666)	(2,955,733)	(2,512,257)	(4,268,690)	(4,877,240)	(540,201)
Other Financing Sources (Uses)										
Long-term debt issued	21,630,000	2,500,000	-	-	23,101,500	6,500,000	-	21,945,000	-	16,215,000
Premium on debt issue	316,632	-	-	-	261,492	46,149	-	325,960	-	-
Discount on debt issue	-	-	-	-			-	-	-	-
Capital lease proceeds	-	-	54,600	-	-		574,929	614,474	-	-
Payment to escrow agent	(14,105,614)	-	-	-	(15,941,523)		-	(21,585,422)	-	-
Transfers in	2,858,215	749,409	849,219	752,865	3,480,350	1,332,003	1,105,334	3,293,644	1,399,865	4,545,593
Transfers (out)	(3,055,196)	(940,571)	(854,110)	(1,972,629)	(6,571,698)	(1,664,728)	(1,366,423)	(3,649,205)	(1,921,144)	(5,039,225)
Total other financing sources (uses)	7,644,037	2,308,838	49,709	(1,219,764)	4,330,121	6,213,424	313,840	944,451	(521,279)	15,721,368
Net change in fund balance	$ 9,462,519	$ 4,464,386	$ 1,068,059	$ (1,641,598)	$ 1,440,455	$ 3,257,691	$ (2,198,417)	$ (3,324,239)	$ (5,398,519)	$ 15,181,167
Debt service as a percentage of noncapital expenditures	6.7%	6.8%	6.7%	6.7%	8.1%	11.5%	9.6%	9.6%	12.1%	12.9%

** Capital outlay and construction are included in the expenditure function categories

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

Fiscal Year	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
2007	183,386,980	468,889,460	9,371,980	187,962,620	473,685,800	18.6 Mills	3,184,231,733	14.88%
2008	195,464,700	493,699,740	9,130,580	173,096,040	525,198,980	18.6 Mills	3,492,218,167	15.04%
2009	200,069,940	534,383,300	8,777,200	207,876,920	535,353,520	18.6 Mills	3,564,183,133	15.02%
2010	201,477,560	561,757,560	9,239,000	209,795,900	562,678,220	18.6 Mills	3,696,595,567	15.22%
2011	203,965,920	548,823,220	9,374,540	220,558,700	541,604,980	18.6 Mills	3,586,547,067	15.10%
2012	201,541,160	555,002,400	9,316,980	204,461,620	561,398,920	18.6 Mills	3,676,450,300	15.27%
2013	200,898,580	605,860,720	9,258,020	190,522,460	625,494,860	18.6 Mills	3,991,799,167	15.67%
2014	199,699,520	627,784,140	9,382,520	210,588,960	626,277,220	18.6 Mills	3,981,836,067	15.73%
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%

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

	City Direct Rates			Overlapping Rates			
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	City Schools	County Schools	Morgan County	State of Alabama
2007	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2008	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2009	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2010	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2011	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2012	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2013	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2014	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2015	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2016	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 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 (Unaudited)

Taxpayer	2007 Taxable Assessed Value	2007 Rank	2007 Percentage of Net City Taxable Assessed Value	2008 Taxable Assessed Value	2008 Rank	2008 Percentage of Net City Taxable Assessed Value	2009 Taxable Assessed Value	2009 Rank	2009 Percentage of Net City Taxable Assessed Value	2010 Taxable Assessed Value	2010 Rank	2010 Percentage of Net City Taxable Assessed Value	2011 Taxable Assessed Value	2011 Rank	2011 Percentage of Net City Taxable Assessed Value
Worthington Steel	$ 83,485,960	1	17.62%	$ -			$ -			$ -			$ -		
Bunge Corporation	11,061,040	2	2.34%	8,702,100	3	1.66%	10,263,540	3	1.92%	10,583,820	3	1.88%	10,583,820	3	1.95%
BellSouth	8,642,900	5	1.82%	8,499,400	4	1.62%	9,442,740	4	1.76%	7,337,600	4	1.30%	7,337,600	4	1.35%
Hexel Corporation	9,923,320	3	2.09%	13,997,040	2	2.67%	22,905,500	2	4.28%	35,580,040	2	6.32%	35,580,040	2	6.57%
Goodyear Tire & Rubber	*			*			*			*			*		
General Electric Appliance	4,603,620	8	0.97%	4,242,200	7	0.81%	4,543,620	7	0.85%	6,044,220	5	1.07%	6,044,220	5	1.12%
Colonial Realty Limited	5,304,720	7	1.12%	*			*			*			*		
National Healthcare	3,878,740	9	0.82%	2,674,800	9	0.51%	*			2,761,420	10	0.49%	3,830,960	9	0.71%
Nucor Steel	*			95,310,360	1	18.15%	128,517,280	1	24.01%	135,048,680	1	24.00%	135,048,680	1	24.93%
O.C.I. Chemical Corp	6,074,000	6	1.28%	*			5,299,680	9	0.99%						
Meow Mix	8,949,320	4	1.89%	8,657,940	6	1.65%	8,644,500	6	1.61%	8,784,220	6	1.56%	8,784,220	6	1.62%
Charter Communciations	*			*			*			*			*		
Hyosung USA, Inc.	3,238,860	10	0.68%	*			*			3,430,800	9	0.61%	3,430,800	10	0.63%
First Republic Group Realty	*			5,232,860	5	1.00%	5,189,300	5	0.97%	4,780,840	7	0.85%	4,780,840	7	0.88%
Marine Terminals of Ala	*			2,500,980	8	0.48%	*			*			*		
ITW Sexton	*			2,777,740	10	0.53%	*			*			*		
ITC-AL LLC	*			*			7,188,780	8	1.34%	7,321,540	8	1.30%	7,321,540	8	1.35%
Conagra Inc	*			*			4,550,000	10	0.85%	*					
Coyote Garrison Decatur LLC	*			*			*			*			*		
Polyplex USA, LLC	*			*			*			*			*		
Total	$ 145,162,480		30.65%	$ 152,595,420		29.05%	$ 206,544,940		38.58%	$ 221,673,180		39.40%	$ 222,742,720		41.13%
Net City Taxable Assessed Value			473,685,800			525,198,980			535,353,520			562,678,220			541,604,980

Source:
Revenue Commissioner of Morgan County

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

Numbers have been revised in 2008 to reflect net assessed value. Prior to revision, numbers were based on assessed value.

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

	2012			2013			2014			2015			2016		
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
Worthington Steel	$ -			$ -			$ -			$ -			$ -		
Bunge Corporation	11,674,840	3	2.08%	22,273,940	3	3.56%	18,185,860	3	2.90%	19,230,040	3	3.08%	18,957,020	4	2.96%
BellSouth	6,949,400	4	1.24%	6,721,200	6	1.07%	6,867,200	6	1.10%	6,918,000	6	1.11%	4,923,500	8	0.77%
Hexel Corporation	39,485,680	2	7.03%	58,219,400	2	9.31%	73,919,400	2	11.80%	80,968,860	2	12.99%	88,503,120	2	13.84%
Goodyear Tire & Rubber	*			*			*			*			*		
General Electric Appliance	6,468,900	5	1.15%	8,286,840	5	1.32%	9,210,420	5	1.47%	17,694,600	5	2.84%	24,603,100	3	3.85%
Colonial Realty Limited	*			*			*			*			*		
National Healthcare	*			*			*			*			*		
Nucor Steel	125,141,860	1	22.29%	119,504,540	1	19.11%	110,906,620	1	17.71%	108,511,480	1	17.41%	100,342,940	1	15.69%
O.C.I. Chemical Corp	4,872,960	8	0.87%	5,116,740	10	0.82%	4,392,840	10	0.70%	4,248,060	9	0.68%	4,287,060	9	0.67%
Meow Mix	8,356,000	6	1.49%	7,018,020	7	1.12%	6,151,880	7	0.98%	5,960,260	7	0.96%	12,920,104	6	2.02%
Charter Communciations	2,949,640	10	0.53%	*			*			*			*		
Hyosung USA, Inc.	*			*			*			*			*		
First Republic Group Realty	*			*			*			*			*		
Marine Terminals of Ala	*			*			*			*			*		
ITW Sexton	*			*			*			*			*		
ITC-AL LLC	*			9,713,600	8	1.55%	9,109,400	8	1.45%	8,646,880	8	1.39%	8,179,880	7	1.28%
Conagra Inc	5,054,000	7	0.90%	4,992,080	9	0.80%	5,769,920	9	0.92%	-			4,398,960	10	0.69%
Coyote Garrison Decatur LLC	3,693,320	9	0.66%	*			*			3,571,720	10	0.57%	*		
Polyplex USA, LLC	*			11,052,460	4	1.77%	20,117,180	4	3.21%	19,955,600	4	3.20%	18,940,400	5	2.96%
Total	$ 214,646,600		38.23%	$ 252,898,820		40.43%	$ 264,630,720		42.25%	$ 275,705,500		44.23%	$ 286,056,084		44.73%
Net City Taxable Assessed Value			561,398,920			625,494,860			626,277,220			623,388,860			639,485,700

Source:
Revenue Commissioner of Morgan County

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

Numbers have been revised in 2008 to reflect net assessed value. Prior to revision, numbers were based on assessed value.

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

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
2007	16,004,314	15,839,439	98.97%	55	15,839,494	99.0%
2008	17,059,718	16,850,721	98.77%	32,161	16,882,882	99.0%
2009	17,845,697	17,842,973	99.98%	9,698	17,852,671	100.0%
2010	18,613,467	18,346,672	98.57%	1,443	18,348,115	98.6%
2011	18,214,808	18,047,311	99.08%	1,965	18,049,277	99.1%
2012	18,382,932	18,311,608	99.61%	1,459	18,313,067	99.6%
2013	19,709,515	19,414,409	98.50%	423	19,414,832	98.5%
2014	20,014,092	19,942,029	99.64%	3,847	19,945,876	99.7%
2015	20,345,222	20,228,986	99.43%		20,228,986	99.4%
2016**	20,759,796					

Source:
Morgan County Revenue Commissioner

** FY 16 revenue collected amounts will not be available until mid-July 2017
FY 15 collections in subsequent years will not be available until mid-July 2017

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 (Unaudited)
(In thousands)

	Calendar Year									
Category Description	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Apparel	$ 72,483	$ 62,724	$ 61,670	$ 61,993	$ 57,589	$ 52,534	$ 54,923	$ 63,494	$ 66,241	$ 67,976
Multi-Line Retail	$ 210,809	$ 170,418	169,766	173,710	173,354	150,440	167,912	135,093	194,174	184,170
Restaurants	$ 154,769	$ 138,512	129,213	124,740	128,813	95,124	84,534	88,955	95,996	90,931
Grocery Stores	$ 80,136	$ 78,899	74,277	75,415	78,959	67,321	66,760	77,044	80,101	74,071
Building Materials	$ 77,028	$ 63,561	60,476	58,530	59,790	46,877	48,784	74,413	115,558	113,975
Automobile Dealers	$ 294,061	$ 230,500	217,491	201,947	189,072	115,422	57,844	150,216	280,506	393,859
Household Furnishings	$ 28,083	$ 26,665	24,961	18,203	16,654	14,205	14,908	12,277	16,557	17,912
Convenience Stores	$ 35,557	$ 33,510	32,371	28,268	31,453	29,235	32,519	65,220	107,623	102,031
All other outlets	$ 558,504	$ 477,803	494,117	440,491	447,227	381,307	334,197	211,402	169,134	138,176
Total	$ 1,511,430	$ 1,282,591	$ 1,264,342	$ 1,183,297	$ 1,182,911	$ 952,465	$ 862,381	$ 878,114	$ 1,125,890	$ 1,183,101

Source:
City Revenue Department

Notes:
City direct sales tax rate is 4%
Information prior to 2010 did not include refunds

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

Fiscal Year	City Direct Rate	Morgan County	State of Alabama
2007	4.00%	1.00%	4.00%
2008	4.00%	1.00%	4.00%
2009	4.00%	1.00%	4.00%
2010	4.00%	1.00%	4.00%
2011	4.00%	1.00%	4.00%
2012	4.00%	1.00%	4.00%
2013	4.00%	1.00%	4.00%
2014	4.00%	1.00%	4.00%
2015	4.00%	1.00%	4.00%
2016	4.00%	1.00%	4.00%

Source:
City Revenue Department

Notes:
Tax rates indicated are the general rate.

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

Tax Remitter Description	Calendar Year 2016 Tax Liability	Rank	Percentage of Total	Calendar Year 2015 Tax Liability	Rank	Percentage of Total	Calendar Year 2014 Tax Liability	Rank	Percentage of Total
Multi-line retailer	$ 3,842,685	1	9.45%	$ 3,708,054	1	9.75%	$ 3,587,180	1	9.59%
Manufacturer	1,627,433	2	4.00%	1,880,011	2	4.95%	2,100,098	2	5.61%
Grocery store	1,002,354	4	2.46%	1,224,425	3	3.22%	1,136,174	3	3.04%
Multi-line retailer	849,926	6	2.09%	875,168	5	2.30%	867,320	5	2.32%
Building materials /hard line	1,138,342	3	2.80%	1,040,212	4	2.74%	994,952	4	2.66%
Multi-line retailer	590,507	10	1.45%	698,811	7	1.84%	689,663	7	1.84%
Grocery store	858,139	5	2.11%	832,716	6	2.19%	754,482	6	2.02%
Apparel Store	607,759	9	1.49%	638,815	10	1.68%	661,069	8	1.77%
Building materials /hard line	741,728	7	1.82%	693,029	8	1.82%	660,209	9	1.76%
Automobile dealer	725,808	8	1.78%	639,662	9	1.68%	577,733	10	1.54%
Apparel Store									
Multi-line retailer									
Manufacturer									
Grocery store									
Total	$ 11,984,680		29.46%	$ 12,230,903		32.18%	$ 12,028,879		32.15%

Tax Remitter Description	Calendar Year 2013 Tax Liability	Rank	Percentage of Total	Calendar Year 2012 Tax Liability	Rank	Percentage of Total	Calendar Year 2011 Tax Liability	Rank	Percentage of Total
Multi-line retailer	$ 3,413,220	1	9.27%	$ 3,143,958	1	8.76%	$ 3,155,015	1	9.01%
Manufacturer	1,375,066	2	3.74%	1,657,104	2	4.62%	1,593,683	2	4.55%
Grocery store	1,112,742	3	3.02%	1,113,659	3	3.10%	1,087,599	3	3.11%
Multi-line retailer	909,758	5	2.47%	960,704	4	2.68%	963,404	4	2.75%
Building materials /hard line	954,004	4	2.59%	946,466	5	2.64%	892,307	5	2.55%
Multi-line retailer	730,711	7	1.99%	800,484	6	2.23%	740,366	6	2.11%
Grocery store	765,625	6	2.08%	727,061	7	2.03%	686,460	7	1.96%
Apparel Store	692,994	8	1.88%	664,751	8	1.85%	598,786	9	1.71%
Building materials /hard line	635,330	9	1.73%	600,205	9	1.67%	610,317	8	1.74%
Automobile dealer	*			532,527	10	1.48%	560,643	10	1.60%
Apparel Store	*			*			*		
Multi-line retailer	*			*			*		
Manufacturer	615,354	10	1.67%	*			*		
Grocery store	*			*			*		
Total	$ 11,204,804		30.44%	$ 11,146,919		31.06%	$ 10,888,581		31.09%

Source:
City Revenue Department
Notes:
Confidentiality requirements prohibit disclosure of tax remitter business names.

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

	Calendar Year 2010			Calendar Year 2009			Calendar Year 2008		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	$ 3,267,680	1	10.17%	$ 3,332,677	1	10.31%	$ 3,432,359	1	9.64%
Manufacturer	1,488,051	2	4.63%	1,215,992	2	3.76%	2,164,933	2	6.08%
Grocery store	943,588	4	2.94%	881,470	4	2.73%	908,885	4	2.55%
Multi-line retailer	960,358	3	2.99%	929,286	3	2.87%	885,335	5	2.49%
Building materials /hard line	902,975	5	2.81%	876,426	5	2.71%	1,152,320	3	3.24%
Multi-line retailer	677,686	6	2.11%	*			*		
Grocery store	655,050	7	2.04%	630,738	7	1.95%	590,565	7	1.66%
Apparel Store	525,665	10	1.64%	496,031	8	1.53%	458,425	9	1.29%
Building materials /hard line	587,857	8	1.83%	664,293	6	2.05%	680,106	6	1.91%
Automobile dealer	554,647	9	1.73%	*			503,718	8	1.41%
Apparel Store	*			327,451	9	1.01%	354,459	10	1.00%
Multi-line retailer	*			324,700	10	1.00%			
Manufacturer	*			*			*		
Grocery store	*			*			*		
Total	$ 10,563,557		32.89%	$ 9,679,064		29.93%	$ 11,131,105		31.26%

	Calendar Year 2007		
Tax Remitter Description	**Tax Liability**	**Rank**	**Percentage of Total**
Multi-line retailer	$ 3,398,590	1	9.62%
Manufacturer	2,099,335	2	5.94%
Grocery store	895,524	4	2.53%
Multi-line retailer	407,697	10	1.15%
Building materials /hard line	1,055,579	3	2.99%
Multi-line retailer	*		
Grocery store	563,720	7	1.60%
Apparel Store	492,186	8	1.39%
Building materials /hard line	689,525	5	1.95%
Automobile dealer	622,068	6	1.76%
Apparel Store	445,485	9	1.26%
Multi-line retailer	*		*
Manufacturer	*		*
Grocery store	*		*
Total	$ 10,669,709		30.19%

Source:
City Revenue Department
Notes:
Confidentiality requirements prohibit disclosure of tax remitter business names.

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

Fiscal Year	Electric	Gas	Water	Wastewater	Total
2007	86,367,173	30,715,823	9,063,331	10,114,298	136,260,625
2008	92,242,668	34,360,009	8,604,599	10,235,723	145,442,999
2009	98,913,684	24,628,903	8,084,517	9,639,016	141,266,120
2010	93,571,114	21,495,060	9,266,433	11,419,349	135,751,956
2011	97,869,957	19,456,250	10,260,760	14,341,790	141,928,757
2012	96,544,683	15,701,341	11,512,382	15,335,240	139,093,646
2013	94,768,138	17,835,792	10,935,251	15,078,823	138,618,004
2014	98,306,039	20,956,097	11,841,254	15,759,277	146,862,667
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

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

	Governmental Activities			Business-type Activities							
Fiscal Year	**General Obligation Warrants**	**Notes Payable**	**Capital Leases**	**Water Revenue Warrants**	**Wastewater Revenue Warrants**	**Water Notes Payable**	**Wastewater Notes Payable**	**Capital Leases**	**Total Primary Government**	***Percentage of Personal Income**	**Total Debt per Capita**
2007	68,575	-	29	19,795	19,320	-	-	-	107,719	9.20%	2,010
2008	63,273	-	-	18,545	17,545	-	-	-	99,363	6.78%	1,799
2009	59,542	-	401	17,915	15,700	-	-	-	93,558	7.71%	1,750
2010	55,352	-	579	16,245	13,790	-	-	-	85,966	6.44%	1,546
2011	57,498	-	191	14,630	11,810	6,877	15,665	- **	106,671	8.24%	1,881
2012	59,028	-	-	16,080	19,915	-	-	-	95,023	6.82%	1,693
2013	54,778	-	-	25,175	55,370	-	-	-	135,323	9.87%	2,402
2014	51,318	-	45	23,300	52,495	-	-	-	127,158	9.37%	2,254
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

Sources:
Estimates from the Morgan County Economic Development Association
See Schedule 19 (E-1) for personal income and per capita data

** Notes Payable for 2011 related to the Business-Type Activites relate to loans from the Alabama Drinking Water Finance Authority and the Alabama Water Pollution control Authority to the Municipal Utilities Board Fund in the amounts noted above. In 2012, portions of these loans were forgiven with the remainder being paid in full with the issuance of warrants in the amount of $3,215,000 for the Water Authority and $10,530 for the Wastewater System. Therefore, there were no outstanding loans as of September 30, 2012.

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 (Unaudited)

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2007	67,729,563	1.65%	1,264
2008	62,855,830	1.80%	1,138
2009	59,542,038	1.67%	1,114
2010	55,351,670	1.50%	996
2011	57,366,976	1.60%	1,012
2012	59,028,296	1.61%	1,052
2013	54,778,295	1.37%	972
2014	51,318,049	1.29%	910
2015	50,252,354	1.27%	896
2016	54,840,756	1.35%	980

Sources:
Morgan County Economic Development Association for 2006 through 2011 population estimates

City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2016 (Unaudited)

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	$ 54,840,756	100.00%	$ 54,840,756
Total Direct Debt			54,840,756
* City of Decatur Board of Education	125,100,859	100.00%	125,100,859
Morgan County	30,435,000	47.84%	14,560,104
Morgan County Board of Education	41,137,832	47.84%	19,680,339
Total Overlapping Debt			159,341,301
Total direct and overlapping debt			**$ 214,182,057**

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2016 net assessed valuation of all taxable property in the City ($639,485,700 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County ($1,336,823,360).

*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 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	$ 94,737,160	$ 105,039,796	$ 107,070,704	$ 112,535,644	$ 108,320,996	$ 112,279,784	$ 125,098,972	$ 125,255,444	$ 124,677,772	$ 127,897,140
Total net debt applicable to limit	60,240,000	56,997,969	55,330,038	52,555,819	52,377,645	53,225,534	48,278,295	44,818,049	43,752,354	45,305,756
Legal debt margin	34,497,160	48,041,827	51,740,666	59,979,825	49,443,351	52,554,250	70,320,677	73,937,395	74,425,418	$ 82,591,384
Total net debt applicable to the limit as a percentage of debt limit	63.59%	54.26%	51.68%	46.70%	48.35%	47.40%	38.59%	35.78%	35.09%	35.42%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	$ 861,057,080
Less tax exempt property	(221,571,380)
Net Assessed Value	639,485,700
Debt limit (20% of net assessed value)	127,897,140
Debt applicable to limit:	
General obligation bonds**	45,305,756
Less:School	-
Total net debt applicable to limit	45,305,756
Legal debt margin	$ 82,591,384

Note:
Numbers were revised in 2008 to reflect net assessed value. Prior to revision, numbers were based on assessed value.

**Excludes $3,035,000 of Series 2016A and $6,500,000 from Series 2012 not chargeable against debit limit

City of Decatur
Pledged-Revenue Coverage
Last Ten Fiscal Years (Unaudited

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service	Coverage
2007	138,236,912	125,022,901	13,214,011	4,875,660	2.71%
2008	146,806,157	136,753,211	10,052,946	4,823,628	2.08%
2009	141,472,819	133,607,497	7,865,322	5,064,336	1.55%
2010	135,864,145	124,879,664	10,984,481	4,657,987	2.36%
2011	142,061,998	128,939,530	13,122,468	4,579,979	2.87%
2012	139,253,683	122,587,716	16,665,967	5,523,435	3.02%
2013	138,764,202	123,584,281	15,179,921	6,570,620	2.31%
2014	147,026,063	129,276,053	17,750,010	7,398,849	2.40%
2015	141,138,101	123,318,615	17,819,486	7,548,849	2.36%
2016	137,157,464	117,453,066	19,704,398	7,461,046	2.64%

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

Fiscal Year	Population	Personal Income *Thousands of dollars*	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
2007	53,581	1,170,477	21,845	38.8	437	8,812	3.3%
2008	55,233	1,465,608	26,535	38.4	521	8,873	4.9%
2009	53,465	1,213,549	22,698	38.9	536	8,812	10.6%
2010	55,588	1,335,335	24,022	39.4	498	8,723	9.0%
2011	56,696	1,293,803	22,820	40.4	500	8,545	9.9%
2012	56,114	1,392,918	24,823	37.0	605	8,516	6.8%
2013	56,342	1,371,195	24,337	37.3	499	8,312	6.4%
2014	56,416	1,356,861	24,051	37.4	557	8,476	6.1%
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%

Sources:
Morgan County Economic Development Association for 2007 through 2016 population, personal income, median age and unemployment rate.

Decatur City Schools for graduated and school enrollment

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

	2016			2015			2014		
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	4.58%	1,449	1	5.24%	1,449	1	4.32%
General Electric	1,295	2	4.35%	1,338	2	4.84%	1,300	2	3.88%
Decatur City Schools	1,133	3	3.80%	1,200	3	4.34%	1,200	3	3.58%
Decatur General Hospital	*			*			*		
United Launch Alliance	820	7	2.75%	808	7	2.92%	849	5	2.53%
3M Company	850	6	2.85%	850	6	3.07%	850	4	2.53%
Wayne Farms Fresh	871	5	2.92%	871	5	3.15%	795	6	2.37%
Nucor Steel	721	8	2.42%	721	8	2.61%	715	7	2.13%
City of Decatur	658	10	2.21%	665	10	2.40%	670	9	2.00%
Wayne Farms East/West	942	4	3.16%	942	4	3.41%	696	8	2.08%
Parkway Medical Center	*			*			*		
BP America	*			*			444	10	1.32%
Gemstone Foods, LLC	711	9	2.39%	570	9	2.06%			
Total	9,366		31.44%	9,414		34.04%	8,968		26.74%

	2013			2012			2011		
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	1,449	1	4.62%	1,449	1	4.30%	*		
General Electric	1,298	2	4.14%	1,250	2	3.71%	1,250	1	4.07%
Decatur City Schools	1,200	3	3.83%	1,200	3	3.56%	1,205	2	3.92%
Decatur General Hospital	*			*			1,000	3	3.25%
United Launch Alliance	849	5	2.71%	854	4	2.53%	760	6	2.47%
3M Company	887	4	2.83%	815	5	2.42%	880	4	2.86%
Wayne Farms Fresh	795	6	2.54%	800	6	2.37%	826	5	2.69%
Nucor Steel	710	7	2.26%	710	7	2.11%	719	7	2.34%
City of Decatur	693	9	2.21%	693	8	2.06%	680	8	2.21%
Wayne Farms East/West	696	8	2.22%	568	9	1.68%	568	9	1.85%
Parkway Medical Center	*			*			414	10	1.35%
BP America	467	10	1.49%	457	10	1.36%	*		
Gemstone Foods, LLC									
Total	9,044		28.85%	8,796		26.09%	8,302		27.00%

Source:
Morgan County Economic Development Association

Notes:
Decatur General Hospital and Parkway Medical Center merged with Huntsville Hospital and became Decatur Morgan Hospital in September 2012.

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

Employer	2010 Employees	2010 Rank	2010 Percentage of Total City Employment	2009 Employees	2009 Rank	2009 Percentage of Total City Employment	2008 Employees	2008 Rank	2008 Percentage of Total City Employment
Decatur Morgan Hospital	*			*			*		
General Electric	1,250	1	3.98%	1,250	1	3.65%	1,390	1	3.86%
Decatur City Schools	1,205	2	3.84%	1,205	2	3.52%	1,205	2	3.35%
Decatur General Hospital	1,000	3	3.19%	1,000	3	2.92%	1,200	3	3.33%
United Launch Alliance	654	7	2.08%	654	6	1.91%	684	6	1.90%
3M Company	760	5	2.42%	760	4	2.22%	830	4	2.31%
Wayne Farms Fresh	858	4	2.73%	858	5	2.51%	799	5	2.22%
Nucor Steel	713	6	2.27%	700	8	2.05%	710	8	1.97%
City of Decatur	675	8	2.15%	675	7	1.97%	673	7	1.87%
Wayne Farms East/West	444	9	1.41%	444	10	1.30%	418	10	1.16%
Parkway Medical Center	414	10	1.32%	*			*		
BP America	*			446	9	1.30%	446	9	1.24%
Wolverine Tube							*		
Goodyear Tire & Rubber							*		
Total	7,973		25.39%	7,992		23.36%	8,355		23.22%

Employer	2007 Employees	2007 Rank	2007 Percentage of Total City Employment
Decatur Morgan Hospital	*		
General Electric	1,390	1	4.10%
Decatur City Schools	1,205	2	3.55%
Decatur General Hospital	1,200	3	3.54%
United Launch Alliance	638	6	1.88%
3M Company	895	4	2.64%
Wayne Farms Fresh	813	5	2.39%
Nucor Steel	630	8	1.85%
City of Decatur	671	7	1.97%
Wayne Farms East/West	418	10	1.23%
Parkway Medical Center	*		
BP America	453	9	1.33%
Wolverine Tube	*		
Goodyear Tire & Rubber	*		
Total	8,313		24.48%

Source:
Morgan County Economic Development Association

Notes:
Decatur General Hospital and Parkway Medical Center merged with Huntsville Hospital and became Decatur Morgan Hospital in September 2012.

City of Decatur
Full-Time-Equivalent City Government Employees by Function
Last Ten Fiscal Years (Unaudited)

Function/Program	Full-Time-Equivalent Employees as of September 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	47	46	45	46	44	42	43	41	44	44
Public Safety	269	275	276	282	288	284	275	272	263	276
Public Works	55	64	74	81	79	76	76	81	81	82
Public Services	68	63	63	72	71	71	77	72	78	71
Intergovernmental Assistance	22	21	23	20	18 **	16	18	19	19	20
Municipal Utilities Board	168	166	162	163	163	164	163	165	163	157
Point Mallard	8	9	8	10	10	9	9	11	10	8
Sanitary Landfill	21	21	19	19	20	18	14	14	13	13
Total	658	665	670	693	693	680	675	675	671	671

Source:
City of Decatur Personnel Board
Decatur Utilities Personnel Department

* Right of way mowing crew was moved from Street Department to Beautification Department

** Includes MPO employee that moved to City of Decatur payroll in FY 12

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government										
Building permits issued	3,325	3,039	5,319	3,090	3,225	3,132	2,910	3,703	3,133	4,778
Building inspections conducted	5,863	5,476	8,758	5,084	4,026	6,096	6,751	5,487	8,004	9,955
Police										
Adult arrests	3,930	4,635	5,325	4,770	5,264	5,594	5,428	6,291	6,500	6,141
Traffic citations	15,692	14,133	16,943	16,462	11,490	15,204	15,948	16,022	16,695	13,946
Fire										
Inspections	210	172	108	101	168	93	182	154	91	69
Emergency medical responses	5,354	5,709	5,937	4,183	3800	3872	5281	3917	3885	2900
Fire and/or Hazmat responses	1,838	1,558	1,479	901	857	930	1467	1291	1004	888
Refuse collections										
Recyclables collected in tons	2,223	2,926	2,563	2,180	2,052	1,301	1,416	1,381	1,488	1,532
Garbage and trash collected	34,397	33,755	36,042	34,142	34,108	37,287	38,164	39,608	36,384	34,536
Municipal Utilities Board										
Electrical connections	26,582	26,525	26,487	26,515	26,618	26,513	26,453	26,403	26,595	26,439
Water connections	25,362	25,340	25,295	25,260	25,194	25,244	25,144	25,155	25,154	24,990
Wastewater connections	20,416	20,388	20,319	20,297	20,245	20,327	20,293	20,308	20,338	20,233
Gas connections	13,637	13,661	13,613	13,690	13,640	13,691	13,793	13,785	13,861	13,824

Source:
Various city departments

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	5	3	4	3	3	3	3	3	3	4
Vehicles	160	166	166	167	161	153	135	135	137	142
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	10	9	10	10	12	10	10	13	13	14
Special Response Vehicle	5	5	5	5	3	3	3	4	4	4
Sanitation										
Garbage collection trucks	17	17	16	16	17	17	17	17	17	17
Other public works										
Paved streets (miles)	336	336	336	336	335	335	335	334	333	333
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	48	48	48	48	48	48	48	48	48	48
Storm drainage conduits (miles)	145	145	145	144	143	143	143	143	143	143
Parks and Recreation										
Number of parks*	26	26	26	26	26	26	26	26	26	26
Acres of Parks	1278	1278	1278	1278	1,278	1,278	1,278	1,278	1,278	1,278
Golf courses (public & private)	4	4	4	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	46
Recreations centers	4	5	5	5	5	4	4	4	4	4
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	35	35	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	2	2	2	2	2	2	2	2	2	2
Soccer facilities (acres)	62	62	62	62	62	62	62	62	62	62
Ice rinks	1	1	1	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
Municiple Utilities Board										
Water mains (miles)	487	487	484	484	484	481	480	480	478	476
Gas mains (miles)	420	420	418	418	415	414	414	413	412	411
Electric lines (miles)	593	593	593	593	593	592	592	592	592	588
Sanitary sewers (miles)	350	348	342	342	341	340	340	340	337	337
Fire hydrants in service	2039	2032	2028	2026	2,019	2,011	2,009	2,019	2,003	1,985

Sources:
Various city departments and capital assets records