2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

CITY OF DECATUR Alabama™

the City of Opportunity

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, 2018

Christopher P. Morrill

Executive Director/CEO

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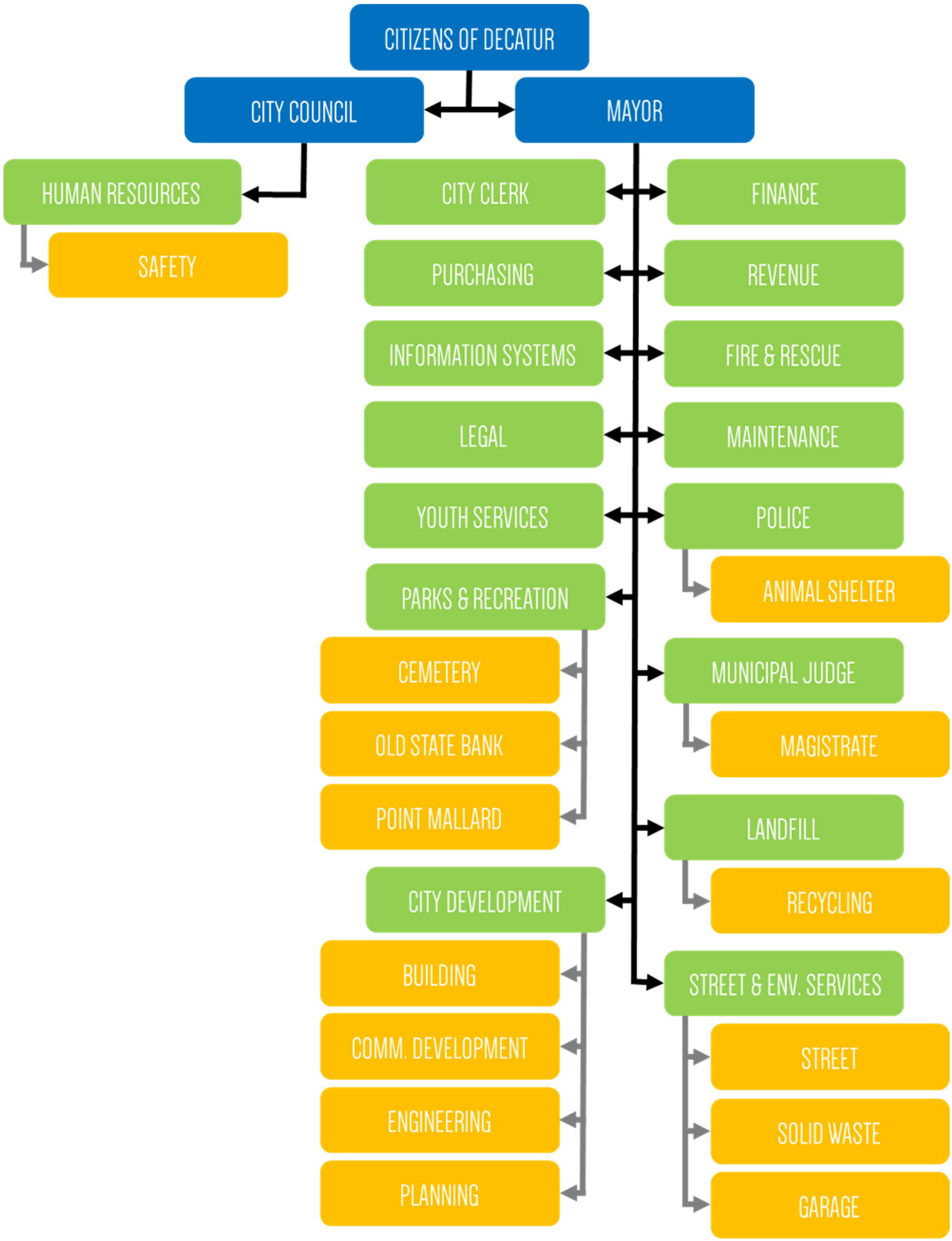
City of Decatur

Organizational Structure

September 30, 2019



City of Decatur
2019

Boards and Commissions

Historic Preservation Commission

Industrial Development Board

Public Building Authority

Housing Authority

Board of Examinations and Appeals

Parks & Recreation Board

Old Bank Building Board

Community Preservation Board

Downtown Redevelopment Authority

Decatur Library Board

Planning Commission

Board of Zoning and Adjustment

Decatur Animal Services Board

Personnel Board

Municipal Utilities Board

City Board of Education

Educational Building Authority

Bingo Review Committee

Medical Clinic Board

City / County Boards

North Central Mental Retardation Authority

State Products Mart Authority

E-911 Board

Decatur/Morgan County Port Authority

EMS Advisory Committee

Mental Health Center of North Central Alabama

Board of Equalization

Healthcare Authority of Morgan County

Airport Authority

Decatur/Morgan County Farmer's Market

Morgan County Industrial Park & Economic Development Cooperative District

Downtown Parking Advisory Task Force

Officials of the City of Decatur
2019

Mayor

Tab Bowling

City Council

District 1	Billy Jackson
District 2	Kristi Hill
District 3	Paige Bibbee, President
District 4	Charles Kirby
District 5	Chuck Ard, President Pro Tempore

Department Directors

Chief Financial Officer	John Andrzejewski
City Attorney	Herman Marks
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	Jason Lake
Personnel	Richelle Sandlin
Police Chief	Nathaniel Allen
Street & Environmental Services	Rickey Terry
Youth Services	Bruce Jones

City of Decatur
Other Key Personnel
September 30, 2019

City Engineer	Carl Prewitt
City Shop	Andrew Bosworth
Court Magistrate	Jessica Hayes
Decatur/Morgan County Landfill	William Hagood
Finance Manager	Kyle Demeester
Maintenance Supervisor	Kurt Johnson
Old State Bank Coordinator	David Breland
Purchasing Agent	Charles Booth
Recycling Coordinator	Emily Johnson
Revenue Administrator	Sal Jasso
Solid Waste Department	Reginald Carter
Street Department	Wayne Wascavage

June 1, 2020

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

The Comprehensive Annual Financial Report of the City of Decatur, Alabama, for the fiscal year ending September 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. This report including the exhibits and statistical data contained herein, has been prepared by the Finance Department of the City of Decatur in conformity with the standards established by the Governmental Accounting Standards Board and complies with accounting principles generally accepted in the United States of America (GAAP). We believe the data as presented is accurate in all material aspects, and that it is presented in a manner to fairly set forth the financial position and results of operations of the City.

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

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

Alabama state law requires an annual audit to be made, in accordance with generally accepted auditing standards, of all books and accounts of the City by independent certified public accountants. This requirement has been complied with and the report of Tucker, Scott and Wates, Certified Public Accountants, for the fiscal year ended September 30, 2019 is included in this report. This year's annual audit included a single audit of all federal grants, which complies with federal legislation. The single audit report is forwarded to the City's grantor agencies for review.

GAAP require 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, Tucker, Scott and Wates, Certified Public Accountants.

Profile of the Government

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

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

Since October 1968, the City of Decatur has been governed by a mayor-council form of government. The mayor is chief executive officer of the city and is elected by general election to a four-year term. The city council is the legislative body and consists of five (5) members, who are elected for four-year terms. Prior to 1988, members of the city council were elected on an "at large" basis. In 1988, the city council established five (5) electoral districts, one of which is primarily African American in population. An election was held August 23,1988, on a "single member district" basis to fill all five places on the city council, elections continue to be held on 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, 5 recreation centers, 35 ball fields, 3 pools, 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 City continues to make investments in the park to attract visitors to the area as well as serve the citizens of Decatur.

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

Local economy

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

Decatur Morgan County is home to approximately 145 Industries, including 14 Fortune 500 companies and seven Global 500 companies. There were one new company, eighteen expansions totaling of over $373 million in new capital investments and 117 new jobs in FY 2019. The Capital investment in the 62,000 square foot Cook Museum of Natural Science constructed in Downtown Decatur has increased since its conception from $15.9 million dollars to $32.4 million dollars. The Museum also continues to expand with a restaurant option and is expected to open in June of 2019.

Business Expansion

In FY 2019, 197 businesses opened in the city of Decatur. The business areas included, apartment rentals (1), auto sales (5), contractor services (19), entertainment (6), insurance (1), manufacturing (2), professional services (32), realty (1), recycling (1), equipment rentals (6), restaurants (10), retail (40), education (1), services (68), storage (3), and trucking (1).

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the twenty-eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 staff of the Finance Department. We wish to express our appreciation to our independent auditors, Tucker, Scott and Wates. We would also like to thank the Mayor and members of the City Council for their interest and support of the financial operations of the City.

Respectfully submitted,

John J. Andrzejewski

John J. Andrzejewski
Chief Financial Officer
City of Decatur

FINANCIAL SECTION

Tucker, Scott & Wates, LLC
Certified Public Accountants | Full Service Tax and Accounting

David E. Scott, CPA • Darrell W. Wates, CPA, CGMA • Aaron J. Bell, CPA
Jami K. Freeman, CPA • Frederick T. Marthaler III, CPA • J.A. Tucker, CPA(1936-2013)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of 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, as of and for the year ended September 30, 2019, 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 discretely presented component unit of the City, or the financial statements of the Municipal Utilities Board Enterprise Fund ("Utilities Board"), a business-type activity and major proprietary fund. The Board of Education'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 89.9 percent, 89.1 percent, and 92.6 percent, respectively, of the assets, net position, and revenues of the proprietary funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report 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, as of September 30, 2019, and the respective changes in financial position and,

P.O. Box 1130 / 230 Moulton St E | Decatur, AL 35602-1130 | Phone: 256.355.1828 | Fax: 256.355.0489 | www.tswcpa.com
American Institute of Certified Public Accountants / Alabama Society of Certified Public Accountants

where applicable, cash flows thereof 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, the pension information starting on page 87, and the other post-employment information starting on page 91, 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur's basic financial statements. The introductory section, supplementary information, and statistical section, as presented 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 starting on page 96, the combining and individual nonmajor governmental funds financial statements starting on page 103, the nonmajor governmental funds budgetary comparison schedules starting on page 106, and the combining and individual nonmajor proprietary funds financial statements starting on page 114,are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements 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 June 1, 2020, 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.

Tucker, Scott + Wates, LLC

Tucker, Scott & Wates, LLC
Decatur, Alabama
June 1, 2020

Management's Discussion and Analysis

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, 2019. 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.

2019 HIGHLIGHTS

Financial Highlights

- The total net position of the City is $205 million. Of this amount, ($106.6) million from governmental activities considered unrestricted appears in the deficit position and is the result of the overall liabilities for the City’s Pension and Post-Employment Benefits (OPEB) obligations.
- The unrestricted net position of the business-type activities is a deficit $(4) million which is likewise attributable to the overall liabilities for their portion of the City’s Pension and Post-Employment Benefits (OPEB) obligations.
- The City’s net position increased by $33.2 million. The governmental net position increased $17.8 million and business-type net position increased by $15.3 million.
- Governmental activities revenues increased $6.8 million due in large part to a $3.8 million increase in Sales Tax revenues and a $1 million increase in Property Taxes and Payments in Lieu of Taxes.
- As of September 30, 2019, governmental funds reported a combined ending fund balance of $42.8 million, an increase of $3.2 million from the prior year. Of that ending fund balance, $13.8 million is unassigned and available to finance the activities of the governmental funds and $25.3 million is committed or assigned to meet existing obligations.
- General Fund reported a fund balance of $37 million, $13.8 million of this amount is available for general use. This reflects a $2.9 million increase over the prior year ending balance available for general use.
- The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund Operating Expenses. $17.5 million of the $23 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 $13.8 million.
- The City’s total debt decreased by 9.4 million during 2019. Debt of governmental activities decreased by 4.1 million with reduction of debt through scheduled principal payments. Debt of business-type activities decreased 5.3 million with schedule principal payments of 14.7 exceeding new debt issued of 9.4.

City Highlights

Industrial Expansion

Decatur-Morgan County is home to approximately 145 Industries, including 12 Fortune 500 companies and 7 Global 500 companies. During 2019 there were 18 expansion/equipment upgrades some of which remain confidential, for a total of $373,046,510 in new capital investments and 117 new jobs. Below are some further details on some of the expansions and announcements which are not confidential in nature:

- Mid-Ohio Tubing, LLC made a $4.2 million capital expansion, which is a 100,000 sq. foot, 13 acre plant which will serve as a tubing/roller forming mill in the process of producing galvanized steel tubing for metal framing. This will also create 24 new jobs.
- AlphaPet made a $2.6 million capital investment to its equipment and installation process to provide its products with a higher recycled content of 15%.
- Chemtrade Solutions LLC made a $500 thousand capital investment.
- Daikin America made a $195 million capital investment to add polymer production capability, associated monomer production, utility systems, infrastructure enhancements and R&D capabilities to bolster its Decatur campus. This will create 50 new jobs. An additional $30 million investment was made to expand its local Decatur plant.
- Nucor Steel made a $102 million investment for a new galvanization line project.
- OCI Alabama created a second process line worth $5.25 million at existing processing building. The functionality of the plant is to make sodium carbonate, a dry bleach used in consumer products such as laundry detergent, laundry bleach and auto dishwashing applications.
- Yates Industries invested $3.7 million in an addition to their manufacturing and repair facility, installing a large computer numerical control boring mill, which would be one of the largest in North Alabama. This investment doubled the size of the existing facility to 72,000 sq. feet.
- GE Appliances, a Haier Company, announced its Decatur refrigerator manufacturing plant was named the best manufacturing plant in the country according to Assembly Magazine.

Retail Districts Expanding

In addition to the industrial expansion noted above, the City’s retail establishments have continued to thrive and expand as well. Some of the more notable items during 2019 and continuing into 2020 are as follows:

- The Capital investment in the 62,000 square foot Cook Museum of Natural Science being constructed in Downtown Decatur had a total investment since conception of $32.4 million dollars. The facility features a retail store, restaurant and event space. In addition, some of the museum features are 60,000 bees, a multitude of bugs and more than 260 other animals. There are four species that are on the threatened list, with an announcement of one another pending. There are seven aquatic tanks, including a 15,000 gallon saltwater tank. The museum saw 90,000 visitors in the eight months it has been open.
- Steak Down Street and Such-N-Such Barbecue are some of the notable restaurants to open.
- Residence Inn by Marriott opened a new facility in 2019. From parties and receptions to reunions and meetings, this newly renovated facility provides all your event needs.
- An upscale indoor/outdoor venue located downtown was opened, called The Albany.
- SiP Cigars & Lounge opened downtown, providing an enclitic atmosphere for buy or enjoy their variety of modern boutique and tried and true classic cigars.
- Downtown Decatur also saw the opening of Absaroka, a Western Boutique clothing store.
- Tractor Supply Co. announced it would be building a 19,000 square foot facility. The store sells products for home improvement, agriculture lawn/garden maintenance, livestock and pet care.

- As the development of Point Mallard Centre flourished, in 2019 the pre-zoning and/annexation phases continued as part of the city's investment to develop infrastructure to the read of this retail center. The 100 acres would welcome residential construction of approximately 300 homes.
- Approval for the construction of 60 upper scale, riverfront lots entering Point Mallard was completed in 2019.
- 40 acres off of Central Parkway is being developed for residential purposes. This will see 50-60 entry level homes constructed.
- Huntsville Hospital announced a joint venture partnership with Urgent Team Family of Urgent Care & Walk-In Centers that will bring a facility to Decatur. The center will be open seven days a week and provide treatment for injuries, illnesses and conditions that are urgent, but non-life threatening.
- The City continued its partnership with the Singing River Trail. This a multi-use path that connects Decatur and the Wild Life Refuge to Athens, Madison, Huntsville, and the majority of North Alabama.
- A continuation of the Bill Sims Bike Trail was completed, connecting Austin Middle School, Austin High School and Jack Allen Park. This is a biking and running/walking trail embodies a rich diversity of terrain and sights. Beginning as asphalt, transferring to on-street transport, and transforming into a shady, well-maintained gravel trail over smooth terrain in our local parks, the Decatur Trail is a crowd-pleaser for all outdoor recreation groups.
- The announcement of Robotics Technology Park annexing into the City limits, occurred in fiscal year 2019. Robotics Technology Park is a facility that provides a technically trained, highly skilled, and educated workforce the tools for automation and robotics. Its programs assist public and private entities in developing new robotics systems and technologies that promote the creation, growth, or expansion of companies through innovative technology solutions.

Comprehensive Plan

One Decatur is the name of an effort launched in 2016 to create a new comprehensive plan for our city that is rooted in community values and aspirations. A 40 member steering committee was selected from some 200 applications in a blind selection process that assured a fair representation of our community. Through over 15 months and many workshops, focus groups, and online tools, over 800 people provided more than 2,000 data points for One Decatur. Jamie Greene of Planning Next and his team facilitated and led the process with the support of the city planning department. The plan was approved in fiscal year 2018. It serves as a guide for decision makers and the community providing information regarding future development and the City's quality of life. The cornerstone of the plan resides in a formal Capital Improvement Plan (CIP) that is consistent with the plan's recommendations. This CIP will be a fundamental management document that outlines projected capital needs, and time-frames for completion. This Comprehensive Plan was adopted in FY18 and some of the first steps accomplished was the rewriting of the City's development codes. This is a plan that consolidates the efforts of many throughout the city. Some of the first step accomplishments include:

- Clarion updating the zoning ordinances – the City is working on finalizing Module 1
- The investment committee taking part in preliminary discussion of a Capital Improvements Program (CIP)
- Beautification efforts on AL Highway 31 by members of the private sector is in process and currently in the public comment phase. There is an active, apparent and visible effort being made by many groups to clean Highway 67 around the river.
- Extensions of utilities in designated areas of growth – Indian Hills Road sewer extension will soon be completed. Approximately 200 new single family will be available.
- The advisory council has recommended and implementing a Decatur City Schools Summer Learning Academy at West Decatur Elementary.
- The continuation of multi-cultural local events like the Tour of Historic African American Churches and the Celebrating Early Old Town with ART (CEOTA) initiative, which hopes to build a museum centered on the Scottsboro Boys Trial and the paintings of Frances Tate.
- SWEETY Camp (Summer Welding and Electrical Technology Camp), YouScience (9th graders to determine aptitude and interest for 135 career paths), June 2020 imitation of CYBER Security camp also took place.
- Hired a specialist in Historic Preservation
- Downtown WIFI implemented

- E-center currently incubating and mentoring 40 startup businesses
- Right of Way acquisition in Limestone County has begun for the State Route Highway 20/ Bibb Garret Overpass is in process

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.
- 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).
- Government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities of the City include general government, public safety, public works, public services, educational, community service, community development, and personnel board functions. The educational function relates to financial resources provided to the Decatur Board of Education for support of the city school system.
- Business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard. All of these activities are collectively referred to in the financial statements as those of the primary government.
- Financial information of the Board of Education is referred to in the financial statements as that of the discretely-presented component unit. This discussion and analysis focuses on the primary government. Complete financial statements (including MD&A) of the component unit may be obtained from the Finance Department of the City.
- The government-wide financial statements can be found beginning on page 17 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.
- 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 decision

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 16 individual governmental funds. The General 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 14 other governmental funds are considered to be non-major governmental funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found beginning on page 19 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 as supplementary information.

The basic proprietary fund financial statements can be found beginning on page 25 of this report.

Notes to the Financial Statements

- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on pages 29 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 102 of this report.

Government-Wide Financial Analysis

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

- The largest portion of the City's net position is reflected in its investment in capital assets (e.g. Land, buildings, improvements other than buildings, 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 13.4% 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 $(110.9) million, which consists of $(106.6) million from governmental activities and $(4.3) million from business-type activities.
- Net position from governmental activities increased $17.8 million in fiscal year 2019. This is mostly attributed to General Fund revenues exceeding budgeted revenue – $5.3 million, in addition to General Fund expenditures not exceeding budgeted expenditures - $5.3M. These results were created by using a conservative approach during a rising market. Also, the Other Post Employment Benefit's long-term portion of the debt decreased by $7.4 million.
- Cash in General Fund increased $3.7 million and General Fund's revenue, lease proceeds and transfers-in exceeded expenditures and transfers out by $4.0 million.
- Sales tax revenues in governmental funds increased $3.8 million and property also increased by $1.0 million in 2019.
- Net position from business-type activities increased $15.2 million as long term liabilities decreased by $5.2 million and Capital assets increased by $11.0 million.
- Decatur Utilities continued to make upgrades and improvements to its Wastewater system and completed work on the Beltline Sewer Project contributing to the large increase in capital assets noted above.

City of Decatur's Net Position

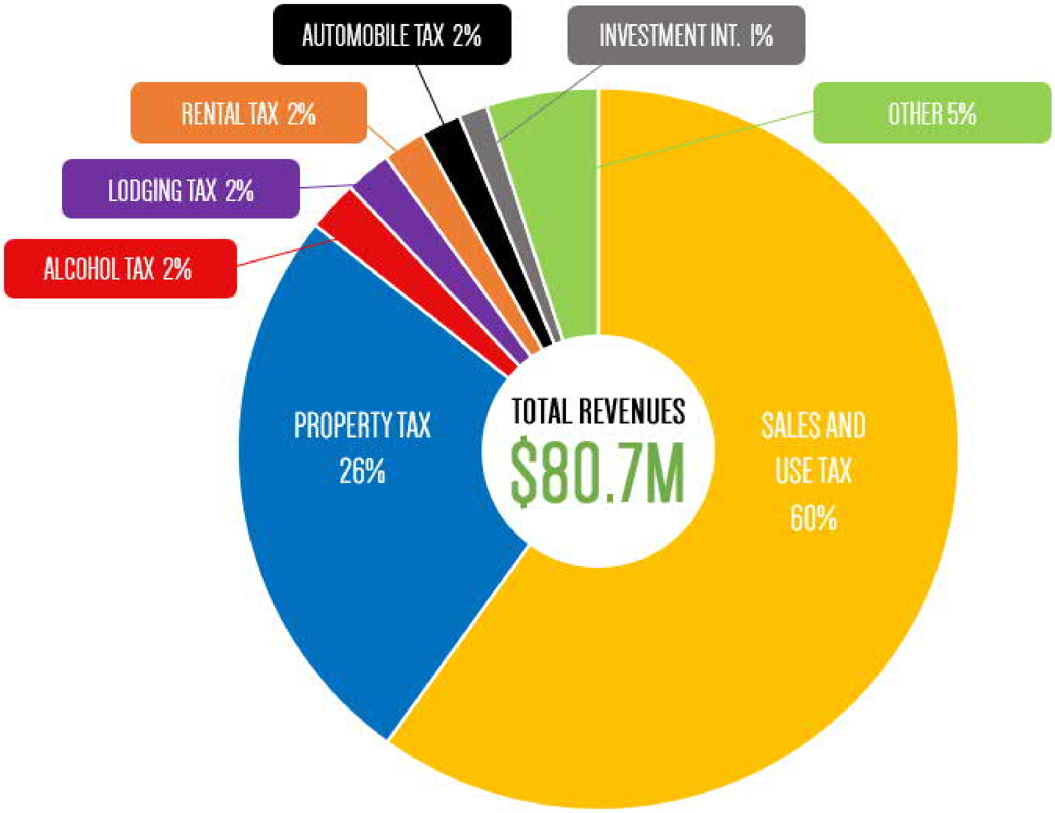
	Governmental Activities			Business-Type Activities			Total	
	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018
ASSETS								
Current and other asset	$ 50,230,614	$ 47,711,043	$ 2,519,571	$ 106,157,740	$ 112,144,319	$(5,986,579)	$ 156,388,354	$ 159,855,362
Capital Assets	87,798,313	81,880,520	5,917,793	293,316,804	282,293,210	11,023,594	381,115,117	364,173,730
Total assets	138,028,927	129,591,563	8,437,364	399,474,544	394,437,529	5,037,015	537,503,471	524,029,092
DEFERRED OUTFLOWS OF RESOURCES								
Losses on debt refundings	682,558	812,129	(129,571)	-	-	-	682,558	812,129
OPEB Contributions	2,657,264	2,378,928	278,336	168,966	150,680	18,286	2,826,230	2,529,608
Pension contributions subsequent to measurement date	7,856,123	6,844,978	1,011,145	3,317,985	2,478,535	839,450	11,174,108	9,323,513
Total deferred outflows of resources	11,195,945	10,036,035	1,159,910	3,486,951	2,629,215	857,736	14,682,896	12,665,250
LIABILITIES								
Long-term liabilities outstanding	181,040,518	191,833,825	(10,793,307)	106,583,548	116,340,215	(9,756,667)	287,624,066	308,174,040
Other liabililties	6,695,592	7,147,626	(452,034)	24,821,173	30,309,292	(5,488,119)	31,516,765	37,456,918
Total liabilities	187,736,110	198,981,451	(11,245,341)	131,404,721	146,649,507	(15,244,786)	319,140,831	345,630,958
DEFERRED INFLOWS OF RESOURCES								
Excess of actual earnings over projected earnings on OPEB plan investments	15,102,282	12,203,143	2,899,139	5,966,798	772,942	5,193,856	21,069,080	12,976,085
Excess of actual earnings over projected earnings on pension plan investments	3,930,407	3,825,934	104,473	2,702,559	2,092,241	610,318	6,632,966	5,918,175
Total deferred inflows of resources	19,032,689	16,029,077	3,003,612	8,669,357	2,865,183	5,804,174	27,702,046	18,894,260
NET POSITION								
Net investment in capital assets	45,494,769	34,773,577	10,721,192	243,198,235	226,886,818	16,311,417	288,693,004	261,660,395
Restricted:								
Debt service	-	-	-	24,012,716	23,603,852	408,864	24,012,716	23,603,852
Capital Improvements	55,505	49,259	6,246	-	-	-	55,505	49,259
Other	3,515,092	3,459,903	55,189	-	-	-	3,515,092	3,459,903
Unrestricted (deficit)	(106,609,293)	(113,665,669)	7,056,376	(4,323,534)	(2,938,616)	(1,384,918)	(110,932,827)	(116,604,285)
Total net position	(57,543,927)	(75,382,930)	17,839,003	262,887,417	247,552,054	15,335,363	205,343,490	172,169,124

City of Decatur's Changes in Net Position

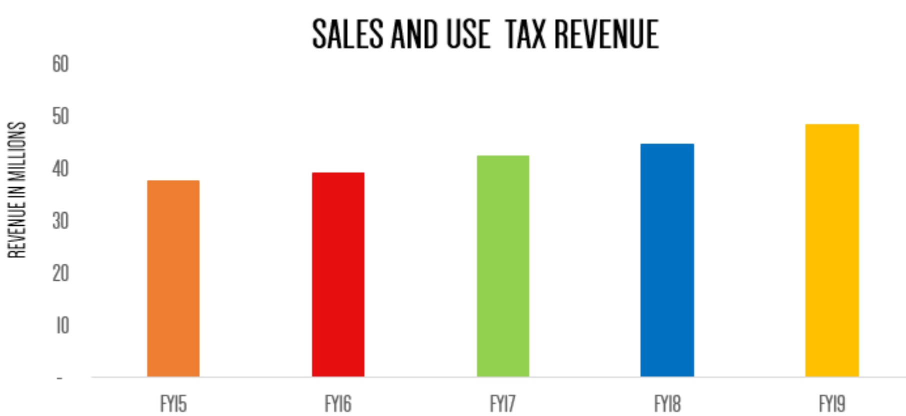
	Governmental Activities			Business Type Activities			Total	
	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018
REVENUES								
Program revenues:								
Charges for services	$ 13,922,847	$ 13,877,423	$ 45,424	$ 156,427,975	$ 157,642,367	$ (1,214,392)	$ 170,350,822	$ 171,519,790
Operating grants and contributions	1,673,621	1,246,909	426,712	-	-	-	1,673,621	1,246,909
Capital grants and contributions	6,750,266	6,397,687	352,579	3,907,937	359,349	3,548,588	10,658,203	6,757,036
General revenues							-	-
Sales taxes	48,372,767	44,540,749	3,832,018	-	-	-	48,372,767	44,540,749
Property taxes and payemnts in lieu of taxes	20,754,352	19,733,997	1,020,355	-	-	-	20,754,352	19,733,997
Other taxes	10,502,155	9,873,012	629,143	-	-	-	10,502,155	9,873,012
Interest on investments	1,032,167	216,775	815,392	1,883,254	1,329,049	554,205	2,915,421	1,545,824
Other revenue	37,239	383,589	(346,350)	583,010	(145,266)	728,276	620,249	238,323
Total revenues	103,045,414	96,270,141	6,775,273	162,802,176	159,185,499	3,616,677	265,847,590	255,455,640
EXPENSES								
General government	9,470,149	6,609,977	2,860,172	-	-	-	9,470,149	6,609,977
Public safety	26,386,902	25,480,437	906,465	-	-	-	26,386,902	25,480,437
Public works	8,228,481	7,741,903	486,578	-	-	-	8,228,481	7,741,903
Public services	11,193,931	10,568,698	625,233	-	-	-	11,193,931	10,568,698
Educational assistance	23,232,204	38,829,561	(15,597,357)	-	-	-	23,232,204	38,829,561
Community service contracts	2,794,596	2,693,160	101,436	-	-	-	2,794,596	2,693,160
Community development	1,293,569	940,730	352,839	-	-	-	1,293,569	940,730
Interest on long-term debt	1,417,048	1,529,897	(112,849)	-	-	-	1,417,048	1,529,897
Unallocated depreciation	1,985,191	2,093,773	(108,582)	-	-	-	1,985,191	2,093,773
Municipal Utilities Board	-		-	135,287,508	134,675,442	612,066	135,287,508	134,675,442
Point Mallard	-		-	5,718,591	5,885,957	(167,366)	5,718,591	5,885,957
Sanitary Landfill	-		-	5,665,053	10,265,722	(4,600,669)	5,665,053	10,265,722
			-				-	
Total expenses	86,002,071	96,488,136	(10,486,065)	146,671,152	150,827,121	(4,155,969)	232,673,223	247,315,257
Increase (decrease) in net position before tran:	17,043,343	(217,995)	17,261,338	16,131,024	8,358,378	7,772,646	33,174,367	8,140,383
Transfers	795,661	(9,188,159)	9,983,820	(795,661)	9,188,159	(9,983,820)	-	-
Increase (decrease) in net position	17,839,004	(9,406,154)	27,245,158	15,335,363	17,546,537	(2,211,174)	33,174,367	8,140,383
Net position - beginning of year, as restated	(75,382,931)	(65,976,776)	(9,406,155)	247,552,054	230,005,517	17,546,537	172,169,123	164,028,741
Net position - end of year	$ (57,543,927)	$ (75,382,930)	$17,839,003	$ 262,887,417	$ 247,552,054	$15,335,363	$ 205,343,490	$ 172,169,124

Governmental Activities

The following is a breakout of the Governmental Activities General Revenues:



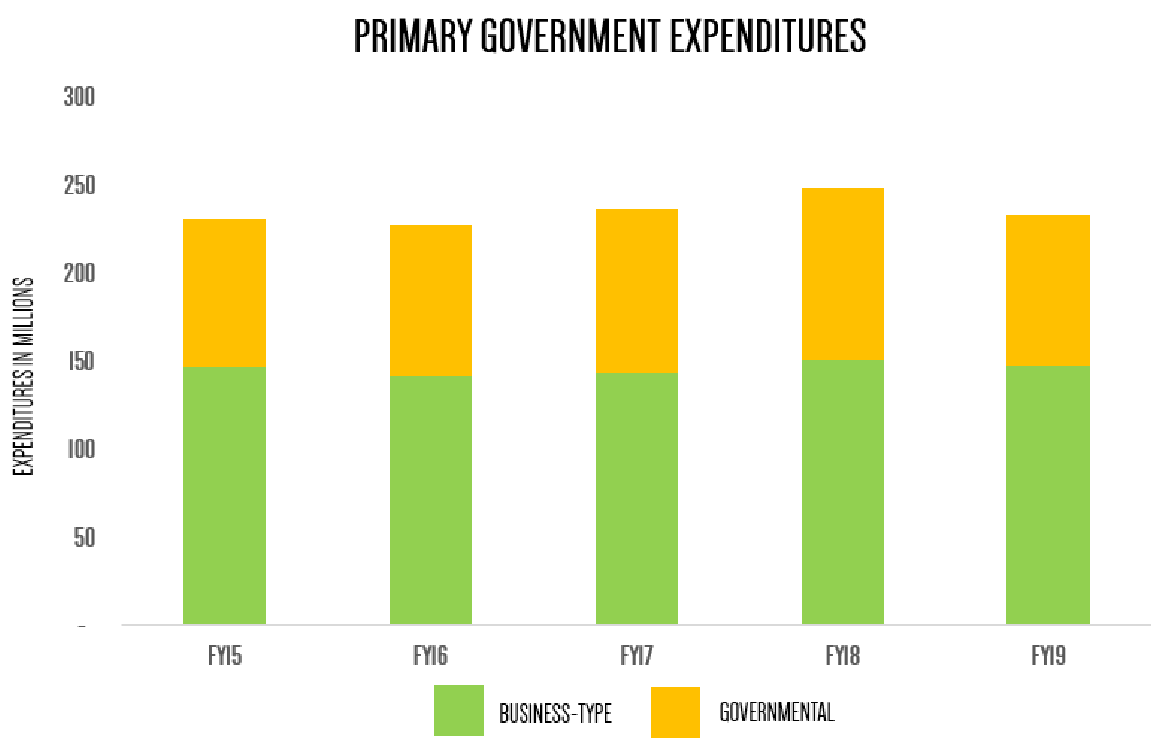
- Revenues from governmental activities increased $6.8 million during 2019. Revenue from property taxes increased $1.0 million, along with sales taxes increasing $3.8 million. Capital grants and contributions increased in the current year by $427 thousand, with the continued additions of Alabama Transportation Rehabilitation and Improvement Project, as well as Metropolitan Planning Organizations projects. With the implementation of an investment advisory committee to oversee city investment policy and strategy, interest on investments increase $815 thousand. All other taxes remained fairly constant with increases in one area offsetting decreases in another.



- In the General Fund, fiscal 2019 Public Safety expenditures increased from fiscal 2018 expenditures by $2.4 million. The fire department purchased one new fire truck at a cost of $1.3 million in FY19.
- Business license revenue increased by $155 thousand from FY18 due to continued efforts in revenue code enforcement throughout the city.
- The City paid an additional $1.3 million to the City Board of Education in FY2019 resulting from an increase in property tax revenue of $604,557 and an increase in sales tax revenue of $545,815 collected on their behalf.
- Revenue from capital grants and contributions increased $427 thousand as previously stated related to money received from ATRIP and MPO for reconstruction of Spring Avenue and other various road projects.

Business-Type Activities

- The business-type activities total net position increased $15.3 million from 2018. Although total revenues increased $3.0 million, the total net position further increased primarily due to a decreased in expenses from a $4.5 million cost related to landfill closure/post closure services performed in FY18 that did not reoccur in FY19.
- From fiscal year 2018 to 2019, Electric System operating revenues decreased 1.61% due to a decrease in unbilled revenue as compared to the prior year. Net position increased 4.9% from the prior year.
- From fiscal year 2018 to 2019, Gas System operating revenues decreased 1.53% from lower volumes in residential, commercial, and flex classes. Net position increased 6.23% from the prior year mainly from increased aid in construction.
- From fiscal year 2018 to 2019, operating revenues for the Water System increased 2.72% as a result of volumetric increases from all customer classes except commercial. Other revenue (expenses) increased due to higher interest income and lower interest expense. Net position increased 10.63% from the prior year.
- Operating revenues for the Wastewater System increased 1.43% due to increased industrial and governmental volumes and surcharges. Aid in construction was significantly lower than 2018 due to City of Decatur Beltline extension project finishing in the prior year. Net position increased 4.40% 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, 2019 were $42.8 million, an increase of $3.2 million from the 2018 fiscal year. Of this amount, $13.8 million constitutes unassigned and $25.2 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.
- Fund balance of General Fund increased $4 million over 2018. Revenues increased $4 million as sales taxes in general fund increased by $3.2 million while other revenues increased nearly $1.6 million. General Fund expenditures increased $1.6 million. Although overall debt expenditures decreased, due to no new debt being issued and normal principal payments continuing as scheduled, public safety and general government expenditures increased to offset this primarily due to large budgeted capital expenditures. Further information on capital expenditures for the year have been discussed in detail o the following page.

Other Notes to Governmental 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 $542 thousand which is related to the internal loan balances to General Fund and the Landfill Fund to finance the construction of the 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 non-major capital project funds decreased by $1.2 million due to continued capital projects. A significant portion of the funding in 2019 came from federal and state funded 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 $37 million.
- The 7 cent gas tax fund has a fund balance of $11 thousand, which corrects the deficit fund balance of ($55) thousand of the prior year. A payment of $100 thousand was recorded as a receivable from the Alabama Department of Transportation at the end of 2018, however, this was received after the City's mandated 60 day cut-off for reporting as available for use purposes. Therefore, this amount had been deferred in the prior year creating the deficit which was corrected by receipt of these funds in 2019.

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 $15.2 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.

General Fund

- The FY19 revenue budget was $3.3 million above FY18 due primarily to taxes and payments in lieu of taxes revenues exceeding FY18 budget by $3.0 million.
- Sales tax was $3.2 million over budget due to increased expansion of commerce and conservative budgeting of revenue increases.
- Business licenses and permits exceeded FY19 budget by $143 thousand. This is due to a continued effort made by the Revenue Department to enforce the business license laws of the city.
- Payments In lieu of taxes exceeded the budgeted amount by $522 thousand for 2019. This was due primarily to an increase in taxes received from financial institutions and Tennessee Valley Authority.
- All expenses were lower than budgeted amounts by $5.3 million in total. This was due to conservative budgeting of revenue and expenditures being monitored against the anticipated overall revenue.
- Overall, revenues for FY19 exceeded amended budget by $5.2 million and also exceeded FY18 actual revenues by $4.8 million.
- The 2019 actual expenditures of $65.1 million fell short of the final amended revenue budget of $70.5 million by $5.4 million.

Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2019 totals $381.1 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 $18 million from 2018.
- Capital assets used by governmental activities increased $7 million primarily attributable to various infrastructure improvements in progress at year-end
- Capital assets used for business-type activities increased by $11 million primarily due to opening of a new cell at the landfill and normal expansions of the utility systems within the Municipal Utilities Board Fund.

Major Capital Events during the Fiscal Year

- $1 million was spent on fleet vehicles for the police department.
- $1.2 million was spent on a new fire truck for the fire department.
- $380 thousand was spent on heavy equipment and vehicles for the parks department.
- $618 thousand was spent on heavy equipment and vehicles for the street department.
- $1.5 million was spent on heavy equipment and vehicles for the landfill and recycling.
- $357 thousand was spent on heavy equipment and improvements to pools and parking lots.
- $307 thousand was spent on server and other technology upgrades and software for the information systems department.
- $930 thousand was spent on city financial software implementation.

City of Decatur's Capital Assets

	Governmental Activities			Business-Type Activites			Total	
	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018
Land	$ 10,088,694	$ 10,091,793	$ (3,099)	$ 4,568,653	$ 4,569,930	$ (1,277)	$ 14,657,347	$ 14,661,723
Land improvements	10,353,892	11,556,646	(1,202,754)	-	-	-	10,353,892	11,556,646
Buildings and improvements	18,215,823	19,309,357	(1,093,534)	15,203,571	14,317,599	885,972	33,419,394	33,626,956
Infrastructure	17,271,140	18,264,093	(992,953)	-	-	-	17,271,140	18,264,093
Construction in progress	22,443,326	13,886,846	8,556,480	9,494,515	16,222,625	(6,728,110)	31,937,841	30,109,471
Machinery and equipment	9,425,438	8,771,785	653,653	3,728,906	2,904,474	824,432	13,154,344	11,676,259
Utilitty plant-in-service	-	-	-	260,321,159	244,278,583	16,042,576	260,321,159	244,278,583
	$ 87,798,313	$ 81,880,520	$ 5,917,793	$ 293,316,804	$ 282,293,211	$11,023,593	$ 381,115,117	$ 364,173,731

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

Long-Term Debt

- As of September 30, 2019, the City had $97.5 million in long-term debt outstanding. Of this amount, $47.3 million is debt backed by the full faith and credit of the City and $50.2 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt). Long-term debt of the governmental activities decreased by $4.1 million. The overall decrease is primarily attributable to the overall principal reductions on existing debt during the year and no new debt.
- Long-term debt of Business-Type Activities is fully attributable to Decatur Utilities (the Municipal Utilities Board Fund). Decatur Utilities and the City issue revenue bonds primarily to finance improvements to the water and wastewater systems. These bonds are repaid from revenues derived by DU from operation of the Systems. The Utility System issued 9.4 million in new debt in 2019, however, principal payments of 14.7 million exceeded this for an overall reduction in long-term debt of the Business-Type Activities of 5.3 million.
- Decatur City Board of Education's long-term debt as of September 30, 2019 amounted to $277 million in capital outlay warrants, notes, capital leases and its net pension obligation. The School System's ad valorem tax payments, other local taxes and public school funds have been pledged for repayment of this debt.

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

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018	Change	September 30, 2019	September 30, 2018
General obligation warrants	$ 46,567,245	$ 50,404,000	$(3,836,755)	$ -	$ -	$ -	$ 46,567,245	$ 50,404,000
Revenue warrants	-	-	-	50,175,000	55,450,000	(5,275,000)	50,175,000	55,450,000
Capital leases	769,029	1,071,462	(302,433)	-	-	-	769,029	1,071,462
	$ 47,336,274	$ 51,475,462	$ (4,139,188)	$ 50,175,000	$ 55,450,000	$(5,275,000)	$ 97,511,274	$ 106,925,462

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, 2019 the City's allocable debt outstanding was $95 million less than the legal debt limit. Additional information regarding the City's long-term debt can be found in Notes 4E and 4D of the Notes to the Financial Statements.

2020 Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2020 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 current economic conditions with an overall increase of 5.8%, as 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 Kyle Demeester, Finance Manager, P.O. Box 488 Decatur, Alabama 35602, by calling (256) 341-4561, or by sending an email to kdemeester@decatur-al.gov.

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

CITY OF DECATUR Alabama

the City of Opportunity

BASIC FINANICAL STATEMENTS

City of Decatur
Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	$ 42,891,113	$ 61,561,557	$ 104,452,670	$ 35,830,959
Receivables (net of allowances)	5,505,184	17,418,684	22,923,868	-
Due from governmental entities	1,616,226	-	1,616,226	22,680,980
Inventories	44,667	2,064,758	2,109,425	293,588
Prepaid items	140,368	-	140,368	-
Other	696,326	134,085	830,411	-
Internal balances	(663,270)	663,270	-	-
Restricted assets				
Cash & investments, at cost	-	24,315,386	24,315,386	2,824,543
Capital assets				
Land, collections and construction in process	32,532,020	14,063,168	46,595,188	12,379,359
Other assets, net of accum. depreciation	55,266,293	279,253,636	334,519,929	157,764,794
TOTAL ASSETS	138,028,927	399,474,544	537,503,471	231,774,223
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	682,558	-	682,558	-
OPEB contributions subsequent to measurement date	2,657,264	168,966	2,826,230	6,157,026
Pension contributions subsequent to measurement date	7,856,123	3,317,985	11,174,108	12,727,487
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,195,945	3,486,951	14,682,896	18,884,513
LIABILITIES				
Accounts payable	2,605,231	11,273,347	13,878,578	1,367,646
Accrued liabilities	1,542,058	2,388,682	3,930,740	8,631,142
Contract retainages	-	-	-	-
Due to component units	2,068,926	-	2,068,926	-
Due to governmental entities	-	-	-	-
Customer deposits	302,494	7,034,144	7,336,638	-
Deferred revenue	173,112	-	173,112	37,133
Other	3,771	-	3,771	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	4,125,000	4,125,000	-
Noncurrent liabilities				
Due within one year	4,456,988	215,176	4,672,164	3,154,469
Due in more than one year	176,583,530	106,368,372	282,951,902	273,927,410
TOTAL LIABILITIES	187,736,110	131,404,721	319,140,831	287,117,800
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	18,155,000
Net difference between projected and actual earnings on OPEB plan investments	15,102,282	5,966,798	21,069,080	6,159,245
Net difference between projected and actual earnings on pension plan investments	3,930,407	2,702,559	6,632,966	8,778,000
TOTAL DEFERRED INFLOWS OF RESOURCES	19,032,689	8,669,357	27,702,046	33,092,245
NET POSITION				
Invested in capital assets, net of related debt	45,494,769	243,198,235	288,693,004	42,603,217
Restricted for:				
Highways and Streets	55,505	-	55,505	1,546,180
Debt service	-	24,012,716	24,012,716	8,375,317
Other	2,314,528	-	2,314,528	2,793,175
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,200,564	-	1,200,564	-
Unrestricted	(106,609,293)	(4,323,534)	(110,932,827)	(124,869,198)
TOTAL NET POSITION	$ (57,543,927)	$ 262,887,417	$ 205,343,490	$ (69,551,309)

The accompanying notes are an integral part of this statement.

City of Decatur
Statement of Activities
For the Year Ended September 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE: CHARGES FOR SERVICES	PROGRAM REVENUE: OPERATING GRANTS & CONTRIBUTIONS	PROGRAM REVENUE: CAPITAL GRANTS & CONTRIBUTIONS	NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES	NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS: BUSINESS-TYPE ACTIVITIES	NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 9,470,149	$ 7,032,271	$ -	$ 500,944	$ (1,936,934)	$ -	$ (1,936,934)	$ -
Public safety	26,386,902	1,784,133	61,854	-	(24,540,915)	-	(24,540,915)	-
Public works	8,228,481	4,438,798	786,265	5,155,002	2,151,584	-	2,151,584	-
Public services	11,193,931	667,645	47,661	515,959	(9,962,666)	-	(9,962,666)	-
Educational assistance	23,232,204	-	-	-	(23,232,204)	-	(23,232,204)	-
Community development	1,293,569	-	777,841	578,361	62,633	-	62,633	-
Community service contracts	2,794,596	-	-	-	(2,794,596)	-	(2,794,596)	-
Interest on long-term debt	1,417,048	-	-	-	(1,417,048)	-	(1,417,048)	-
Unallocated depreciation	1,985,191	-	-	-	(1,985,191)	-	(1,985,191)	-
TOTAL GOVERNMENTAL ACTIVITIES	86,002,071	13,922,847	1,673,621	6,750,266	(63,655,337)	-	(63,655,337)	-
BUSINESS-TYPE ACTIVITIES								
Municipal Utilities Board	135,287,508	144,243,694	-	3,907,937	-	12,864,123	12,864,123	-
Point Mallard	5,718,591	5,155,091	-	-	-	(563,500)	(563,500)	-
Sanitary Landfill	5,665,053	7,029,190	-	-	-	1,364,137	1,364,137	-
TOTAL BUSINESS-TYPE ACTIVITIES	146,671,152	156,427,975	-	3,907,937	-	13,664,760	13,664,760	-
TOTAL PRIMARY GOVERNMENT	232,673,223	170,350,822	1,673,621	10,658,203	(63,655,337)	13,664,760	(49,990,577)	-
COMPONENT UNIT								
Decatur City Board of Education	113,756,185	7,930,399	57,324,843	2,516,328	-	-	-	(45,984,615)
TOTAL COMPONENT UNIT	$ 113,756,185	$ 7,930,399	$ 57,324,843	$ 2,516,328	-	-	-	(45,984,615)
GENERAL REVENUES								
Sales & use taxes					48,372,767	-	48,372,767	19,369,870
Property taxes and payments in lieu of taxes					20,754,352	-	20,754,352	18,670,296
Other taxes					10,502,155	-	10,502,155	980,883
Interest on investments					1,032,167	1,883,254	2,915,421	695,209
Other					37,239	583,010	620,249	5,067,813
Transfers					795,661	(795,661)	-	-
TOTAL GENERAL REVENUES & TRANSFERS					81,494,341	1,670,603	83,164,944	44,784,071
CHANGE IN NET POSITION					17,839,004	15,335,363	33,174,367	(1,200,544)
Net position, beginning					(75,382,931)	247,552,054	172,169,123	(68,350,765)
NET POSITON, ENDING					$ (57,543,927)	$ 262,887,417	$ 205,343,490	$ (69,551,309)

The accompanying notes are an integral part of this statement.

City of Decatur
Governmental Funds
Balance Sheet
September 30, 2019

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash & investments	$ 34,266,306	$ 1,055,238	$ 6,738,627	$ 42,060,171
Cash with fiscal agents	703,145	-	127,797	830,942
Receivables (net of allowances)				
Accounts	572,181	748	57,427	630,356
Notes	-	-	-	-
Taxes	3,903,798	920,147	50,883	4,874,828
Due from other funds	1,404,878	22,338	56,807	1,484,023
Due from governmental entities	456,084	110,574	1,049,568	1,616,226
Deposits	71,405	-	624,921	696,326
Prepaids	140,368	-	-	140,368
Inventories	44,667	-	-	44,667
Total assets	41,562,832	2,109,045	8,706,030	52,377,907
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Accounts payable	2,139,270	40,119	425,842	2,605,231
Accrued liabilities	1,050,092	-	24,682	1,074,774
Contract retainages	-	-	-	-
Due to other funds	522,963	-	1,624,330	2,147,293
Due to component units	-	2,068,926	-	2,068,926
Due to governmental entities	-	-	-	-
Customer deposits	302,494	-	-	302,494
Other	3,553	-	218	3,771
Total liabilities	4,018,372	2,109,045	2,075,072	8,202,489
Deferred Inflows of Resources	472,707	-	856,138	1,328,845
Fund Balances				
Nonspendable	185,035	-	1,200,564	1,385,599
Restricted	1,312	-	2,368,721	2,370,033
Committed	23,075,429	-	2,205,535	25,280,964
Unassigned	13,809,977	-	-	13,809,977
Total fund balance	37,071,753	-	5,774,820	42,846,573
Total liabilities, inflows and fund balance	$ 41,562,832	$ 2,109,045	$ 8,706,030	

The accompanying notes are an integral part of this statement.

City of Decatur
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2019

Total fund balance per Govenmental Funds Balances Sheet	$	42,846,573
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.		87,798,313
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds.		1,155,733
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		(37,446,677)
The deferred outflows of resources, deferred inflows of resources, and the net other post employment benefits liability related to the City's other post retirement plans are not expected to be liquidated with expendable financial resources and therefore, are not reported in the funds.		(100,310,081)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(51,587,788)
Net position of governmental activities	$	(57,543,927)

The accompanying notes are an integral part of this statement.

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes In Fund Balance
For the Year Ended September 30, 2019

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Sales & use taxes	$ 37,337,193	$ 11,035,573	$ -	$ 48,372,766
Property taxes	4,189,494	10,412,992	-	14,602,486
Other taxes	8,193,182	1,196,627	584,370	9,974,179
Licenses & permits	7,079,882	-	-	7,079,882
Fines & forfeitures	421,345	-	473,010	894,355
Revenues from money & property	1,149,615	-	142,461	1,292,076
Charges for services	5,686,552	-	-	5,686,552
Intergovernmental	5,756,359	587,012	7,900,296	14,243,667
Gifts & donations	79,680	-	40,000	119,680
Other revenues	186,283	-	223,676	409,959
Total revenues	70,079,585	23,232,204	9,363,813	102,675,602
Expenditures				
Current				
General government	12,177,261	-	1,493,846	13,671,107
Public safety	27,562,204	-	231,634	27,793,838
Public works	7,798,019	-	7,431,692	15,229,711
Public services	9,777,417	-	24,948	9,802,365
Educational assistance	-	23,232,204	-	23,232,204
Community services contracts	2,794,596	-	-	2,794,596
Community development	358,078	-	1,857,721	2,215,799
Debt service				
Principal	3,648,741	-	490,494	4,139,235
Interest and fiscal charges	1,071,133	-	301,507	1,372,640
Debt issuance costs	-	-	-	-
Total expenditures	65,187,449	23,232,204	11,831,842	100,251,495
Excess (deficiency) of revenues over expenditures	4,892,136	-	(2,468,029)	2,424,107
Other Financing Sources (Uses)				
Capital lease proceeds	-	-	-	-
Transfers in	25,322	-	1,871,255	1,896,577
Transfers (out)	(883,739)	-	(217,177)	(1,100,916)
Total other financing (uses) sources	(858,417)	-	1,654,078	795,661
Net change in fund balance	4,033,719	-	(813,951)	3,219,768
Fund balance, beginning	33,038,034	-	6,588,771	39,626,805
Fund balance, ending	$ 37,071,753	$ -	$ 5,774,820	$ 42,846,573

The accompanying notes are an integral part of this statement.

City of Decatur
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balanes of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2019

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

Net change in fund balances - total governmental funds	$ 3,219,768
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense.	6,055,016
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.	(137,223)
Revenues in the statement of activities that do not provide current financial resources	(279,456)
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.	4,063,534
Other expenses reported in the Statement of Activities that do not require current financial resources.	4,917,365
Change In Net Position Of Governmental Activities	$ 17,839,004

The accompanying notes are an integral part of this statement.

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget & Actual
For the Year Ended September 30, 2019

	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	$ 45,890,300	$ 45,981,523	$ 49,719,869	$ 3,738,346	$ 21,785,500	$ 21,785,500	$ 23,232,204	$ 1,446,704
Licenses and permits	6,865,200	6,865,200	7,079,882	214,682	-	-	-	-
Fines and forfeitures	439,850	439,850	421,345	(18,505)	-	-	-	-
Revenues from money and property	340,000	340,000	1,149,615	809,615	-	-	-	-
Charges for services	5,652,748	5,652,748	5,686,552	33,804	-	-	-	-
Intergovernmental	5,225,613	5,225,613	5,756,359	530,746	-	-	-	-
Gifts and donations	100,188	100,188	79,680	(20,508)	-	-	-	
Other revenues	224,000	224,000	186,283	(37,717)	-	-	-	-
Total revenues	64,737,899	64,829,122	70,079,585	5,250,463	21,785,500	21,785,500	23,232,204	1,446,704
Expenditures								
Current								
General government	12,994,467	13,886,558	12,177,261	1,709,297	-	-	-	-
Public safety	26,588,811	28,414,983	27,562,204	852,779	-	-	-	-
Public works	6,902,285	9,753,664	7,798,019	1,955,645	-	-	-	-
Public services	9,724,533	10,506,508	9,777,417	729,091	-	-	-	-
Educationalal assistance	-	-	-	-	21,785,500	21,785,500	23,232,204	(1,446,704)
Community services contracts	2,640,983	2,705,920	2,794,596	(88,676)	-	-	-	-
Community development	470,670	500,670	358,078	142,592				
Debt service								
Principal	3,667,006	3,667,006	3,648,741	18,265	-	-	-	-
Interest	1,070,985	1,070,985	1,071,133	(148)	-	-	-	-
Total expenditures	64,059,740	70,506,294	65,187,449	5,318,845	21,785,500	21,785,500	23,232,204	(1,446,704)
Excess of revenues over expenditures	678,159	(5,677,172)	4,892,136	10,569,308	-	-	-	-
Other Financing Sources (Uses)								
Capital lease proceeds	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Transfers in	7,000	7,000	25,322	18,322	-	-	-	-
Transfers out	(797,308)	(879,308)	(883,739)	(4,431)	-	-	-	-
Total other financing sources (uses)	(790,308)	(872,308)	(858,417)	13,891	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(112,149)	(6,549,480)	4,033,719	10,583,199	-	-	-	-
Fund balance, beginning	33,038,034	33,038,034	33,038,034	-	-	-	-	-
Fund balance, ending	$ 32,925,885	$ 26,488,554	$ 37,071,753	$ 10,583,199	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of this statement.

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2019

	Municipal Utilities Board	Other Enterprise Funds	Totals
Assets			
Current assets			
Cash & cash equivalents	$ 41,223,361	$ 20,338,196	$ 61,561,557
Receivables (net of allowance)			
Accounts	12,818,568	759,209	13,577,777
Other	3,840,907	-	3,840,907
Due from other funds	-	1,173,907	1,173,907
Inventories, at cost	2,025,872	38,886	2,064,758
Other	134,085	-	134,085
Total current assets	60,042,793	22,310,198	82,352,991
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	24,315,386	-	24,315,386
Capital assets:			
Land	3,071,923	1,496,730	4,568,653
Buildings	5,876,448	9,690,560	15,567,008
Improvements other than buildings	-	19,141,857	19,141,857
Furniture & equipment	-	9,507,445	9,507,445
Utility plant in service	444,546,693	-	444,546,693
Construction work in progress	9,494,515	-	9,494,515
Less accumulated depreciation	(184,225,534)	(25,283,833)	(209,509,367)
Total capital assets (net of accumulated depreciation)	278,764,045	14,552,759	293,316,804
TOTAL NONCURRENT ASSETS	303,079,431	14,552,759	317,632,190
Total assets	363,122,224	36,862,957	399,985,181
Deferred Outflows of Resources			
OPEB contribution	-	168,966	168,966
Pension contributions subsequent to measurement date	2,877,322	440,663	3,317,985
Total deferred outflows of resources	2,877,322	609,629	3,486,951

The accompanying notes are an integral part of this statement.

Liabilities			
Current liabilities			
Accounts payable	10,874,282	399,065	11,273,347
Accrued liabilities	2,248,179	140,503	2,388,682
Compensated absences	95,346	19,830	115,176
Claims payable	-	100,000	100,000
Customer deposits	7,034,144	-	7,034,144
Revenue warrants payable - current	4,125,000	-	4,125,000
Due to other funds	510,637	-	510,637
Total current liabilities	24,887,588	659,398	25,546,986
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	5,695,706	5,695,706
Revenue notes payable	45,993,569	-	45,993,569
Compensated absences	858,111	178,474	1,036,585
Claims payable	-	100,000	100,000
Net pension liability	17,002,450	2,244,562	19,247,012
Net other postemployment benefit liability	28,747,717	5,547,783	34,295,500
Total noncurrent liabilities	92,601,847	13,766,525	106,368,372
Total liabilities	117,489,435	14,425,923	131,915,358
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	5,748,671	218,127	5,966,798
Net difference between projected and actual earnings on pension plan investments	1,739,146	963,413	2,702,559
Total deferred inflows of resources	7,487,817	1,181,540	8,669,357
Net Position			
Invested in capital assets, net of related debt	228,645,476	14,552,759	243,198,235
Restricted for debt service	24,012,716	-	24,012,716
Unrestricted	(11,635,898)	7,312,364	(4,323,534)
Total net position	$ 241,022,294	$ 21,865,123	$ 262,887,417

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, 2019

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	$ 144,243,694	$ 12,184,281	$ 156,427,975
Total operating revenue	144,243,694	12,184,281	156,427,975
Operating expenses			
Personnel, operations & maintenance	113,702,317	8,496,693	122,199,010
Closure and postclosure costs	-	351,505	351,505
Depreciation and amortization	12,162,033	1,811,305	13,973,338
Administrative costs	7,638,869	724,141	8,363,010
Total operating expenses	133,503,219	11,383,644	144,886,863
Operating income (loss)	10,740,475	800,637	11,541,112
Nonoperating revenue (expenses)			
Interest income	1,718,309	164,945	1,883,254
Interest expense	(1,784,289)	-	(1,784,289)
Bad debt recoveries (expense)	-	-	-
Gain (loss) on disposition of assets	6,695	203,778	210,473
Miscellaneous revenue (expense)	110,701	261,836	372,537
Total nonoperating revenue (expenses)	51,416	630,559	681,975
Income (loss) before contributions, transfers & special items	10,791,891	1,431,196	12,223,087
Capital contributions	3,907,937	-	3,907,937
Transfers in	-	9,031	9,031
Transfers (out)	(787,457)	(17,235)	(804,692)
Change in net position	13,912,371	1,422,992	15,335,363
Total net position, beginning	227,109,923	20,442,131	247,552,054
Total net position, ending	$ 241,022,294	$ 21,865,123	$ 262,887,417

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, 2019

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	$143,926,745	$ 12,404,695	$ 156,331,440
Payments to suppliers	(104,667,962)	(4,011,935)	(108,679,897)
Payments to employees	(20,679,192)	(5,526,287)	(26,205,479)
Payments for interfund services	-	383	383
Net cash provided by operating activities	18,579,591	2,866,856	21,446,447
Noncapital financing activities			
Payments received from advances to other funds	-	166,425	166,425
Transfers in	-	9,031	9,031
Transfers (out)	(787,457)	(17,235)	(804,692)
Net cash provided by noncapital financing activities	(787,457)	158,221	(629,236)
Capital and related financing activities			
Acquisition and construction of capital assets	(21,135,132)	(3,873,400)	(25,008,532)
Proceeds from sale of capital assets	-	214,474	214,474
Proceeds from issuing warrants	9,465,000	-	9,465,000
Capital contributions	3,907,936	-	3,907,936
Principal payments on warrants	(14,802,750)	-	(14,802,750)
Interest paid on warrants	(1,832,686)	-	(1,832,686)
Interest paid on notes	-	-	-
Intergovernmental grants	-	-	-
Net cash (used) by capital and related financing activities	(24,397,632)	(3,658,926)	(28,056,558)
Investing activities			
Decrease (increase) in restricted assets	(310,540)	-	(310,540)
Miscellaneous non-operating income	117,396	-	117,396
Interest received	1,718,308	164,944	1,883,252
Net cash provided (used) by investing activites	1,525,164	164,944	1,690,108
Net increase (decrease) in cash and cash equivalents	(5,080,334)	(468,905)	(5,549,239)
Cash and cash equivalents, beginning	46,303,695	20,807,101	67,110,796
Cash and cash equivalents, ending	$ 41,223,361	$ 20,338,196	$ 61,561,557

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating income (loss)	$ 10,740,475	$ 800,637	$ 11,541,112
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	12,162,033	1,811,305	13,973,338
Landfill postclosure costs	-	351,505	351,505
Miscellaneous item	-	261,837	261,837
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	700,123	(41,422)	658,701
Accounts payable	(4,011,141)	25,869	(3,985,272)
Claims payable	-	(100,000)	(100,000)
Inventory	(14,595)	31,355	16,760
Prepaid items	18,090	-	18,090
Due to (from) other funds	(142,026)	-	(142,026)
Accrued liabilities	-	32,103	32,103
Net pension liability	(280,550)	182,238	(98,312)
Net OPEB obligation	(458,684)	(488,571)	(947,255)
Customer deposits	(134,134)	-	(134,134)
Net cash provided by operating activities	$ 18,579,591	$ 2,866,856	$ 21,446,447

CITY OF DECATUR Alabama

the City of Opportunity

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 position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 – Summary of Significant Accounting Policies - Continued

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

The following are the City's major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the government, except those accounted for in another fund.
- The School Fund accounts for the specific revenues that are for specific expenditures – which include sales and use tax, and the designated portion of the tobacco tax, general property tax, automotive tax, and tax-equivalent – Electric and Water departments.

The following are the City's major enterprise funds:

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

Additionally, the City reports the following fund types:

Governmental Funds:

- The Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects or permanent funds). Such funds are established when required by statute, charter provision, local ordinance, or executive decision to finance particular functions or activities.
- The Capital Projects Funds account for financial resources 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 Municipal Utilities Board enterprise fund are charges to customers for services and fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

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

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

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

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

Receivables and Payables

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

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

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, 2019, was $547,585 due from Morgan County for various tax receivables and $543,846 due from Alabama Department of Transportation.

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

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

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the purchases method to account for monthly medical insurance payments. The average monthly payment is $625,225.

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 position. 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 positon 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 subsequent to the measurement date for reporting of net pension liabilities. Deferred inflows of resources are an acquisition of net position 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 non-revenue related long-term portion of loans receivable; or (b) legally or contractually required to be maintained intact.

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

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

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

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

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, 2019, which represent an encumbrance on resources at year-end, the most significant of which was $454,500 within the General Fund.

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2019.

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

The City Council has set a General Fund minimum fund balance target at 25% or 3 months of budgeted expenditures and resolves to maintain unassigned fund balance at a minimum of 10% of budgeted revenues. The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund operating expenditures and in addition maintain unassigned fund balance at a minimum of 10% of budgeted revenues. At fiscal year-end, there were sufficient funds to meet the reserve and exceed the requirement by more than $10.0 million. The General Fund Operating Expenditure Reserve is classified as committed and can only be used in state of emergencies as declared by City Council and during revenue shortfall situations as defined by policy and determined by City Council.

Note 1 – Summary of Significant Accounting Policies - Continued

E. GASB Accounting Pronouncements

Pronouncements Effective for the 2019 Financial Statements:

The City adopted GASB Statement No. 83, Certain Asset Retirement Obligations, required for fiscal periods beginning after June 15, 2018, in fiscal 2019. This Statement enhances comparability of financial statements among governments by establishing uniform criteria for recognizing and measuring certain asset retirement obligations (ARO's) and enhances the usefulness of information by requiring disclosures related to ARO's.

The City adopted GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, required for fiscal periods beginning after June 15, 2018, in fiscal 2019. This Statement improves the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

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

The City plans to adopt GASB No 84, Fiduciary Activities, in fiscal year 2020. The Statement establishes criteria for identifying fiduciary activities and will enhance comparability of financial statements through this added criteria and clarity of whether and how business-type activities should report fiduciary activities.

The City plans to adopt GASB Statement No. 87, Leases, required for fiscal periods beginning after December 15, 2019, in fiscal 2021. This Statement increases the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported, enhances comparability by requiring lessees and lessors to report leases under a single model, and enhances the usefulness of information by requiring notes to the financial statements regarding leasing arrangements.

The City plans to adopt GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, required for fiscal periods beginning after December 15, 2019, in fiscal 2021. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

The City plans to adopt GASB Statement No. 90, Majority Equity Interests, required for fiscal periods beginning after December 15, 2018, in fiscal 2020. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

The City plans to adopt GASB Statement No. 91, Conduit Debt Obligations, required for fiscal periods beginning after December 15, 2020, in fiscal 2022. This Statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

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 $51,587,788 difference are as follows:

Warrants Payable	$	46,442,639
Capital lease payable		769,030
Accrued interest payable		467,284
Compensated absences		2,502,266
Claims Payable		1,406,569
	$	51,587,788

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 $7,166,890 difference are as follows:

Capital outlay	$	13,331,047
Capital contributions		786,491
Depreciation expense		(6,950,648)
	$	7,166,890

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 $4,063,534 difference are as follows:

Principal repayments:		
General obligation debt	$	3,836,754
Capital lease		302,481
Amortization of premium, discounts, and refunding loss		(75,701)
	$	4,063,534

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

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 $4,917,365 difference is as follows:

Compensated absences	$	278,822
Claims		(29,435)
Accrued interest		31,293
Net pension obligation		(178,958)
Other postemployment expenses		4,815,643
	$	4,917,365

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

Capital Projects Funds

- Capital Projects Fund
- Sewer Fund
- 2016 Capital Improvements Fund

Permanent Fund

- Perpetual Care Fund

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

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

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

Note 3 - Stewardship, Compliance and Accountability – Continued

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.

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, 2019:

Personnel Board Fund		
Personnel services	$	51,246

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

Note 4 – Detailed Notes on All Funds

A. Deposits and Investments

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

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

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

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

Cash and deposits	$	106,088,250
Certificates of deposit		5,577,588
Money market mutual funds		116,923
Total cash & cash equivalents		111,782,761
US Government Guaranteed Small Business Investment Companies		5,991,836
US Government Guaranteed Small Business Administatrion Obligations		10,993,459
Total Fixed income investments		16,985,295
Total	$	128,768,056
Per Governmental Funds Balance Sheet		
Cash and investments		42,060,171
Cash with fiscal agents		830,942
		42,891,113
Per Proprietary Funds Statement of Net Position		
Cash and investments		61,561,557
Restricted cash for debt service		24,315,386
		85,876,943
Total	$	128,768,056

Note 4 – Detailed Notes on All Funds – Continued

Component Unit

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

Investments

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

Interest rate risk

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

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

	Fair Value	Percent of Total
Less than five	$ 4,132,222	24.33%
Five to ten years	2,989,445	17.60%
Twenty to thirty	9,863,628	58.07%
	$16,985,295	100.00%

Credit risk

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

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, 2019, 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.

Note 4 – Detailed Notes on All Funds – Continued

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

Fair Value Measurements

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

Note 4 – Detailed Notes on All Funds – Continued

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

As of September 30, 2019, the city had the following investments:

Investment Vehicle	Fair Value	Fair Value Hierarchy	Credit Quality
US Government Debt:			
US Government Guaranteed Small Business Investment Companies	$ 5,991,836	2	N/A
US Government Guaranteed Small Business Administatrion Obligations	10,993,459	2	N/A
	$ 16,985,295		

Fair Value

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

Note 4 – Detailed Notes on All Funds – Continued

B. Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2019 was as follows:

	Balance September 30, 2018	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2019
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 10,091,793	$ 4,200	$ (7,279)	$ -	$ 10,088,714
Construction in progress	13,886,846	9,784,366	-	(116,032)	23,555,180
Total capital assets, not being depreciated	23,978,639	9,788,566	(7,279)	(116,032)	33,643,894
Capital assets, being depreciated:					
Building and improvements	47,218,123	271,946 `	(408,706)	-	47,081,363
Land improvements	28,397,775	102,315	(27,221)	17,114	28,489,983
Furniture, equipment, and other	32,578,845	3,048,285	(2,074,330)	-	33,552,800
Infrastructure	98,274,989	906,425	-	98,918	99,280,332
Total capital assets, being depreciated	206,469,732	4,328,971	(2,510,257)	116,032	208,404,478
Less accumulated depreciation for:					
Building and improvements	(27,908,766)	(1,243,022)	286,248	-	(28,865,540)
Land improvements	(16,841,129)	(1,314,698)	19,736	-	(18,136,091)
Furniture, equipment, and other	(23,807,060)	(2,394,632)	2,074,330	-	(24,127,362)
Infrastructure	(80,010,896)	(1,998,296)	-	-	(82,009,192)
Total accumulated depreciation	(148,567,851)	(6,950,648)	2,380,314	-	(153,138,185)
Total capital assets, being depreciated, net	57,901,881	(2,621,677)	(129,943)	116,032	55,266,293
Governmental activities capital assets, net	$ 81,880,520	$ 7,166,889	$ (137,222)	$ -	$ 88,910,187

Note 4 – Detailed Notes on All Funds – Continued

Capital asset activity for business-type activities for the year ended September 30, 2019 was as follows:

Business-Type Activities:	Balance September 30, 2018	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2019
Capital assets, not being depreciated:					
Land	$ 4,569,930	$ -	$ (1,277)	$ -	$ 4,568,653
Construction in progress	16,222,625	50,091,997	(56,731,423)	(88,684)	9,494,515
Total capital assets, not being depreciated	20,792,555	50,091,997	(56,732,700)	(88,684)	14,063,168
Capital assets, being depreciated:					
Buildings and improvements	32,910,832	2,456,514	(747,166)	88,684	34,708,864
Furniture, equipment and other	9,423,942	1,711,273	(1,627,768)	-	9,507,447
Utility plant-in-service	421,603,269	27,331,852	(4,388,428)	-	444,546,693
Total capital assets, being depreciated	463,938,043	31,499,639	(6,763,362)	88,684	488,763,004
Less accumulated depreciation for:					
Buildings and improvements	(18,593,233)	(924,464)	12,404	-	(19,505,293)
Furniture, equipment and other	(6,519,468)	(886,841)	1,627,768	-	(5,778,541)
Utility plant-in-service	(177,324,686)	(12,162,033)	5,261,185	-	(184,225,534)
Total accumulated depreciation	(202,437,387)	(13,973,338)	6,901,357	-	(209,509,368)
Total capital assets, being depreciated, net	261,500,656	17,526,301	137,995	88,684	279,253,636
Business-Type activities capital assets, net	$ 282,293,211	$ 67,618,298	$ (56,594,705)	$ -	$ 293,316,804

Depreciation expense of $1,985,191 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:

Note 4 – Detailed Notes on All Funds – Continued

Governmental Activities:		
General governmental	$	1,012,762
Public Safety		1,486,175
Public Works		500,500
Public Services		1,966,020
Total allocated depreciation exepense - governmental activities		4,965,457
Total unallocated depreciation expense - governmental activities		1,985,191
Total depreciation expense - governmental activities	$	6,950,648
Business-type Activities:		
Municipal Utilities Board Fund	$	12,162,033
Sanitary Landfill Fund		1,103,863
Point Mallard Fund		707,442
Total depreciation expense - business-type activities	$	13,973,338

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2019 was as follows:

	Balance September 30, 2018	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2019
Capital assets, not being depreciated:					
Land	$ 10,357,401	$ 42,980	$ -	$ -	$ 10,400,381
Construction in progress	97,765,980	5,428,005	-	(101,215,007)	1,978,978
Total capital assets, not being depreciated	108,123,381	5,470,985	-	(101,215,007)	12,379,359
Capital assets, being depreciated:					
Buildings and improvements	113,001,670	-	-	100,175,914	213,177,584
Furniture, equipment and other	12,099,446	2,024,699	(880,242)	1,039,093	14,282,996
Total capital assets, being depreciated	125,101,116	2,024,699	(880,242)	101,215,007	227,460,580
Less accumulated depreciation for:	(65,234,970)	(5,339,409)	878,593	-	(69,695,786)
Total capital assets, being depreciated, net	59,866,146	(3,314,710)	(1,649)	101,215,007	157,764,794
Component Unit capital assets, net	$ 167,989,527	$ 2,156,275	$ (1,649)	$ -	$ 170,144,153

Note 4 – Detailed Notes on All Funds – Continued

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

Due To/From Other Funds

Due To:	General Fund	School Fund	Non-major Government	Non-major Enterprise	Total In
Due From:					
General Fund	$ -	$ -	$ -	$ 522,963	$ 522,963
Municipal Utilities Board	431,492	22,338	56,807	-	510,637
Non-Major Government	973,386	-	-	650,944	1,624,330
Total Out	$ 1,404,878	$ 22,338	$ 56,807	$ 1,173,907	$ 2,657,930

$813,679 of the balance due to the general fund and $650,943 of the balance due to non-major proprietary funds from non-major governmental funds resulted from advances made for the construction of Ingalls Harbor Pavilion.

$522,963 of the balance due to the non-major proprietary funds from the general fund resulted from an advance made for turf at the Jack Allen Recreational Complex.

Transfers In/Out

Transfers To:	General Fund	Non-major Government	Non-major Enterprise	Total Out
Transfers From:				
General Fund	$ -	$ 877,588	$ 6,151	$ 883,739
Municipal Utilities Board	-	787,457	-	787,457
Non-Major Government	25,322	188,975	2,880	217,177
Non-Major Proprietary	-	17,235	-	17,235
Total In	$ 25,322	$ 1,871,255	$ 9,031	$ 1,905,608

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.

Note 4 – Detailed Notes on All Funds – Continued

Due To:	Component Unit Board of Education	Total In
Due From:		
Primary Government-School Fund	$ 2,068,926	$ 2,068,926
Total Out	$ 2,068,926	$ 2,068,926

D. Leases

Operating Leases

The City had various non-cancelable operating leases as of September 30, 2019. The future minimum lease payments on all leases with terms greater than one year are as follows:

Year Ending September 30	Future Minimum Lease Payments
2020	$ 155,438
2021	83,238
2022	23,803
Total minimum lease payments	$ 262,479

Capital Leases

The City entered into a lease agreement as lessee for financing the acquisition of computer equipment during 2014. During 2017, the City also entered into a lease agreement for new garbage trucks for the sanitation department. During 2018, the City entered into a lease agreement for various equipment for the parks and recreation department. 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 assets acquired through capital lease are as follows:

	Governmental Activities
Furniture, equipment, and other	$ 1,315,192
Less: accumulated amortization	(449,626)
Total	$ 865,566

Note 4 – Detailed Notes on All Funds – Continued

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

Year Ending September 30	Governmental Activities
2020	$ 326,457
2021	178,467
2022	178,467
2023	118,978
2024	0
Total minmum lease payments	802,369
Less: amount representing interest	(33,339)
Present value of minimum lease payments	$ 769,030

The future debt service requirements of the governmental activities leases at September 30, 2019 are primarily to be provided by the General Fund.

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, 2019 are as follows:

Year Ending September 30	Governmental Activities
2020	$ 587,227
2021	447,375
2022	264,683
2023	264,683
2024	264,683
2025 - 2029	1,162,416
Total minmum lease payments	2,991,067
Less: amount representing interest	(389,293)
Present value of minimum lease payments	$ 2,601,774

Note 4 – Detailed Notes on All Funds – Continued

E. Long-Term Debt

General Obligation Warrants

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

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

Source of Repayment of Long-Term Debt

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

Type of Debt	Paid From	Resources Provided By
Governmental Activities:		
G.O. warrants - major capital facilities	General Fund	General Fund
	Crossings Warrant 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

Outstanding Debt

The amount of debt outstanding at September 30, 2019 was as follows:

Series	Face Amount in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
PRIMARY GOVERNMENT							
Governmental activities:							
G.O. Warrants - general purposes							
2009-A	$ 13,170	6/1/2009	7/1/2020	2.0% - 4.0%	2,015	$ 2,015	$ 2,015
2011-Sewer	6,500	6/1/2011	6/1/2029	3.0% - 4.0%	330-480	4,025	340
2012 General Obligation	17,160	7/1/2012	7/1/2033	2.00% - 3.125%	745-1,145	12,875	765
2012-D	2,750	8/7/2012	8/7/2022	2.11%	127-1,645	1,907	130
2016-A	21,630	5/12/2016	10/1/2036	2.0-3.0%	305-2,765	21,030	315
2016-B	5,140	11/2/2016	10/1/2036	2.0-3.0%	215-320	4,715	220
Total Governmental Activities	$ 66,350					$ 46,567	$ 3,785

Note 4 – Detailed Notes on All Funds – Continued

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
Business-Type activities:							
Water System Revenue Warrants							
2012 SRF	490	6/1/2012	8/15/2033	2.75%	20-30	$ 370	$ 20
2013	10,410	11/1/2013	5/1/2033	3.00% - 3.5%	605-905	10,410	605
	$ 10,900					$ 10,780	$ 625
Wastewater System Revenue Warrants							
2010	15,590	12/22/1999	8/15/2020	3.85%	1,055-1,095	$ 1,095	1,095
2012 SRF	855	6/1/2012	8/15/2033	2.75%	35-55	650	40
2013	37,125	8/15/2013	8/15/2033	2.0-3.5%	1,550-2,455	28,185	1,645
2019	9,465	8/15/2019	8/15/2033	2.0-3.5%	720 - 880	9,465	720
	$ 63,035					$ 39,395	$ 3,500
Total Business-Type Activities	$ 73,935					$ 50,175	$ 4,125
Total Primary Government	$ 140,285					$ 96,742	$ 7,910

Discretely Presented Component Unit

Board of Education

Series	Face Amount ı thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
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?5.00 %	70?572	1,427	78
Series 2013	30,325	2013	2/1/2035	2.75?5.00	1,150?9,13	25,975	1,200
Series 2015	87,750	2015	2/1/2045	2.00?5.00	870?6,535	84,300	940
Series 2015	769	2015	2/1/2045	2.00?5.00	78-93	611	82
2017 QZAB	1,750	2018	12/15/2027	0.00%	1,750	1,750	-
Series 2018	1,450	2018	2/1/2025	2.71%	199-216	1,251	201
	$ 129,924					$121,364	$ 2,501

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

Note 4 – Detailed Notes on All Funds – Continued

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2019 are shown below. There is $12,155,663 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 previously forgiven 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, 2018 were $370,000 with final maturity in 2033.

The Alabama Water Pollution Control Authority also loaned $955,000 to the Municipal Utilities Board Fund of which $100,000 was previously forgiven pursuant to the ARRA and recorded as a capital contribution 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 2012 Series SRF/ARRA Wastewater Warrants were issued in the amount of $855,000. Total bonds outstanding at September 30, 2019 were $650,000 with final maturity in 2033.

	(thousands)	
Primary Government	G.O. Warrants	
Governmental Activities:	Principal	Interest
2020	$ 3,785	$ 1,236
2021	2,752	1,106
2022	4,825	1,031
2023	3,970	914
2024	4,065	816
2025-2029	16,950	2,618
2030-2034	7,850	958
2035-2039	2,370	108
Total governmental activities	$ 46,567	$ 8,787
Business-Type Activities:	Principal	Interest
2020	$ 4,125	$ 1,456
2021	3,100	1,361
2022	3,185	1,275
2023	3,270	1,187
2024	3,365	1,096
2025-2029	18,275	4,023
2030-2034	14,855	1,198
2035-2039	-	-
Total business-type activities	$ 50,175	$ 11,597

Note 4 – Detailed Notes on All Funds – Continued

Component Unit - Board of Education

Governmental Activities: Board of Ed	Principal	Interest
2020	$ 2,501	$ 5,037
2021	2,610	4,927
2022	2,734	4,800
2023	2,863	4,668
2024	3,206	4,541
2025-2029	24,111	20,001
2030-2034	20,140	16,014
2035-2039	24,785	11,367
2040-2044	31,330	4,826
2045-2049	7,085	146
Total Governmental Activities - Comp. Unit	$ 121,364	$ 76,327

Note 4 – Detailed Notes on All Funds – Continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows (in thousands):

Primary Government

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
General obligation warrants	$ 50,404	$ -	$ (3,837)	$ 46,567	$ 3,785
Less amounts deferred for:					
Issue discounts & premiums	612	-	(54)	558	-
Total warrant, bonds, & notes	51,016	-	(3,891)	47,125	3,785
Capitalized Leases	1,071	-	(302)	769	309
Compensated absences	2,781	846	(1,125)	2,502	250
Claims Payable	1,377	773	(744)	1,406	113
Net pension obligation	40,287	1,085	-	41,372	-
Net OPEB Liability	95,302	-	(7,437)	87,865	-
Governmental Activities Long-Term Liabilities	$ 191,834	$ 2,704	$ (13,499)	$ 181,039	$ 4,457

-

Note 4 – Detailed Notes on All Funds – Continued

Business-Type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue warrants	$ 55,450	$ 9,465	$ (14,740)	$ 50,175	$ 4,125
Less amounts deferred for:					
Issue discounts & premiums	(45)	-	(11)	(56)	-
Total warrants	55,405	9,465	(14,751)	50,119	4,125
Landfill closure and postclosure	5,344	352	-	5,696	-
Compensated absences	1,125	114	(87)	1,152	115
Claims payable	300	100	(200)	200	100
Net pension obligation	18,477	770	-	19,247	-
Net OPEB Liability	41,057	-	(6,761)	34,296	-
Business-Type Activities Long-Term Liabilities	$ 121,708	$ 10,801	$ (21,799)	$ 110,710	$ 4,340

Component Units – Board of Education

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue Warrants	$ 123,778	$ -	$ (2,414)	$ 121,364	$ 2,501
Issue discounts & premiums	3,734	-	(159)	3,575	159
Capitalized Leases	1,391	1,579	(369)	2,601	494
Net pension Liability	74,556	1,165	-	75,721	-
Net OPEB Liability	64,512	9,308	-	73,820	-
Governmental Activities Long-Term Liabilities	$ 267,971	$ 12,052	$ (2,942)	$ 277,081	$ 3,154

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, 2019, there were four series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the six outstanding issues was approximately $83,761,482. The original issue amounts of these series totaled $95,140,000.

Note 4 – Detailed Notes on All Funds – Continued

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	Other Governmental Funds	Total
Fund Balances:			
Nonspendable			
Inventory	$ 44,667	$ -	$ 44,667
Prepaid	140,368	-	140,368
Permanent Fund	-	1,200,564	1,200,564
Total Nonspendable	185,035	1,200,564	1,385,599
Restricted:			
Special Revenues	-	2,504,053	2,504,053
Tri-Centennial	1,312	-	1,312
Grant Funds	-	(135,332)	(135,332)
Total Restricted	1,312	2,368,721	2,370,033
Committed:			
OPEB Reserve	2,280,572	-	2,280,572
Reserve Policy	17,497,823	-	17,497,823
Water for Resale	1,113,055	-	1,113,055
Crossings	180,450	-	180,450
Sanitation	284,262	-	284,262
Alley Fees	373,264		373,264
Ingalls Rental Fees	73,347	-	73,347
Room Occupancy Designation	813,679	-	813,679
Encumbrances	454,450	-	454,450
Capital Improvements	-	2,204,060	2,204,060
Personnel Board	-	3,292	3,292
Sewer Extension	-	540,766	540,766
Other	4,527	(542,583)	(538,056)
Total Committed	23,075,429	2,205,535	25,280,964
Unassigned:	13,809,977	-	13,809,977
Total Fund Balance:	$ 37,071,753	$ 5,774,820	$ 42,846,573

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 2019 was $1,759,694 by the Electric System, $237,738 by the Gas System, $629,903 by the Water System and $876,095 by the Wastewater System. These amounts are reported as intergovernmental revenue in the General Fund, the School Fund, and the Sewer Fund (a nonmajor governmental 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 $5,695,706 reported for landfill closure and postclosure care liability at September 30, 2019 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 52 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of $5,464,300 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, 2019. 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

<u>Grants</u>

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other government units. As of September 30, 2019, significant amounts of grant expenditures have not been audited by the grantor agencies, but the City believes that future disallowed expenditures related to the unaudited grant programs, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

<u>Construction Contracts</u>

The City has entered into various construction contracts as of September 30, 2019. 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.

<u>Purchase Commitments</u>

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. Decatur Utilities serves as the collection agent for repayment of these loans. The outstanding balance of these loans receivable was $3,635,932 and the outstanding balance due to TVA for collection of the loans was also $3,635,932.

Note 5 – Other Information - Continued

Occasionally, the Gas System enters into natural gas purchase commitments to purchase minimum volumes of gas at fixed prices for up to five years in advance. These futures can either be held for use in the contracted future month or cashed out at a profit and the proceeds used to reduce the cost of gas in future months. At September 30, 2019, contract commitments total $2,203,800 for fiscal year 2020, $2,207,500 for fiscal years 2021, $1,787,100 for fiscal year 2022, $1,395,200 for fiscal year 2023 and $87,000 for fiscal year 2024. At September 30, 2019, no purchase commitments extended beyond March 2024 and additional outstanding commitments were $219,000 for fiscal year 2020 and $552,000 for fiscal year 2024.

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 $775,000, $200,000 and $100,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund and the Sanitary Landfill Fund, a nonmajor proprietary fund, respectively at September 30, 2019. $475,000 of the remaining portion has been reported in the government-wide statement of net assets as noncurrent liabilities due in more than one year, with $275,000 and $200,000 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, 2019.

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.

Note 5 – Other Information - Continued

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 $32,053 in appropriations during the fiscal year ending September 30, 2019.

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

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

Morgan County Emergency Management Commission District is commonly known as 911. This seven-member board, of which the City Council appoints three members, manages the emergency phone service 911 along with other duties. The City of Decatur provided $397,733 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 (ERS), an agency multiple-employer plan, was established October 1, 1945, pursuant to the Code of Alabama 1975, Title 36, Chapter 27 (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The Code of Alabama 1975, Title 36, Chapter 27 grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Note 5 – Other Information - Continued

The ERS Board of Control consists of 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 the Code of Alabama 1975, Section 36-27-6.

Benefits provided

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

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

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 909 local participating employers. The ERS membership includes approximately 90,999 participants. As of September 30, 2018, membership consisted of:

Note 5 – Other Information - Continued

	Employee Retirement System	City of Decatur	Municipal Utilities Board
Retired members of their beneficiaries currently receiving benefits	24,818	340	113
Vested inactive members	1,426	13	28
Non-vested inactive members	7,854	33	12
Active members	56,760	535	178
Post-DROP retired members still in active service	141	3	-
	90,999	924	331

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.

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, 2019, the City's active employee contribution rate was 13.12 percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 14.80 percent of pensionable payroll. For the year ended September 30, 2019, the Municipal Utility Board's active employee contribution rate was 5 percent of covered employee payroll for tier 1 employees and 6 percent of covered employee payroll for tier 2 employees, and the Municipal Utility Board's average contribution rate to fund the normal and accrued liability costs was 149.30 percent of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2019 was 13.12% of pensionable pay for Tier 1 employees, and 10.54% of pensionable pay for Tier 2 employees. The Municipal Utility Board's contractually required contribution rate for the year ended September 30, 2019 was 13.57% of pensionable pay for Tier 1 employees, and 11.51% of pensionable pay for Tier 2 employees These required contribution rates are based upon the actuarial valuation dated September 30, 2016, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City and the Municipal Utilities Board were $3,745,335 and $1,404,907, respectively, for the year ended September 30, 2019.

Note 5 – Other Information – Continued

Net Pension Liability

The City's and Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017 rolled forward to September 30, 2018 using standard roll-forward techniques as shown in the following table:

City of Decatur

	Expected	Actual	Actual
(a) Total Pension Liability as of September 30, 2017	$ 130,412,329	$ 131,376,800	$ 132,078,056
(b) Discount Rate	7.75%	7.75%	7.70%
(c) Entry Age Normal Cost for October 1, 2017 - September 30, 2018	2,207,466	2,207,466	2,228,445
(d) Transfers Among Employees	-	83,525	83,525
(e) Actual Benefit Payments and Refunds for October 1, 2017 - September 30, 2018	(7,879,869)	(7,879,869)	(7,879,869)
(f) Total Pension Liability as of September 30, 2018 [(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	$ 134,541,537	$ 135,664,279	$ 136,376,792
(g) Difference between expected and actual		$ 1,122,743	
(h) Less Liability Transferred for Immediate Recognition		(83,525)	
(i) Experience (gain) / loss (g) - (h)		$ 1,039,218	
(j) Difference between actual at 7.70% and Actual at 7.75% [Assumption Change (Gain)/Loss]			$ 712,513

Note 5 – Other Information – Continued

Municipal Utilities

	Expected	Actual	Actual
(a) Total Pension Liability as of September 30, 2017	$ 51,383,201	$ 52,289,890	$ 52,560,072
(b) Discount Rate	7.75%	7.75%	7.70%
(c) Entry Age Normal Cost for October 1, 2017 - September 30, 2018	785,826	785,826	793,201
(d) Transfers Among Employees	-	109,124	109,124
(e) Actual Benefit Payments and Refunds for October 1, 2017 - September 30, 2018	(3,112,066)	(3,112,066)	(3,112,066)
(f) Total Pension Liability as of September 30, 2018 [(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b)))]	$ 52,918,567	$ 54,004,648	$ 54,277,642
(g) Difference between expected and actual		$ 1,086,081	
(h) Less Liability Transferred for Immediate Recognition		(109,124)	
(i) Difference between expected and actual (g) - (h)		$ 976,957	
(j) Difference between actual at 7.70% and Actual at 7.75% [Assumption Change (Gain)/Loss]			$ 272,994

Actuarial assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2017. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return*	7.70%

*Net of pension plan investment expense

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

Note 5 – Other Information - Continued

The actuarial assumptions used in the September 30, 2017 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, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	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, 7.70%. 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 pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 5 – Other Information - Continued

Benefits provided-Continued

Changes in Net Pension Liability - City of Decatur

	Increase (Decrese)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
Balances at 09/30/2017	$ 130,412,329	$ 87,941,985	$ 42,470,344
Changes for the year:			
Service cost	2,207,466	-	2,207,466
Interest	9,801,611	-	9,801,611
Changes of assumptions	712,513	-	712,513
Differences between expected and actual experience	1,039,217	-	1,039,217
Contributions - employer	-	3,109,240	(3,109,240)
Contributions - employee	-	1,513,027	(1,513,027)
Net investment income	-	7,991,909	(7,991,909)
Benefit payments, including refunds of employee			-
contributions	(7,879,869)	(7,879,869)	-
Administrative expense	-	-	-
Transfers among Employers	83,525	83,525	-
Net changes	$ 5,964,463	$ 4,817,832	$ 1,146,631
Balances at 9/30/2018	$ 136,376,792	$ 92,759,817	$ 43,616,975

Changes in Net Pension Liability - Municipal Utilities Board

Note 5 – Other Information - Continued

	Increase (Decrese)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
Balances at 09/30/2017	$ 51,383,201	$ 35,089,454	$ 16,293,747
Changes for the year:			
Service cost	785,826	-	785,826
Interest	3,861,606	-	3,861,606
Changes of assumptions	272,995	-	272,995
Differences between expected and actual experience	976,957	-	976,957
Contributions - employer	-	1,440,567	(1,440,567)
Contributions - employee	-	547,638	(547,638)
Net investment income	-	3,200,475	(3,200,475)
Benefit payments, including refunds of employee contributions	(3,112,066)	(3,112,066)	-
Administrative expense	-	-	-
Transfers among empolyers	109,124	109,124	-
Net Changes	2,894,442	2,185,738	708,704
Balances at 09/30/2018	$ 54,277,643	$ 37,275,192	$ 17,002,451

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

The following table presents the City (independent of the Municipal Utility Board as the Board is reported separately) and the Municipal Utility Board's net pension liability calculated using the discount rate of 7.70%, as well as what the City's and the Municipal Utility Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate:

	1% Decrease	Current Rate	1% Increases
	(6.70%)	(7.70%)	(8.70%)
City's net pension liability	$ 59,361,784	$ 43,616,975	$ 30,332,882
	(6.70%)	(7.70%)	(8.70%)
Board's net pension liability	$ 22,992,362	$ 17,002,451	$ 11,908,785

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, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditor's report dated August 17, 2019, 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 https://www.rsa-al.gov/index.php/e,ployers/financial-reports/gasb-68-reports/

Note 5 – Other Information - Continued

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

For the year ended September 30, 2019, the City and Board recognized pension expense of $3,944,404 and $1,173,134 respectively. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,100,082	$ 1,096,302
Changes of assumption	3,451,323	-
Net difference between projected and actual earnings on pension plan investments	-	3,052,233
Employer contributions subsequent to the measurement date	3,745,335	-
Total	$ 8,296,740	$ 4,148,535

At September 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 799,328	$ 518,926
Changes of assumption	673,087	-
Net difference between projected and actual earnings on pension plan investments	-	1,220,220
Employer contributions subsequent to the measurement date	1,404,907	-
Total	$ 2,877,322	$ 1,739,146

Note 5 – Other Information - Continued

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

Year ended September 30:	City of Decatur	Municipal Utilities Board
2020	$ 4,378,387	$ (25,605)
2021	(418,701)	(241,392)
2022	(160,732)	(198,851)
2023	54,520	85,485
2024	266,009	113,632
Thereafter	28,722	-

Component Unit

Plan Description

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

Benefits provided

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. 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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Note 5 – Other Information - Continued

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

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, 2019 was 12.41% of annual pay for Tier 1 members and 11.35% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $6,564,487 for the year ended September 30, 2019.

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

At September 30, 2019 the Board reported a liability of $75,556,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2018 the Board's proportion was .761579%, which was an increase of .003009% from its proportion measured as of September 30, 2017.

Note 5 – Other Information - Continued

For the year ended September 30, 2019, the Board recognized pension expense of $5,359,000. At September 30, 2019 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,634,000	$ 2,307,000
Changes of assumption	4,209,000	-
Net difference between projected and actual earnings on pension plan investments	-	5,716,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	320,000	755,000
Employer contributions subsequent to the measurement date	6,564,487	-
Total	$ 12,727,487	$ 8,778,000

$6,564,487 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, 2020. 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:	
2020	$ 168,000
2021	(1,616,000)
2022	(1,348,000)
2023	41,000
2024	140,000
Thereafter	-

Actuarial assumptions

The total pension liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Investment rate of return*	7.70%
Projected Salary increases	3.25% - 5.00%

*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2017, 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, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

Note 5 – Other Information - Continued

Mortality rates for TRS were based on the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females age 78 and older.

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	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	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, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.70%) or 1-percentage-point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increases (8.70%)
Board's proportionate share of collective net pension liability	$ 105,404	$ 75,721,000	$ 50,613,000

Note 5 – Other Information - Continued

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, 2018. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2018. The auditor's report dated August 16, 2019 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, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/

E. Other Post-Employment Benefit Plans

Plan Description

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

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

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

Plan Membership

At September 30, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Benficiaries Currently Receiving Benefits	259
Inactive Members Entitles to But Not Yet Receiving Benefits	-
Active Employees	294
	553

Benefits Provided

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

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

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

Note 5 – Other Information - Continued

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, 2018 unless Medicare is involved, in which case, retirees pay the State Employee's Insurance benefit Medicare rate. The City pays all but $40 of the costs of retirees with single coverage. This is equivalent to the required premiums of active employees. In addition, when an eligible retiree reaches Medicare eligibility, the City will continue to pay for the medical insurance (at a reduced rate) with Medicare becoming primary.

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

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

Total OPEB Liability

The City's total OPEB liability of $93,412,846 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.25% - 5.00%
Municipal Bond Index Rate	
Prior Measurement Date	3.57%
Measurement Date	4.18%
Health Care Cost Trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%
Vision	2.50%

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

Note 5 – Other Information - Continued

Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table projected with Scale BB to 2020 with an adjustment factor of 70% for males and 50% for females. An adjustment of 125% at all ages for males and 120% for female beginning at age 78 was made for service retirements and beneficiaries. An adjustment of 130% for females at all ages was made for disability retirements.

The demographic actuarial assumptions for retirements, disability incidence, withdrawal, and salary increase used in the September 30, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015 and were submitted to and adopted by the Board of Employees' Retirement System of Alabama on September 29, 2016.

Changes in the Total OPEB Liability

Balances at 09/30/2017	$ 101,337,863
Changes for the year:	
Service cost	2,448,333
Interest	3,574,276
Changes in benefit terms	-
Differences between expected and actual experience	(3,600,770)
Changes of assumptions or other inputs	(7,889,102)
Benefit payments, including refunds of employee contributions	(2,457,754)
Administrative expense	-
Net changes	$ (7,925,017)
Balances at 9/30/2018	$ 93,412,846

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.18%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate:

	1% Decrease (3.18%)	Current Rate (4.18%)	1% Increase (5.18%)
Total Other Post-Employment Benefit Liability	$ 108,208,277	$ 93,412,846	$ 81,389,976

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

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

	1% Decrease	Current Rate	1% Increase
Total Other Post-Employment Benefit Liability	$ 79,996,671	$ 93,412,846	$ 110,137,059

Note 5 – Other Information - Continued

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

For the year ended September 30, 2018, the City had an overall reduction in OPEB expense of $5,132,029. At September 30, 2019, the City reported the following deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 56,916	$ 2,844,306
Changes of assumption	-	13,221,390
Total	$ 56,916	$ 16,065,696

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized post-retirement expense as follows:

Year ended September 30:	
2020	$ (4,233,457)
2021	(4,233,457)
2022	(4,233,457)
2023	(3,308,409)
2024	-
Thereafter	-

$2,769,315 reported as deferred outflows of resources related to OPEB resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2020.

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

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At September 30, 2019 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the City. During the year ended September 30, 2019 there were no administrative expenses paid by the City.

Note 5 – Other Information - Continued

The Municipal Utilities Board Enterprise Fund

The Municipal Utilities Board Enterprise Fund provides post-employment benefits other than pension benefits to all full time employees who retire as an eligible participant in the qualified retirement plan, as described previously. These benefits are approved by the board of directors. Contribution funding is also approved by the board. Benefits provided retirees at September 30, 2019 include:

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

Annual OPEB Cost and Net OPEB Obligation

Changes in System's Net OPEB Liability. Changes in the System's net OPEB liability measured at September 30, 2019 are detailed in the following tables. Table 1A shows the net OPEB liability as of September 30, 2019, which is what is reported in the financial statements in accordance with GASB Statement No. 75. Total OPEB Liability was rolled forward to September 30, 2019 in order to be in compliance with GASB Statement No. 75.

Balances at 09/30/2018	$ 35,020,837
Changes for the year:	
Service cost	424,692
Interest	1,269,752
Differences between expected and actual experience	(5,687,159)
Contributions	(941,411)
Changes of assumptions or other inputs	(1,338,994)
Benefit payments, including refunds of employee contributions	-
Administrative expense	-
Net changes	$ (6,273,120)
Balances at 9/30/2019	$ 28,747,717

Actuarial Methods and Assumptions

The valuation was based on information provided by the Utility as of October 1, 2018 and only those not frozen in the defined benefit plan.

Note 5 – Other Information – Continued

Plan Membership

Actives (with medical coverage)	145
Actives (without medical coverage)	19
Retirees (with medical coverage)	90
Retirees (without medical coverage)	47
Total participants	301

Benefits Provided

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

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases, including wage inflation	2.50%
Health Care Cost Trends	Medical: 7.50% to grade uniformity to 6.75% over a 3 year period Dental: 3.0% per annum
Acutarial Cost Method	Entry age normal - level percent of pay

Mortality rates were based on the RP-2014 annuity for healthy males and RP-2014 annuity for healthy females.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study for the period ending October 1, 2018.

Discount rate

The discount rate used to measure the total OPEB liability was 3.68 percent. The projection of cash flows used to determine the discount rate assumed that the Utility's contributions will made at rates equal to the actuarially determined contribution rates.

Note 5 – Other Information – Continued

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

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

	1% Decrease 6.5% Decreasing to 5.75%	Current Rate 7.5% Decreasing to 6.5%	1% Increase 8.5% Decreasing to 7.75%
Total Other Post-Employment Benefit Liability	$ 25,365,936	$ 28,747,717	$ 32,915,416

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 2.68%	Current Rate 3.68%	1% Increase 4.68%
Total Other Post-Employment Benefit Liability	$ 33,244,753	$ 28,747,717	$ 25,103,356

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

For the year ended September 30, 2019, the System recognized OPEB expense of $416,962. At September 30, 2019, the System reported deferred outflows of related to OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ -	$ 4,653,130
Changes of assumption	-	1,095,541
Post-measurement contribution	-	-
Total	$ -	$ 5,748,671

Note 5 – Other Information – Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending September 30, 2019:

Year ended September 30:		
2020	$	(1,277,482)
2021		(1,277,482)
2022		(1,277,482)
2023		(1,277,482)
2024		(638,743)
Thereafter		-

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

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At September 30, 2019 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the year ended September 30, 2019 there were no administrative expenses paid by the Municipal Utilities Board.

Component Units

Plan Description

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

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

Note 5 – Other Information – Continued

Benefits Provided

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

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

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. The MAPDP plan is fully insured by United Healthcare and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the United Healthcare plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The Code of Alabama 1975, Section 16-25A-8 and the Code of Alabama 1975, Section, 16-25A-8.1 provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill. For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

Note 5 – Other Information - Continued

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

At September 30, 2019, the Board reported a liability of $73,819,943 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017. The Board's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2018, the Board's proportion was .898192 percent, which was a decrease of .029624% from its proportion measured as of September 30, 2017.

For the year ended September 30, 2019, the Board recognized OPEB expense of $4,512,181 with no special funding situations. At September 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,389,804	$ -
Changes of assumption	-	(3,595,713)
Net differences between projected and actual earnings on OPEB plan investments	-	(395,527)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,048,093	(2,168,005)
Employer contributions reported subsequent to the measurement date	2,719,129	-
Total	$ 6,157,026	$ (6,159,245)

$2,719,129 reported as deferred outflows of resources related to OPEB resulting from the System's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2020	$ (908,999)
2021	(908,999)
2022	(908,999)
2023	(820,203)
2024	625,541
Thereafter	199,311

Note 5 – Other Information - Continued

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases (1)	3.25% - 5.00%
Long-term investment rate of return (2)	7.25%
Municipal Bond Index Rate at the Measurement Date	4.18%
Municipal Bond Index Rate at the Prior Measurement Date	3.57%
Projected year for fiduciary net position (FNP) to be depleted	2029
Single equivalent interest rate at the measurement date	4.44%
Single equivalent interest rate at the prior measurement date	4.63%
Healthcare cost trend rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.00% beginning in 2019
Ultimate trend rate	
Pre-Medicare Eligible	4.75% in 2026
Medicare Eligible	4.75% in 2024

(1) : Includes 3.00% wage inflation.
(2) : Compounded annually, net of investment expense and includes inflation.

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females. There were no ad hoc postemployment benefit changes, including ad hoc cost of living adjustments, during fiscal year 2017.The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2017 valuation were based on a review of recent plan experience done concurrently with the September 30, 2017 valuation. The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long- term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Note 5 – Other Information - Continued

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

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

*Geometric mean, Includes 2.50% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability at September 30, 2018 was 4.44%. The discount rate used to measure the total OPEB liability at the prior measurement date was 4.63%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately, 20.31% of the employer contributions were used to assist in funding retiree benefit payments in 2018 and it is assumed that the amount will increase by 2.75% per year and continue into the future. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. Therefore, the projected future benefit payments for all current plan members were projected through 2116. The long-term rate of return is used until the assets are expected to be depleted in 2029, after which the municipal bond rate is used.

Note 5 – Other Information - Continued

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

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

	1% Decrease	Current Rate	1% Increase
	6.00% Decreasing to 3.75% for pre-medicare, 4% decreasing to 3.75% or Medicare Eligible	7.00% Decreasing to 4.75% for pre-medicare, 5% decreasing to 4.75% or Medicare Eligible	8.00% Decreasing to 5.75% for pre-medicare, 6% decreasing to 5.75% or Medicare Eligible
Total Other Post-Employment Benefit Liability	$ 60,681,674	$ 73,819,943	$ 90,546,793

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

The following table presents the System's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.44%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
	3.44%	4.44%	5.44%
Total Other Post-Employment Benefit Liability	$ 88,183,505	$ 73,819,943	$ 62,233,666

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2018. Additional financial and actuarial information is available at www.rsa-al.gov.

F. Risk Financing Programs

The City elected to retain risk related to the employees' health and dental insurance for the first time beginning December 1, 1999. Then, on January 1, 2002 the City elected to no longer retain the health insurance risk and purchased health insurance. The City currently pays premiums to the State Employee Insurance Board. However, the City still retains the risk for the period under the health self-insurance. The amount of outstanding claims liability remaining as of September 30, 2019 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, 2019, 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, 2019 are as follows:

	Workers Compensation		Legal Claims		Total	
	2019	2018	2019	2018	2019	2018
Unpaid claims, beginning of year	$ 1,077,134	$ 1,586,804	$ 300,000	$ 325,000	$ 1,377,134	$ 1,911,804
Incurred claims	413,795	362,128	265,550	265,550	679,345	627,678
Less claim payments	(359,360)	(871,798)	(290,550)	(290,550)	(649,910)	(1,162,348)
Unpaid claims, end of year	$ 1,131,569	$ 1,077,134	$ 275,000	$ 300,000	$ 1,406,569	$ 1,377,134

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

G. Tax Abatements

A tax abatement is a reduction in tax revenues resulting from an agreement between one or more governments and a participant whereby one or more governments forgoes tax revenues to which they are entitled with the qualifying participant promising to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or their residents. The City has various sales and use tax abatement and property tax abatement agreements with qualifying participants in which $2,619,866 in sales and use tax and $1,117,112 in property tax were abated during the fiscal year.

H. Subsequent Events

The City has evaluated subsequent events through June 1, 2020, the date on which the financial statements were available for issue.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on taxpayers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

the City of Opportunity

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				
Total pension liability	2018	2017	2016	2015	2014
Service cost	$ 2,207,466	$ 2,140,584	$ 2,145,903	$ 2,168,298	$ 2,211,718
Interest	9,801,611	9,589,472	9,222,454	8,867,007	8,567,542
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	1,039,217	(1,290,531)	(436,981)	633,364	-
Changes of assumptions	712,513	-	5,451,626	-	-
Benefit payments, including refunds of employee contributions	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)
Transfers among employers	83,525	116,885	(231,427)	-	-
Net change in total pension liability	**5,964,463**	**2,798,014**	**8,515,702**	**4,853,385**	**3,522,657**
Total pension liability - beginning	130,412,329	127,614,315	119,098,613	114,245,228	110,722,571
Total pension liability - ending (a)	$ 136,376,792	$ 130,412,329	$ 127,614,315	$ 119,098,613	$ 114,245,228
Plan fiduciary net position					
Contribution-employer	3,109,240	2,996,885	2,844,967	2,967,587	3,049,380
Contribution-employee	1,513,027	1,393,984	1,431,785	1,451,728	1,488,936
Net investment income	7,991,909	10,166,518	7,655,033	915,644	8,538,093
Benefit payments, including refunds of employee contributions	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)
Transfers among employers	83,525	116,885	(231,427)	127,694	(47,845)
Net change in plan fiduciary net position - beginning	**4,817,832**	**6,915,876**	**4,064,485**	**(1,352,631)**	**5,771,961**
Plan fiduciary net position - beginning	87,941,985	81,026,109	76,961,624	78,314,255	72,542,294
Plan fiduciary net position - ending (b)	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255
Net pension liability (asset) - ending (a)-(b)	**43,616,975**	**42,470,344**	**46,588,206**	**42,136,989**	**35,930,973**
Plan fiduciary net position as a percentage of total pension liability	**68.02%**	**67.43%**	**63.49%**	**64.62%**	**68.55%**
Covered payroll	**25,145,773**	**25,990,353**	**23,801,380**	**24,283,101**	**25,172,255**
Net pension liability (asset) as a percentage of covered payroll	**173.46%**	**163.41%**	**195.74%**	**173.52%**	**142.74%**

	Municipal Utilities Board				
Total pension liability	2018	2017	2016	2015	2014
Service cost	$ 785,826	$ 765,318	$ 762,211	$ 735,009	$ 719,118
Interest	3,861,606	3,777,084	3,701,363	3,669,670	3,551,873
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	976,957	(414,798)	(37,776)	(1,104,264)	-
Changes of assumptions	272,995	-	1,011,888	-	-
Benefit payments, including refunds of employee contributions	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Transfers among employers	109,124	(41,676)	6,054	-	-
Net change in total pension liability	**2,894,442**	**1,207,346**	**2,373,886**	**561,768**	**1,412,576**
Total pension liability - beginning	51,383,201	50,175,855	47,801,969	47,240,201	45,827,625
Total pension liability - ending (a)	$ 54,277,643	$ 51,383,201	$ 50,175,855	$ 47,801,969	$ 47,240,201
Plan fiduciary net position					
Contribution-employer	1,440,567	1,415,404	1,451,760	1,481,898	1,439,683
Contribution-employee	547,638	533,792	517,917	588,751	478,274
Net investment income	3,200,475	4,038,012	3,010,349	357,511	3,314,923
Benefit payments, including refunds of employee contributions	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Transfers among employers	109,124	(41,675)	6,054	(103,901)	96,722
Net change in plan fiduciary net position - beginning	**2,185,738**	**3,066,951**	**1,916,226**	**(414,388)**	**2,471,187**
Plan fiduciary net position - beginning	35,089,456	32,022,505	30,106,279	30,520,667	28,049,480
Plan fiduciary net position - ending (b)	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667
Net pension liability (asset) - ending (a)-(b)	**17,002,449**	**16,293,745**	**18,153,350**	**17,695,690**	**16,719,534**
Plan fiduciary net position as a percentage of total pension liability	**68.68%**	**68.29%**	**63.82%**	**62.98%**	**64.61%**
Covered payroll	**11,388,209**	**10,665,563**	**10,397,431**	**9,916,527**	**9,655,596**
Net pension liability (asset) as a percentage of covered payroll	**149.30%**	**152.77%**	**174.59%**	**178.45%**	**173.16%**

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

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

	City of Decatur					Municipal Utilities Board				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 3,745,335	$ 3,176,065	$ 3,058,616	$ 2,967,587	$ 3,049,380	$ 1,409,907	$ 1,391,790	$ 1,481,898	$ 1,481,898	$ 1,439,683
Contributions in relation to the actuarially determined contribution	3,745,335	3,176,065	3,058,616	2,967,587	3,049,380	1,409,907	1,391,790	1,481,898	1,481,898	1,439,683
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	$ 27,352,778	$ 25,145,773	$ 25,990,353	$ 23,801,380	$ 24,283,101	$ 11,307,292	$ 10,627,839	$ 9,916,527	$ 9,916,527	$ 9,655,596
Contribution as percentage of covered payroll	13.69%	12.63%	11.77%	12.47%	12.56%	12.47%	13.10%	14.94%	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 2019 were based on the September 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2018 to September 30, 2019:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	29.3 years and 26.3 years, respectively
Asset valuation method	Five year smoothed market
Inflation	2.875%
Salary increases	3.375 - 5.125%, including inflation
Investment rate of return	7.875%, 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*

	2018	2017	2016	2015	2014
System's proportion of the net pension liability	0.761579%	0.758570%	0.757463%	0.761109%	0.785686%
System's proportionate share of the net pension liability	$ 75,721,000	$ 74,556,000	$ 82,003,000	$ 79,655,000	$ 71,376,000
System's covered payroll	$ 50,752,290	$ 50,033,648	$ 48,021,155	$ 47,934,304	$ 49,729,459
System's proportionate share of the net pension liability as a percentage of its covered payroll	149.20%	149.01%	170.76%	166.18%	143.53%
Plan fiduciary net position as a percentage of the total pension liability	72.29%	71.50%	67.93%	67.51%	71.01%

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

	2019	2018	2017	2016	2015
Contractually required contribution	$ 6,564,487	$ 6,114,961	$ 5,935,142	$ 5,697,027	$ 5,654,232
Contributions in relation to the contractually required contribution	6,564,487	6,114,961	5,935,142	5,697,027	5,654,232
Contribution deficiency (excess)	-	-	-	-	-
System's covered payroll	$ 53,916,727	$ 50,752,590	$ 50,033,648	$ 48,021,155	$ 47,934,304
Contributions as a percentage of covered payroll	12.18%	12.05%	11.86%	11.86%	11.80%

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

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

	City of Decatur		Municipal Utilities Board	
Total OPEB liability	2018	2017	2019	2018
Service cost	$ 2,448,333	$ 2,832,229	$ 424,692	$ 577,544
Interest	3,574,276	3,139,256	1,269,752	1,076,050
Changes in benefit terms	-	-	-	-
Differences between actual & expected experience	(3,600,770)	86,792	(5,687,159)	-
Changes of assumptions	(7,889,102)	(10,658,776)	(1,338,994)	-
Benefit payments, including refunds of employee contributions	(2,457,754)	(2,389,744)	(941,411)	(822,065)
Net change in OPEB liability	**(7,925,017)**	**(6,990,243)**	**(6,273,120)**	**831,529**
Total OPEB liability - beginning	101,337,863	108,328,106	35,020,837	34,189,308
Total OPEB liability - ending (a)	$ 93,412,846	$ 101,337,863	$ 28,747,717	$ 35,020,837
Covered payroll	**15,582,742**	**16,915,903**	**9,259,586**	**10,665,563**
Net pension liability (asset) as a percentage of covered payroll	**599.46%**	**599.07%**	**310.46%**	**328.35%**

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

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

	2018	2017
System's proportion of the net OPEB liability	0.898192%	0.868568%
System's proportionate share of the net OPEB liability	$ 73,819,943	$ 64,512,270
System's covered payroll	$ 50,752,590	$ 50,033,648
System's proportionate share of the net pension liability as a percentage of its covered payroll	145.45%	128.94%
Plan fiduciary net position as a percentage of the total pension liability	14.81%	15.37%

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

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

	2019	2018
Contractually required contribution	$ 2,719,129	$ 2,218,461
Contributions in relation to the contractually required contribution	2,719,129	2,218,461
Contribution deficiency (excess)	-	-
System's covered payroll	$ 53,916,727	$ 50,752,590
Contributions as a percentage of covered payroll	5.04%	4.37%

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

Note A - Changes in actuarial assumptions

In 2016, rates of withdrawal, retirement, disability, motility, spouse coverage, and tobacco usage were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 and later, the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females.

Note B - Recent plan changes

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

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, 2015, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods an assumptions were used to determine the most recent contribution rate reported in that schedule.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	26 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	3.00%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate Trend Rate	2021 for Pre-Medicare Eligible 2018 Medicare Eligible
Investment Rate of Return	5.00%, including inflation

SUPPLEMENTAL INFORMATION

City of Decatur
General Fund
Balance Sheet
September 30, 2019

Assets	
Cash & investments	$ 34,266,306
Cash with fiscal agent	703,145
Receivables (net of allowances):	
Accounts	572,181
Taxes	3,903,798
Due from other funds	1,404,878
Due from other governmental entities	456,084
Deposits	71,405
Prepaids	140,368
Inventories	44,667
Total assets	$ 41,562,832
Deferred Outflows of Resources	-
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 2,139,270
Accrued liabilities	1,050,092
Due to other funds	522,963
Due to other governmental entities	-
Customer deposits	302,494
Other	3,553
Total liabilities	4,018,372
Deferred Inflows of Resources	472,707
Fund Balance	
Nonspendable	185,035
Restricted	1,312
Committed	23,075,429
Unassigned	13,809,977
Total fund balance	37,071,753
Total liabilities, deferred resources and fund balance	$ 41,562,832

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	$ 45,890,300	$ 45,981,523	$ 49,719,869	$ 3,738,346
Licenses and permits	6,865,200	6,865,200	7,079,882	214,682
Fines and forfeitures	439,850	439,850	421,345	(18,505)
Revenues from money and property	340,000	340,000	1,149,615	809,615
Charges for services	5,652,748	5,652,748	5,686,552	33,804
Intergovernmental	5,225,613	5,225,613	5,756,359	530,746
Gifts and donations	100,188	100,188	79,680	(20,508)
Other revenues	224,000	224,000	186,283	(37,717)
TOTAL REVENUES	64,737,899	64,829,122	70,079,585	5,250,463
EXPENDITURES				
Current				
General government	12,994,467	13,886,558	12,177,261	1,709,297
Public safety	26,588,811	28,414,983	27,562,204	852,779
Public works	6,902,285	9,753,664	7,798,019	1,955,645
Public services	9,724,533	10,506,508	9,777,417	729,091
Community services contracts	2,640,983	2,705,920	2,794,596	(88,676)
Community development	470,670	500,670	358,078	142,592
Debt service:				
Principal	3,667,006	3,667,006	3,648,741	18,265
Interest and fiscal charges	1,070,985	1,070,985	1,071,133	(148)
TOTAL EXPENDITURES	64,059,740	70,506,294	65,187,449	5,318,845
EXCESS OF REVENUES OVER EXPENDITURES	678,159	(5,677,172)	4,892,136	10,569,308
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Long-term debt issued	-	-	-	-
Operating transfers in	7,000	7,000	25,322	18,322
Operating transfers out	(797,308)	(879,308)	(883,739)	(4,431)
Total other financing sources (uses)	(790,308)	(872,308)	(858,417)	13,891
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(112,149)	(6,549,480)	4,033,719	10,583,199
Fund balance, beginning	33,038,034	33,038,034	33,038,034	-
FUND BALANCE, ENDING	**$ 32,925,885**	**$ 26,488,554**	**$ 37,071,753**	**$ 10,583,199**

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	$ 34,100,000	$ 34,100,000	$ 37,337,193	$ 3,237,193
Ad valorem	4,260,000	4,260,000	4,189,494	(70,506)
Other	7,530,300	7,621,523	8,193,182	571,659
Total	45,890,300	45,981,523	49,719,869	3,738,346
Licenses and permits				
Motor Vehicle	175,000	175,000	181,212	6,212
Business Licenses and Permits	6,155,200	6,155,200	6,298,193	142,993
Building Permits and Inspection Fees	535,000	535,000	600,477	65,477
Total	6,865,200	6,865,200	7,079,882	214,682
Fines and forfeitures	439,850	439,850	421,345	(18,505)
Revenues from money and property				
Interest	155,000	155,000	959,357	804,357
Other	185,000	185,000	190,258	5,258
Total	340,000	340,000	1,149,615	809,615
Charges for current services				
Recreation	488,900	488,900	484,068	(4,832)
Animal shelter	23,100	23,100	25,015	1,915
General government	464,100	464,100	424,137	(39,963)
Public safety	278,598	278,598	252,122	(26,476)
Public works	4,348,000	4,348,000	4,438,798	90,798
Cemetery	50,000	50,000	53,875	3,875
Old bank	-	-	-	-
Youth services	50	50	8,537	8,487
Total	5,652,748	5,652,748	5,686,552	33,804
Intergovernmental				
Tax equivalents	4,890,613	4,890,613	5,219,718	329,105
State Grants	-	-	-	-
State Shared Taxes	335,000	335,000	536,641	201,641
State contributions	-	-	-	-
Total	5,225,613	5,225,613	5,756,359	530,746
Gifts & donations	100,188	100,188	79,680	(20,508)
Other revenues	224,000	224,000	186,283	(37,717)
TOTAL REVENUES	64,737,899	64,829,122	70,079,585	5,250,463

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
CURRENT EXPENDITURES				
General Government				
Mayor and Council				
Personal services	302,157	302,157	302,804	(647)
Operating expenses	233,255	352,255	151,878	200,377
Capital outlay	-	-	-	-
Total	535,412	654,412	454,682	199,730
Legal Services				
Personal services	451,718	451,718	446,685	5,033
Operating expenses	55,828	66,531	48,370	18,161
Capital outlay	-	-	-	-
Total	507,546	518,249	495,055	23,194
Municipal Court				
Personal services	720,192	720,192	715,018	5,174
Operating expenses	11,051	11,051	7,491	3,560
Capital outlay	-	-	-	-
Total	731,243	731,243	722,509	8,734
City Clerk				
Personal services	488,929	488,929	463,393	25,536
Operating expenses	133,775	153,517	101,367	52,150
Capital outlay	-	-	-	-
Total	622,704	642,446	564,760	77,686
Revenue department				
Personal services	232,790	232,790	225,553	7,237
Operating expenses	107,700	107,700	81,388	26,312
Capital outlay	-	-	-	-
Total	340,490	340,490	306,941	33,549
Finance department				
Personal services	830,248	830,248	791,618	38,630
Operating expenses	14,445	14,445	11,139	3,306
Capital outlay	-	-	-	-
Total	844,693	844,693	802,757	41,936
Public building				
Personal services	143,228	143,228	156,172	(12,944)
Operating expenses	604,805	944,490	916,219	28,271
Capital outlay	-	200,000	94,266	105,734
Total	748,033	1,287,718	1,166,657	121,061

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Community development				
Personal services	880,554	880,554	798,375	82,179
Operating expenses	144,804	266,565	247,160	19,405
Capital outlay	-	-	100	(100)
Total	1,025,358	1,147,119	1,045,635	101,484
Garage				
Personal services	367,354	349,098	336,135	12,963
Operating expenses	76,349	97,605	60,337	37,268
Capital outlay	0	0	20,555	(20,555)
Total	443,703	446,703	417,027	29,676
Purchasing				
Personal services	283,720	283,720	213,382	70,338
Operating expenses	9,568	9,568	5,849	3,719
Capital outlay	0	0	-	-
Total	293,288	293,288	219,231	74,057
Information services				
Personal services	929,620	929,620	930,160	(540)
Operating expenses	1,411,053	1,411,053	1,195,461	215,592
Capital outlay	345,450	420,450	120,247	300,203
Total	2,686,123	2,761,123	2,245,868	515,255
Miscellaneous				
Workman's compensation	850,000	850,000	359,360	490,640
Insurance	340,000	350,000	351,600	(1,600)
Other	2,912,975	2,902,975	2,919,923	(16,948)
Total	4,102,975	4,102,975	3,630,883	472,092
Safety				
Personal services	78,649	78,649	80,557	(1,908)
Operating expenses	34,250	37,450	24,699	12,751
Capital outlay	0	0	-	-
Total	112,899	116,099	105,256	10,843
Total general government	12,994,467	13,886,558	12,177,261	1,709,297

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Public Safety				
Fire				
Personal services	9,864,470	9,864,470	9,736,473	127,997
Operating expenses	759,525	788,725	748,120	40,605
Capital outlay	60,000	1,483,855	1,428,099	55,756
Total	10,683,995	12,137,050	11,912,692	224,358
Inspection				
Personal services	793,744	792,544	792,765	(221)
Operating expenses	36,605	37,805	29,809	7,996
Capital outlay	-	-	-	-
Total	830,349	830,349	822,574	7,775
Police				
Personal services	11,410,933	11,439,928	11,002,660	437,268
Operating expenses	2,336,970	2,359,575	2,264,664	94,911
Capital outlay	1,015,519	1,156,086	1,102,338	53,748
Total	14,763,422	14,955,589	14,369,662	585,927
Sign Shop				
Personal services	196,344	196,344	200,672	(4,328)
Operating expenses	114,701	109,528	75,341	34,187
Capital outlay	-	186,123	181,263	4,860
Total	311,045	491,995	457,276	34,719
Total public safety	26,588,811	28,414,983	27,562,204	852,779
Public Works				
Director				
Personal services	225,883	225,883	250,782	(24,899)
Operating expenses	69,782	69,782	51,853	17,929
Capital outlay	-	-	12,568	(12,568)
Total	295,665	295,665	315,203	(19,538)
Streets				
Personal services	1,580,407	1,575,407	1,541,743	33,664
Operating expenses	857,260	947,460	936,560	10,900
Capital outlay	138,000	812,379	767,459	44,920
Total	2,575,667	3,335,246	3,245,762	89,484

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Projects				
Operating expenses	15,000	120,000	102,204	17,796
Capital outlay	11,700	1,096,231	126,115	970,116
Total	26,700	1,216,231	228,319	987,912
Engineering				
Personal services	309,407	309,407	257,502	51,905
Operating expenses	164,550	695,912	167,843	528,069
Capital outlay	100,000	246,800	482,034	(235,234)
Total	573,957	1,252,119	907,379	344,740
Sanitation				
Personal services	1,650,146	1,572,146	1,541,947	30,199
Operating expenses	1,494,159	1,572,159	1,559,409	12,750
Capital outlay	285,991	510,098	-	510,098
Total	3,430,296	3,654,403	3,101,356	553,047
Total public works	6,902,285	9,753,664	7,798,019	1,955,645
Public Services				
Animal Shelter				
Personal services	509,287	494,287	454,683	39,604
Operating expenses	124,700	134,950	126,845	8,105
Capital outlay	-	114,750	111,083	3,667
Total	633,987	743,987	692,611	51,376
Parks and recreation				
Personal services	4,539,827	4,539,827	4,273,579	266,248
Operating expenses	3,181,227	3,181,227	3,242,061	(60,834)
Capital outlay	187,640	852,640	424,812	427,828
Total	7,908,694	8,573,694	7,940,452	633,242
Cemetery				
Personal services	113,024	113,024	106,395	6,629
Operating expenses	88,186	95,161	83,026	12,135
Capital outlay	-	-	-	-
Total	201,210	208,185	189,421	18,764
Youth services				
Personal services	672,024	658,024	663,349	(5,325)
Operating expenses	194,218	208,218	187,052	21,166
Total	866,242	866,242	850,401	15,841

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Culture				
Old Bank	97,900	97,900	86,038	11,862
Train Depot	16,500	16,500	18,494	(1,994)
Princess	-	-	-	-
Total	114,400	114,400	104,532	9,868
Total public services	9,724,533	10,506,508	9,777,417	729,091
Community Service Contracts				
Wheeler Basin Regional Library Board	441,936	441,936	441,936	-
Morgan County Emergency Management Dist.	397,733	397,733	397,733	-
Decatur-Morgan County Emergency Mgt. Agency	32,053	32,053	32,053	-
NARCOG:				
Regional Planning	-	-	-	-
Senior Aid Program	-	-	-	-
Transport Planning	135,000	135,000	135,000	-
NCA Mental Health Board	20,000	20,000	20,000	-
Economic Development Association	64,900	64,900	64,900	-
Morgan County Health Department	108,504	108,504	108,504	-
Community Action and Community Development Agency of North Alabama:				
Meals on Wheels	14,227	14,227	14,227	-
Foster Grandparents	7,200	7,200	7,200	-
Decatur-Morgan County Seniors' Council, Inc.	51,000	51,000	51,000	-
Decatur Convention and Visitors' Bureau	868,050	927,987	1,016,663	(88,676)
Chamber of Commerce:				
Community Business Development Board	50,000	50,000	50,000	-
Morgan County Rescue Squad	10,800	10,800	10,800	-
Pryor Field Airport Authority	30,000	30,000	30,000	-
Volunteer Center	7,200	7,200	7,200	-
Carnegie Visual Arts	18,000	18,000	18,000	-
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	-
Kidz Table Inc.	4,500	4,500	4,500	-
Decatur Youth Symphony	13,500	13,500	13,500	-
Princess Theatre	72,000	72,000	72,000	-
American Cancer Society	50,000	50,000	50,000	-
Entrepreneurial Center	90,000	90,000	90,000	-
DMCCC One Vision, One Voice	-	-	-	-
Singing River Trail Study	-	5,000	5,000	-
Total Community Services Contract	2,640,983	2,705,920	2,794,596	(88,676)

City of Decatur
General Fund
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget & Actual - By Activity
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Community Development				
Planning department				
Personal services	359,948	359,948	252,055	107,893
Operating expenses	110,722	140,722	106,023	34,699
Capital outlay	-	-	-	-
Total	470,670	500,670	358,078	142,592
Total community development	470,670	500,670	358,078	142,592
Debt Service Expenditures				
Principial	3,667,006	3,667,006	3,648,741	18,265
Interest and fiscal charges	1,070,985	1,070,985	1,071,133	(148)
Total Debt Service Expenditures	4,737,991	4,737,991	4,719,874	18,117
TOTAL EXPENDITURES	64,059,740	70,506,294	65,187,449	5,318,845
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	678,159	(5,677,172)	4,892,136	10,569,308
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Payment to escrow agent				-
Operating transfers in	7,000	7,000	25,322	18,322
Operating transfers out	(797,308)	(879,308)	(883,739)	(4,431)
Total other financing sources (uses)	(790,308)	(872,308)	(858,417)	13,891
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(112,149)	(6,549,480)	4,033,719	10,583,199
Fund balance, beginning	33,038,034	33,038,034	33,038,034	-
FUND BALANCE, ENDING	$ 32,925,885	$ 26,488,554	$ 37,071,753	$ 10,583,199

Other Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Decatur
Non-Major Governmental Funds (by fund type)
Combining Balance Sheet
September 30, 2019

	Special Revenue Funds										Permanent 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	Perpetual Care
Assets											
Cash & investments, at cost	$ -	$ 7,884	$ -	$ 21,709	$ 45,832	$ 1,293,730	$ 482,686	$ 328,268	$ 339,871	$ 871,157	$ 78,272
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	-
Investments, at cost											1,122,291
Receivables (net of allowances)											
Accounts	-	-	-	-	106	-	13,115	3,935	-	-	5,454
Notes	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	50,883	-
Due from other funds											
Due from governmental entities	13,826	30,621	694,847	-	-	-	-	-	-	-	-
Deposits	10,182	6,825	-	-	-	-	-	-	-	-	-
Total assets	$ 24,008	$ 45,330	$ 694,847	$ 21,709	$ 45,938	$ 1,293,730	$ 495,801	$ 332,203	$ 339,871	$ 922,040	$ 1,206,017
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-
Liabilities											
Accounts payable	-	458	134,348	7,203	45,720	5,490	1,847	1,340	-	-	-
Accrued liabilities	-	-	9,088	11,214	-	-	4,380	-	-	-	-
Due to other funds	13,375	-	140,879	-	-	-	-	-	-	1,464,623	5,453
Due to other governmental entities	-	-	-	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	218	-	-	-	-	-	-
Total liabilities	13,375	458	284,315	18,417	45,938	5,490	6,227	1,340	-	1,464,623	5,453
Deferred Inflows of Resources	-	-	545,864	-	-	-	-	-	-	-	-
Fund Balances											
Nonspendable	-	-	-	-	-	-	-	-	-	-	1,200,564
Restricted	10,633	44,872	(135,332)	-	-	1,288,240	489,574	330,863	339,871	-	-
Committed	-	-	-	3,292	-	-	-	-	-	(542,583)	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
	-										-
Total fund balance (deficit)	10,633	44,872	(135,332)	3,292	-	1,288,240	489,574	330,863	339,871	(542,583)	1,200,564
Total liabilities, deferred inflows and fund	$ 24,008	$ 45,330	$ 694,847	$ 21,709	$ 45,938	$ 1,293,730	$ 495,801	$ 332,203	$ 339,871	$ 922,040	$ 1,206,017

City of Decatur
Non-Major Governmental Funds (by fund
Combining Balance Sheet
September 30, 2019

	Capital Projects Funds			
	2016 Capital Improvements Fund	Sewer Fund	Capital Improvements Fund	Total Nonmajor Governmental Funds
Assets				
Cash & investments, at cost	$ 1,679,930	$ 356,162	$ 110,835	$ 5,616,336
Cash with fiscal agents	-	127,797	-	127,797
Investments, at cost	-			1,122,291
Receivables (net of allowances)				
Accounts	34,817	-	-	57,427
Notes	-	-	-	-
Taxes	-	-	-	50,883
Due from other funds		56,807		56,807
Due from governmental entities	310,274	-	-	1,049,568
Deposits	607,914	-	-	624,921
Total assets	$ 2,632,935	$ 540,766	$ 110,835	$ 8,706,030
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Accounts payable	229,436	-	-	425,842
Accrued liabilities	-	-	-	24,682
Due to other funds	-	-	-	1,624,330
Due to other governmental entities	-	-	-	-
Customer deposits	-	-	-	-
Other	-	-	-	218
Total liabilities	229,436	-	-	2,075,072
Deferred Inflows of Resources	310,274	-	-	856,138
Fund Balances				
Nonspendable	-	-	-	1,200,564
Restricted	-	-	-	2,368,721
Committed	2,093,225	540,766	110,835	2,205,535
Unassigned	-	-	-	-
		-	-	-
Total fund balance (deficit)	2,093,225	540,766	110,835	5,774,820
Total liabilities, deferred inflows and fund	$ 2,632,935	$ 540,766	$ 110,835	$ 8,706,030

	Special Revenue Funds										Permanent 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	Perpetual Care
Revenue											
Other taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 584,370	$ -
Fines & forfeitures	-	-	-	-	-	-	369,422	103,588	-	-	-
Revenues from money & property	227	704	-	-	-	-	4,668	-	3,103	-	113,663
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	250,611	363,226	1,427,855	-	-	500,944	-	-	53,589	-	-
Other revenues	-	-	223,555	121	-	-	-	-	-	-	-
Total revenues	250,838	363,930	1,691,410	121	-	500,944	374,090	103,588	56,692	584,370	113,663
Expenditures											
Current											
General government	-	-	-	887,107	-	229,369	361,609	15,761	-	-	-
Public safety	-	-	-	-	-	-	107,607	-	124,027	-	-
Public works	185,011	423,509	-	-	-	137,258	-	-	-	-	-
Public services	-	-	-	-	-	24,948	-	-	-	-	-
Educational assistance	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	1,857,721	-	-	-	-	-	-	-	-
Debt service											
Principal	-	-	-	-	-	-	-	-	-	80,000	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	49,694	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	185,011	423,509	1,857,721	887,107	-	391,575	469,216	15,761	124,027	129,694	-
Excess (deficiency) of revenues over expenditures	65,827	(59,579)	(166,311)	(886,986)	-	109,369	(95,126)	87,827	(67,335)	454,676	113,663
Other Financing Sources (Uses)											
Transfers in	-	-	94,823	800,000	-	-	-	-	1,960	-	-
Transfers (out)	-	-	(1,960)	-	-	-	-	-	-	(6,481)	(21,721)
Total other financing sources (uses)	-	-	92,863	800,000	-	-	-	-	1,960	(6,481)	(21,721)
Net change in fund balance	65,827	(59,579)	(73,448)	(86,986)	-	109,369	(95,126)	87,827	(65,375)	448,195	91,942
Fund balance (deficit), beginning	(55,194)	104,451	(61,884)	90,278	-	1,178,871	584,700	243,036	405,246	(990,778)	1,108,622
Fund balance (deficit), ending	$ 10,633	$ 44,872	$ (135,332)	$ 3,292	$ -	$ 1,288,240	$ 489,574	$ 330,863	$ 339,871	$ (542,583)	$ 1,200,564

City of Decatur
Non-major Governmental Funds (by func
Combining Statement of Revenues, Expe
For the Year Ended September 30, 2019

	Capital Projects Fund			
	2016 Captial Improvements Fund	Sewer Fund	Capital Improvements Fund	Total Nonmajor Governmental Funds
Revenue				
Other taxes	$ -	$ -	$ -	$ 584,370
Fines & forfeitures	-	-	-	473,010
Revenues from money & property	14,087	4,167	1,842	142,461
Charges for services	-	-	-	-
Intergovernmental	4,786,983	-	517,088	7,900,296
Other revenues	-	-	-	223,676
Total revenues	4,801,070	4,167	518,930	9,363,813
Expenditures				
Current				
General government	-	-	-	1,493,846
Public safety	-	-	-	231,634
Public works	6,076,169	-	609,745	7,431,692
Public services	-	-	-	24,948
Educational assistance	-	-	-	-
Community development	-	-	-	1,857,721
Debt service				
Principal	-	410,494	-	490,494
Interest and fiscal charges	-	251,813	-	301,507
Debt issuance costs	-	-	-	-
Total expenditures	6,076,169	662,307	609,745	11,831,842
Excess (deficiency) of revenues over expenditures	(1,275,099)	(658,140)	(90,815)	(2,468,029)
Other Financing Sources (Uses)				
Transfers in	187,015	787,457	-	1,871,255
Transfers (out)	-	(187,015)	-	(217,177)
Total other financing sources (uses)	187,015	600,442	-	1,654,078
Net change in fund balance	(1,088,084)	(57,698)	(90,815)	(813,951)
Fund balance (deficit), beginning	3,181,309	598,464	201,650	6,588,771
Fund balance (deficit), ending	$ 2,093,225	$ 540,766	$ 110,835	$ 5,774,820

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, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 155,000	$ 155,000	$ 250,611	$ 95,611
Revenues from money and property	400	400	227	(173)
Total revenues	155,400	155,400	250,838	95,438
EXPENDITURES				
Operating expenses	143,000	197,000	185,011	11,989
Total expenditures	143,000	197,000	185,011	11,989
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,400	(41,600)	65,827	107,427
NET CHANGE IN FUND BALANCE	12,400	(41,600)	65,827	107,427
Fund balance, beginning	(55,194)	(55,194)	(55,194)	-
FUND BALANCE, ENDING	$ (42,794)	$ (96,794)	$ 10,633	$ 107,427

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, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 325,500	$ 325,500	$ 363,226	$ 37,726
Revenues from money and property	400	400	704	304
Total revenues	325,900	325,900	363,930	38,030
EXPENDITURES				
Operating expenses	489,000	435,000	423,509	11,491
Total expenditures	489,000	435,000	423,509	11,491
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(163,100)	(109,100)	(59,579)	49,521
NET CHANGE IN FUND BALANCE	(163,100)	(109,100)	(59,579)	49,521
Fund balance, beginning	104,451	104,451	104,451	-
FUND BALANCE, ENDING	$ (58,649)	$ (4,649)	$ 44,872	$ 49,521

City of Decatur
Personnel Board Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other revenues	$ -	$ -	$ 121	$ 121
Total revenues	-	-	121	121
EXPENDITURES				
Personnel services	592,900	592,900	644,146	(51,246)
Operating expenses	224,735	283,835	242,961	40,874
Total expenditures	817,635	876,735	887,107	(10,372)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(817,635)	(876,735)	(886,986)	(10,251)
OTHER FINANCING SOURCES				
Operating transfers in	750,000	800,000	800,000	-
Total other financing sources (uses)	750,000	800,000	800,000	-
NET CHANGE IN FUND BALANCE	(67,635)	(76,735)	(86,986)	(10,251)
Fund balance, beginning	90,278	90,278	90,278	-
FUND BALANCE, ENDING	$ 22,643	$ 13,543	$ 3,292	$ (10,251)

City of Decatur
Heritage Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2019

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 474,000	$ 474,000	$ 500,944	$ 26,944
Total revenues	474,000	474,000	500,944	26,944
EXPENDITURES				
Capital outlay	613,500	825,807	391,575	434,232
Total expenditures	613,500	825,807	391,575	434,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(139,500)	(351,807)	109,369	461,176
NET CHANGE IN FUND BALANCE	(139,500)	(351,807)	109,369	461,176
Fund balance, beginning	1,178,871	1,178,871	1,178,871	-
FUND BALANCE, ENDING	$ 1,039,371	$ 827,064	$ 1,288,240	$ 461,176

City of Decatur
Corrections Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2019

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and Forfeitures	$ 436,000	$ 436,000	$ 369,422	$ (66,578)
Revenues from money and property	750	750	4,668	3,918
Total revenues	436,750	436,750	374,090	(62,660)
EXPENDITURES				
Personnel services	349,067	349,067	306,900	42,167
Operating expenses	200,774	200,774	162,316	38,458
Capital outlay	28,500	28,500	-	28,500
Total expenditures	578,341	578,341	469,216	109,125
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(141,591)	(141,591)	(95,126)	46,465
NET CHANGE IN FUND BALANCE	(141,591)	(141,591)	(95,126)	46,465
Fund balance, beginning	584,700	584,700	584,700	-
FUND BALANCE, ENDING	$ 443,109	$ 443,109	$ 489,574	$ 46,465

City of Decatur
Docket Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2019

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Fines and Forfeitures	$ 111,500	$ 111,500	$ 103,588	$ (7,912)
Total revenues	111,500	111,500	103,588	(7,912)
EXPENDITURES				
Personnel services	-	-	-	-
Operating expenses	143,200	143,200	15,761	127,439
Total expenditures	143,200	143,200	15,761	127,439
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,700)	(31,700)	87,827	119,527
NET CHANGE IN FUND BALANCE	(31,700)	(31,700)	87,827	119,527
Fund balance, beginning	243,036	243,036	243,036	-
FUND BALANCE, ENDING	$ 211,336	$ 211,336	$ 330,863	$ 119,527

City of Decatur
Drug Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2019

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 50,000	$ 50,000	$ 53,589	$ 3,589
Revenues from money and property	600	600	3,103	2,503
Total revenues	50,600	50,600	56,692	6,092
EXPENDITURES				
Personal services	5,000	5,000	1,559	3,441
Operating expenses	48,708	48,708	41,952	6,756
Capital outlay	35,000	95,516	80,516	15,000
Total expenditures	88,708	149,224	124,027	25,197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,108)	(98,624)	(67,335)	31,289
OTHER FINANCING SOURCES				
Operating transfers in	-	-	1,960	1,960
Total other financing sources (uses)	-	-	1,960	1,960
NET CHANGE IN FUND BALANCE	(38,108)	(98,624)	(65,375)	33,249
Fund balance, beginning	405,246	405,246	405,246	-
FUND BALANCE, ENDING	$ 367,138	$ 306,622	$ 339,871	$ 33,249

City of Decatur
Room Occupancy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2019

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and Payments in lieu of taxes	$ 515,000	$ 515,000	$ 584,370	$ 69,370
Total revenues	515,000	515,000	584,370	69,370
EXPENDITURES				
Debt service				
Principal	80,000	80,000	80,000	-
Interest	49,694	49,694	49,694	-
Total expenditures	129,694	129,694	129,694	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	385,306	385,306	454,676	69,370
OTHER FINANCING USES				
Operating transfers (out)	(6,880)	(6,880)	(6,481)	399
Total other financing sources	(6,880)	(6,880)	(6,481)	399
NET CHANGE IN FUND BALANCE	378,426	378,426	448,195	69,769
Fund balance, beginning	(990,778)	(990,778)	(990,778)	-
FUND BALANCE, ENDING	$ (612,352)	$ (612,352)	$ (542,583)	$ 69,769

City of Decatur
Non-major Proprietary Funds
Combining Statement of Net Position
September 30, 2019

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash & investments, at cost	$ 955,876	$ 19,382,320	$20,338,196
Receivables (net of allowance)			
Accounts	96,299	662,910	759,209
Due from other funds	-	1,173,907	1,173,907
Due from governmental entities	-	-	-
Inventories, at cost	38,886	-	38,886
TOTAL CURRENT ASSETS	1,091,061	21,219,137	22,310,198
NONCURRENT ASSETS			
Capital assets:			
Land	254,931	1,241,799	1,496,730
Buildings	7,325,164	2,365,396	9,690,560
Improvements other than buildings	10,553,741	8,588,116	19,141,857
Furniture & equipment	1,219,939	8,287,506	9,507,445
Construction work in progress	-	-	-
Less accumulated depreciation	(14,111,518)	(11,172,315)	(25,283,833)
Total capital assets (net of accumlated depreciation)	5,242,257	9,310,502	14,552,759
TOTAL NONCURRENT ASSETS	5,242,257	9,310,502	14,552,759
TOTAL ASSETS	6,333,318	30,529,639	36,862,957
DEFERRED OUTFLOWS OF RESOURCES			
OPEB contribution	76,213	92,753	168,966
Pension contributions subsequent to measurement date	137,501	303,162	440,663
TOTAL DEFERRED OUTFLOWS OF RESOURCES	213,714	395,915	609,629

LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	165,992	233,073	399,065
Accrued liabilities	44,563	95,940	140,503
Compensated absences	8,634	11,196	19,830
Claims payable	-	100,000	100,000
TOTAL CURRENT LIABILITIES	219,189	440,209	659,398
NONCURRENT LIABILITIES			
Landfill closure and post-closure care costs	-	5,695,706	5,695,706
Compensated absences	77,714	100,760	178,474
Claims payable	-	100,000	100,000
Net pension liability	724,569	1,519,993	2,244,562
Net other postemployment benefit obligation	2,538,411	3,009,372	5,547,783
TOTAL NONCURRENT LIABILITIES	3,340,694	10,425,831	13,766,525
TOTAL LIABILITIES	3,559,883	10,866,040	14,425,923
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on OPEB plan investments	67,678	150,449	218,127
Net difference between projected and actual earnings on pension plan investments	431,698	531,715	963,413
TOTAL DEFERRED INFLOWS OF RESOURCES	499,376	682,164	1,181,540
NET POSITION			
Invested in capital assets, net of related debt	5,242,257	9,310,502	14,552,759
Unrestricted	(2,754,484)	10,066,848	7,312,364
TOTAL NET POSITION	$ 2,487,773	$ 19,377,350	$ 21,865,123

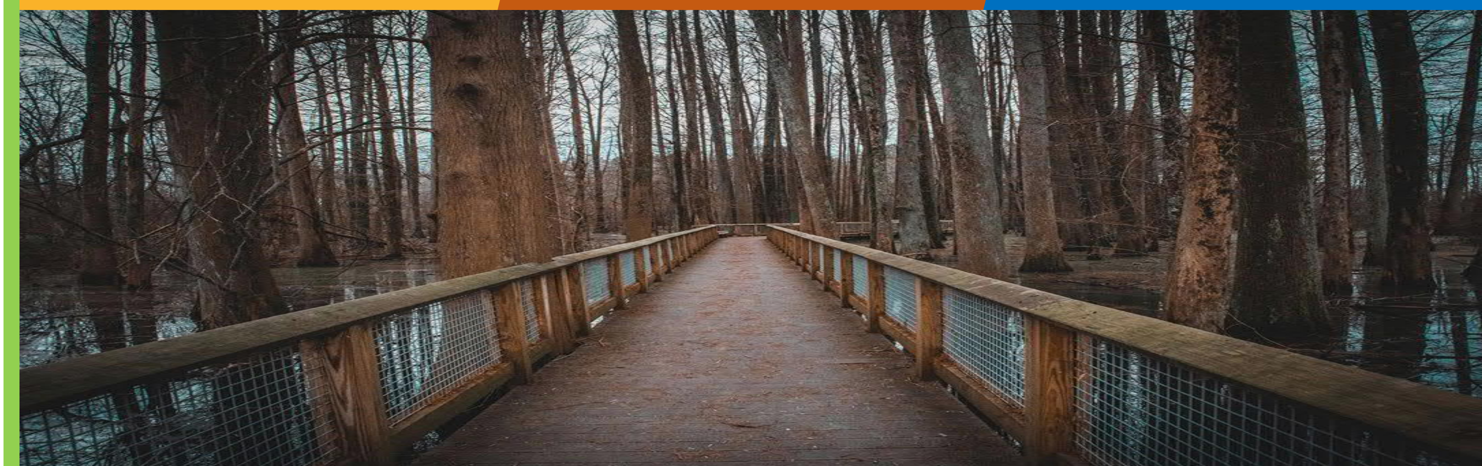
City of Decatur
Non-major Proprietary Funds
Combining Schedule of Revenue, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2019

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for services	$ 5,155,091	$ 7,029,190	$ 12,184,281
TOTAL OPERATING REVENUE	5,155,091	7,029,190	12,184,281
OPERATING EXPENSES			
Personnel, operations & maintenance	4,689,619	3,807,074	8,496,693
Closure and postclosure costs	-	351,505	351,505
Depreciation and amortization	707,442	1,103,863	1,811,305
Administrative costs	321,530	402,611	724,141
TOTAL OPERATING EXPENSES	5,718,591	5,665,053	11,383,644
OPERATING INCOME (LOSS)	(563,500)	1,364,137	800,637
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	164,945	164,945
Gain on disposition of assets	(8,983)	212,761	203,778
Miscellaneous revenue	109,150	152,686	261,836
Total nonoperating revenue	100,167	530,392	630,559
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS & SPECIAL ITEMS	(463,333)	1,894,529	1,431,196
Transfers in	-	9,031	9,031
Transfers (out)	(17,235)	-	(17,235)
CHANGE IN NET POSITION	(480,568)	1,903,560	1,422,992
Total net position, beginning	2,968,341	17,473,790	20,442,131
TOTAL NET POSITION, ENDING	$ 2,487,773	$ 19,377,350	$ 21,865,123

City of Decatur
Non-major Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2019

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING ACTIVITIES			
Receipts from customers and users	$ 5,233,109	$ 7,171,586	$ 12,404,695
Payments to suppliers	(729,869)	(3,282,066)	(4,011,935)
Payments to employees	(4,351,349)	(1,174,938)	(5,526,287)
Payments for interfund services	383	-	383
NET CASH PROVIDED BY OPERATING ACTIVITIES	152,274	2,714,582	2,866,856
NONCAPITAL FINANCING ACTIVITIES			
Payments received from advances to other funds	-	166,425	166,425
Operating transfers in	-	9,031	9,031
Operating transfers (out)	(17,235)	-	(17,235)
NET CASH (USED) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(17,235)	175,456	158,221
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(338,508)	(3,534,892)	(3,873,400)
Proceeds from sale of capital assets	1,713	212,761	214,474
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(336,795)	(3,322,131)	(3,658,926)
INVESTING ACTIVITIES			
Interest received	-	164,944	164,944
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	164,944	164,944
NET DECREASE IN CASH AND CASH EQUIVALENTS	(201,756)	(267,149)	(468,905)
Cash and cash equivalents, beginning	1,157,632	19,649,469	20,807,101
CASH AND CASH EQUIVALENTS, ENDING	$ 955,876	$ 19,382,320	$ 20,338,196

OPERATING INCOME (LOSS)	$ (563,500)	$ 1,364,137	$ 800,637
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	707,442	1,103,863	1,811,305
Landfill postclosue costs	-	351,505	351,505
Miscellaneous items	109,152	152,685	261,837
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(31,132)	(10,290)	(41,422)
Accounts payable	(2,000)	27,869	25,869
Claims payable	-	(100,000)	(100,000)
Inventory	31,355	-	31,355
Accrued liabilities	31,276	827	32,103
Net pension liability	75,627	106,611	182,238
Net OPEB obligation	(205,946)	(282,625)	(488,571)
Deferred revenue	-	-	-
Other items	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 152,274	$ 2,714,582	$ 2,866,856



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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Invested in capital assets, net of related debt	$ 45,494,769	$ 34,773,577	$ 37,209,341	$ 31,327,171	$ 29,561,806	$ 30,447,007	$ 33,080,019	$ 33,975,719	$ 35,365,812	$ 32,000,473
Restricted	3,570,597	3,509,162	3,682,814	3,788,357	4,318,971	3,885,349	3,145,307	5,659,061	2,382,802	2,325,232
Unrestricted	(106,609,293)	(113,665,669)	(43,961,640)	(38,088,919)	(35,016,581)	(2,825,187)	(2,232,953)	(2,153,233)	2,372,206	9,250,203
Total governmental activities net assets	(57,543,927)	(75,382,930)	(3,069,485)	(2,973,391)	(1,135,804)	31,507,169	33,992,373	37,481,547	40,120,820	43,575,908
Business-type activities										
Invested in capital assets, net of related debt	243,198,235	226,886,818	201,146,976	188,974,450	168,779,187	123,170,516	141,972,809	187,342,637	174,056,977	164,005,708
Restricted	24,012,716	23,603,852	23,056,896	28,639,263	40,071,044	47,773,019	58,288,930	8,838,606	5,667,314	16,836,846
Unrestricted	(4,323,534)	(2,938,616)	37,772,340	35,861,212	33,133,776	82,333,175	47,187,185	44,934,480	41,638,502	35,277,505
Total business-type activities net assets	262,887,417	247,552,054	261,976,212	253,474,925	241,984,007	253,276,710	247,448,924	241,115,723	221,362,793	216,120,059
Primary government										
Invested in capital assets, net of related debt	288,693,004	261,660,395	238,356,317	220,301,621	198,340,993	153,617,523	175,052,828	221,318,356	209,422,789	196,006,181
Restricted	27,583,313	27,113,014	26,739,710	32,427,620	44,390,015	51,658,368	61,434,237	14,497,667	8,050,116	19,162,078
Unrestricted	(110,932,827)	(116,604,285)	(6,189,300)	(2,227,707)	(1,882,805)	79,507,988	44,954,232	42,781,247	44,010,708	44,527,708
Total primary government net assets	$ 205,343,490	$ 172,169,124	$ 258,906,727	$ 250,501,534	$ 240,848,203	$ 284,783,879	$ 281,441,297	$ 278,597,270	$ 261,483,613	$ 259,695,967

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
General Government	$ 9,470,149	$ 23,144,821	$ 18,363,409	$ 16,044,080	$ 13,957,454	$ 14,264,188	$ 14,103,141	$ 12,601,325	$ 12,956,021	$ 12,857,266
Public safety	26,386,902	25,480,437	25,332,134	23,111,083	23,949,879	22,981,334	22,958,877	21,943,955	21,414,691	21,236,517
Public works	8,228,481	7,741,903	9,539,842	6,950,859	8,129,042	10,452,310	8,129,190	7,609,409	8,522,763	7,619,663
Public services	11,193,931	10,568,698	10,272,836	10,196,003	9,805,856	8,795,026	10,164,983	10,437,085	9,555,143	10,198,141
Educational assistance	23,232,204	21,974,908	21,097,369	20,423,095	20,133,524	19,647,186	18,294,568	18,025,953	17,097,083	16,413,140
Community service contracts	1,293,569	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354	2,401,418	2,739,907	3,083,825	3,062,672
Community development	2,794,596	1,260,539	1,310,902	1,218,223	1,026,451	2,121,523	1,294,167	2,007,260	2,005,936	1,379,027
Personnel board	-	-	801,764	611,900	620,764	580,781	573,625	594,999	534,424	559,696
Interest on long-term debt	1,417,048	1,529,897	1,625,845	1,586,551	1,774,419	1,837,110	1,910,582	2,147,487	2,342,822	2,581,851
Unallocated depreciation	1,985,191	2,093,773	2,173,814	2,320,990	2,366,814	2,449,953	2,507,112	2,575,465	2,735,488	2,906,451
Total governmental activities expense	86,002,071	96,488,136	92,992,480	84,819,997	84,003,232	85,478,765	82,337,663	80,682,845	80,248,196	78,814,424
Business-type activities:										
Municipal Utilities Board	135,287,508	134,675,442	130,290,772	129,940,544	134,707,491	141,507,769	134,132,114	132,446,082	138,399,838	134,497,905
Point Mallard	5,718,591	5,885,957	5,587,125	5,591,696	5,614,318	5,382,914	5,311,189	4,674,328	4,317,541	4,231,449
Sanitary Landfill	5,665,053	10,265,722	6,676,493	5,946,289	5,579,541	5,593,042	5,582,815	5,600,555	5,114,326	3,961,936
Total business-type activities expenses	146,671,152	150,827,121	142,554,390	141,478,529	145,901,350	152,483,725	145,026,118	142,720,965	147,831,705	142,691,290
Total primary government expenses	232,673,223	247,315,257	235,546,870	226,298,526	229,904,582	237,962,490	227,363,781	223,403,810	228,079,901	221,505,714
Program Revenues										
Governmental activities:										
Charges for services:										
General government	7,032,271	6,903,145	6,495,047	6,101,001	6,642,236	6,546,578	6,118,428	6,356,657	5,713,461	5,130,679
Public safety	1,784,133	2,003,560	1,959,213	2,008,137	2,245,642	2,213,545	2,279,815	2,544,045	2,392,923	2,538,534
Public works	4,438,798	4,286,515	3,930,481	3,918,168	3,920,619	3,358,806	3,295,403	3,221,422	3,126,217	3,026,586
Public services	667,645	684,203	704,558	692,853	703,562	714,905	777,107	683,828	532,171	569,653
Intergovernmental assistance		-	-	-	-	264,600	288,963	217,231	96,792	97,363
Educational assistance										
Community Development		-	1,944	2,911	7,716	15,068				
Operating grants and contributions	1,673,621	1,246,909	3,930,964	2,191,970	1,322,425	2,837,884	1,571,696	1,603,384	2,041,789	1,208,121
Capital grants and contributions	6,750,266	6,397,687	3,436,810	2,011,637	2,205,732	1,060,037	1,413,023	2,529,386	529,706	992,144
Total governmental activities program revenues	22,346,734	21,522,019	20,459,017	16,926,677	17,047,932	17,011,423	15,744,435	17,155,953	14,433,059	13,563,080
Business-type activities										
Charges for services:										
Municipal Utilities Board	144,243,694	145,366,327	139,081,130	137,016,266	141,001,444	146,862,667	138,618,004	139,093,646	141,928,757	135,751,956
Point Mallard	5,155,091	5,375,310	5,076,812	5,016,486	5,154,135	4,760,368	4,658,432	4,106,134	3,632,355	3,756,443
Sanitary Landfill	7,029,190	6,900,730	6,040,839	6,022,126	6,094,943	5,926,274	5,853,244	6,178,169	5,858,038	5,481,697
Operating grants and contributions				-	-					
Capital grants and contributions	3,907,937	359,349	1,195,833	2,539,845	1,205,802	405,913	740,348	985,813	414,573	1,058,497
Total business-type activities program revenues	160,335,912	158,001,716	151,394,614	150,594,723	153,456,324	157,955,222	149,870,028	150,363,762	151,833,723	146,048,593
Total primary government program revenues	182,682,646	179,523,735	171,853,631	167,521,400	170,504,256	174,966,645	165,614,463	167,519,715	166,266,782	159,611,673
Net (Expense)/Revenue										
Governmental activities	(63,655,337)	(74,966,117)	(72,533,463)	(67,893,320)	(66,955,300)	(68,467,342)	(66,593,228)	(63,526,892)	(65,815,137)	(65,251,344)
Business-type activities	13,664,760	7,174,595	8,840,224	9,116,194	7,554,974	5,471,497	4,843,910	7,642,797	4,002,018	3,357,303
Total primary government net expense	(49,990,577)	(67,791,522)	(63,693,239)	(58,777,126)	(59,400,326)	(62,995,845)	(61,749,318)	(55,884,095)	(61,813,119)	(61,894,041)

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	48,372,767	44,540,749	42,306,443	39,102,654	37,490,197	36,975,155	36,227,828	35,761,817	34,578,700	33,346,132
Property taxes	20,754,352	19,733,997	19,644,780	18,863,532	19,300,964	19,453,927	18,203,180	18,203,215	18,339,161	18,293,847
Alcoholic beverage taxes*	1,836,545	1,807,517	1,867,412	1,848,981	1,768,182	1,750,197	1,785,189	1,815,900	1,889,725	2,058,897
Gasoline taxes*	806,139	753,123	790,070	813,437	762,676	762,635	841,873	849,450	826,571	817,274
Automobile taxes*	1,470,708	1,416,741	1,439,929	1,468,633	1,393,212	1,385,352	1,397,678	1,335,785	1,258,968	1,256,066
Lodging taxes*	1,661,859	1,473,513	1,707,366	1,502,491	1,290,241	1,298,503	1,494,547	1,564,045	1,469,788	1,210,713
Rental taxes*	1,526,752	1,259,248	1,174,924	1,160,898	1,075,881	1,061,858	1,016,323	1,121,628	1,085,585	1,062,431
Other taxes*	3,200,153	3,162,870	2,270,700	2,640,531	2,603,581	2,433,363	2,473,382	2,315,731	2,082,928	1,947,147
Interest on investments	1,032,167	216,775	163,743	85,679	75,454	99,328	134,835	125,155	220,673	272,408
Other	37,239	383,589	206,279	711,482	953,234	766,711	748,981	905,614	930,989	42,752
Transfers	795,661	(9,188,159)	865,723	(2,142,585)	930,600	(4,891)	(1,219,764)	(3,091,348)	(332,725)	(261,089)
Total governmental activities	81,494,341	65,559,963	72,437,369	66,055,733	67,644,222	65,982,138	63,104,052	60,906,992	62,350,363	60,046,578
Business-type activities:										
Interest on investments	1,883,254	1,329,049	438,987	182,828	173,935	212,843	208,518	221,019	229,545	259,204
Forgiveness of Long-term debt		-	-			-	-	8,797,766	-	-
Other	583,010	(145,266)	87,779	49,311	46,454	138,555	61,011	-	-	-
Transfers	(795,661)	9,188,159	(865,723)	2,142,585	(930,600)	4,891	1,219,764	3,091,348	332,725	261,089
Total business-type activities	1,670,603	10,371,942	(338,957)	2,374,724	(710,211)	356,289	1,489,293	12,110,133	562,270	520,293
Total primary government	83,164,944	75,931,905	72,098,412	68,430,457	66,934,011	66,338,427	64,593,345	73,017,125	62,912,633	60,566,871
Change in Net Position										
Governmental activities	17,839,004	(9,406,154)	(96,094)	(1,837,587)	688,922	(2,485,204)	(3,489,176)	(2,619,900)	(3,464,774)	(5,204,766)
Business-type activities	15,335,363	17,546,537	8,501,267	11,490,918	6,844,763	5,827,786	6,333,203	19,752,930	4,564,288	3,877,596
Total primary government	$ 33,174,367	$ 8,140,383	$ 8,405,173	$ 9,653,331	$ 7,533,685	$ 3,342,582	$ 2,844,027	$ 17,133,030	$ 1,099,514	$ (1,327,170)

Notes:
Implementation of GASB 65 created adjustments from previous years presentations
* The presentation on the Government-wide Statement of Activities was updated by management in 2018 to combine these line items into one line item labeled "Other taxes" within General Revenues. For purposes of comparability within the above table, however, the City has continued to present these individual tax types separately rather than in the aggregate as on the Statement of Activities.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund									
Nonspendable	$ 185,036	$ 53,403	$ 25,204	$ 19,543	$ 21,299	$ 21,549	$ 13,545	$ 33,486	$ 24,092
Restricted	1,312	1,312	1,312	1,312	1,312	1,311	0	0	0
Committed	21,781,925	22,040,347	21,062,702	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	15,103,480	10,942,972	10,304,555	9,831,764	9,031,061	6,153,212	9,365,011	4,929,105	3,707,793
Total general fund	37,071,753	33,038,034	31,393,773	31,083,578	26,862,801	23,185,346	21,002,000	20,060,235	20,938,256
All Other Governmental Funds									
Nonspendable	1,200,564	1,108,622	1,035,972	1,114,186	1,068,386	1,021,886	985,086	940,236	886,196
Restricted	2,368,721	2,399,228	2,645,530	2,672,858	3,249,271	2,862,151	827,177	2,089,301	66,004
Committed	2,205,535	3,080,921	5,903,693	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	$ 5,774,820	$ 6,588,771	$ 9,585,195	$ 6,089,246	$ 8,322,239	$ 7,535,308	$ 8,650,595	$ 11,233,956	$ 8,915,480

	2010
General Fund	
Reserved	$ 589,640
Unreserved	19,591,466
Total general fund	20,181,106
All Other Governmental Funds	
Reserved	2,025,447
Unreserved, reported in:	
Special purposes	-
Special revenue funds	2,905,305
Capital projects funds (a)	1,484,186
Total all other governmental funds	$ 6,414,938

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Sales & use taxes	$ 37,337,193	$ 44,579,344	$ 42,306,443	$ 39,102,654	$ 37,490,198	$ 36,975,156	$ 36,227,829	$ 35,761,817	$ 34,578,700	$ 33,346,135
Property taxes	4,189,494	13,515,186	13,076,829	12,771,314	12,804,007	12,449,851	11,568,399	11,426,462	11,686,642	11,218,029
Other taxes	8,193,182	9,421,115	8,901,979	8,930,750	8,439,412	8,194,022	8,491,566	8,511,059	8,179,629	8,004,948
Licenses & permits	7,079,882	7,009,021	6,419,707	6,500,840	6,874,042	6,332,105	6,395,655	6,452,426	5,930,213	5,250,842
Fines & forfeitures	421,345	1,003,660	1,084,515	1,123,993	1,277,650	1,483,398	1,294,427	1,158,209	1,397,745	1,566,624
Revenues from money & property	1,149,615	476,857	395,853	305,821	278,241	295,724	331,552	335,715	437,777	461,205
Charges for services	5,686,552	5,604,473	5,341,448	5,321,168	5,350,291	4,791,185	4,746,517	4,648,317	4,378,276	4,306,050
Intergovernmental	5,756,359	14,008,548	12,372,847	10,373,846	10,236,944	11,472,765	10,122,422	10,950,800	9,751,238	9,323,451
Gifts & donations	79,680	165,000	280,405	226,081	155,629	108,180	79,115	190,764	7,600	50,500
Other revenues	186,283	375,268	1,268,944	1,050,811	825,963	640,298	762,753	772,327	940,355	44,972
Total revenues	70,079,585	96,158,472	91,448,970	85,707,278	83,732,377	82,742,684	80,020,235	80,207,896	77,288,175	73,572,756
Expenditures										
General Government	12,177,261	5,697,269	4,929,165	5,606,753	4,511,312	4,456,127	4,354,201	4,207,598	4,032,711	4,016,914
Public safety	27,562,204	25,210,014	27,468,639	23,356,634	23,406,958	22,038,762	22,665,964	22,262,093	20,700,647	21,489,174
Public works	7,798,019	16,845,093	22,133,489	7,967,892	8,326,936	11,542,923	10,146,277	8,301,676	9,143,890	7,963,402
Public services	9,777,417	10,414,073	9,835,207	9,704,966	9,362,391	8,948,313	9,743,971	10,443,037	12,280,657	10,045,869
Intergovernmental assistance	-	28,857,773	28,155,808	26,931,950	25,487,456	24,699,081	22,984,911	22,298,492	21,608,450	20,873,837
Community service contracts	2,794,596	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354	2,401,419	2,739,907	3,083,825	3,062,672
Community development	358,078	1,317,398	973,435	2,123,977	2,311,183	1,841,519	1,465,521	3,399,597	1,734,467	1,099,361
Personnel board		-	801,764	611,900	620,764	580,781	573,625	594,999	534,424	559,696
Debt Service: Principal	3,648,741	6,445,261	3,344,319	3,227,479	3,576,260	3,469,657	4,250,001	6,498,052	4,741,306	4,586,418
Interest and fiscal charges	1,071,133	1,485,229	1,440,280	1,645,140	1,734,540	1,797,817	1,856,179	2,194,321	2,259,325	2,387,670
Debt issuance costs		15	86,803	354,892	-	-	-	157,790	124,206	-
Capital projects construction and outlay		-	-	-	-	-	-	-	-	-
Total expenditures	65,187,449	98,965,285	101,643,474	83,888,796	81,576,829	81,724,334	80,442,069	83,097,562	80,243,908	76,085,013
Excess (deficiency) of revenues over expenditures	4,892,136	(2,806,813)	(10,194,504)	1,818,482	2,155,548	1,018,350	(421,834)	(2,889,666)	(2,955,733)	(2,512,257)
Other Financing Sources (Uses)										
Long-term debt issued		-	5,140,000	21,630,000	2,500,000	-	-	23,101,500	6,500,000	-
Premium on debt issue		-	97,594	316,632	-	-	-	261,492	46,149	-
Discount on debt issue		-	-	-	-	-	-			-
Capital lease proceeds		837,996	422,596	-	-	54,600	-	-		574,929
Payment to escrow agent		-	-	(14,105,614)	-	-	-	(15,941,523)		-
Transfers in	25,322	1,551,014	5,996,202	2,858,215	749,409	849,219	752,865	3,480,350	1,332,003	1,105,334
Transfers (out)	(883,739)	(934,360)	(5,130,479)	(3,055,196)	(940,571)	(854,110)	(1,972,629)	(6,571,698)	(1,664,728)	(1,366,423)
Total other financing sources (uses)	(858,417)	1,454,650	6,525,913	7,644,037	2,308,838	49,709	(1,219,764)	4,330,121	6,213,424	313,840
Net change in fund balance	$ 4,033,719	$ (1,352,163)	$ (3,668,591)	$ 9,462,519	$ 4,464,386	$ 1,068,059	$ (1,641,598)	$ 1,440,455	$ 3,257,691	$ (2,198,417)
Debt service as a percentage of noncapital expenditures	9.1%	9.2%	5.8%	6.7%	6.8%	6.7%	8.1%	11.5%	9.6%	11.8%

** 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
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%
2017	201,551,340	678,834,860	6,880,340	235,556,020	651,710,520	18.6 Mills	4,118,475,267	15.82%
2018	219,332,940	736,725,140	6,338,340	236,229,400	726,167,020	18.6 Mills	4,563,462,800	15.91%
2019	219,575,960	718,256,240	5,887,520	238,074,460	705,645,260	18.6 Mills	4,461,462,967	15.82%

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
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
2017	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2018	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2019	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	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	2012 Taxable Assessed Value	2012 Rank	2012 Percentage of Net City Taxable Assessed Value	2013 Taxable Assessed Value	2013 Rank	2013 Percentage of Net City Taxable Assessed Value	2014 Taxable Assessed Value	2014 Rank	2014 Percentage of Net City Taxable Assessed Value
Bunge Corporation	10,583,820	3	1.88%	10,583,820	3	1.95%	11,674,840	3	2.08%	22,273,940	3	3.56%	18,185,860	3	2.90%
BellSouth	7,337,600	4	1.30%	7,337,600	4	1.35%	6,949,400	4	1.24%	6,721,200	6	1.07%	6,867,200	6	1.10%
Hexel Corporation	35,580,040	2	6.32%	35,580,040	2	6.57%	39,485,680	2	7.03%	58,219,400	2	9.31%	73,919,400	2	11.80%
General Electric/Haier	6,044,220	5	1.07%	6,044,220	5	1.12%	6,468,900	5	1.15%	8,286,840	5	1.32%	9,210,420	5	1.47%
National Healthcare	2,761,420	10	0.49%	3,830,960	9	0.71%	*			*			*		
Nucor Steel	135,048,680	1	24.00%	135,048,680	1	24.93%	125,141,860	1	22.29%	119,504,540	1	19.11%	110,906,620	1	17.71%
O.C.I. Chemical Corp	*			*			4,872,960	8	0.87%	5,116,740	10	0.82%	4,392,840	10	0.70%
Meow Mix	8,784,220	6	1.56%	8,784,220	6	1.62%	8,356,000	6	1.49%	7,018,020	7	1.12%	6,151,880	7	0.98%
Charter Communciations	*			*			2,949,640	10	0.53%	*			*		
Hyosung USA, Inc.	3,430,800	9	0.61%	3,430,800	10	0.63%	*			*			*		
First Republic Group Realty	4,780,840	7	0.85%	4,780,840	7	0.88%	*			*			*		
ITC-AL LLC	7,321,540	8	1.30%	7,321,540	8	1.35%	*			9,713,600	8	1.55%	9,109,400	8	1.45%
Ardent Mills, LLC (Conagra)	*						5,054,000	7	0.90%	4,992,080	9	0.80%	5,769,920	9	0.92%
Coyote Garrison Decatur LLC	*			*			3,693,320	9	0.66%	*			*		
Polyplex USA, LLC	*			*			*			11,052,460	4	1.77%	20,117,180	4	3.21%
Total	$ 221,673,180		39.40%	$ 222,742,720		41.13%	$ 214,646,600		38.23%	$ 252,898,820		40.43%	$ 264,630,720		42.25%
Net City Taxable Assessed Value			562,678,220			541,604,980			561,398,920			625,494,860			626,277,220

Source:
Revenue Commissioner of Morgan County

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

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

Taxpayer	2015 Taxable Assessed Value	2015 Rank	2015 Percentage of Net City Taxable Assessed Value	2016 Taxable Assessed Value	2016 Rank	2016 Percentage of Net City Taxable Assessed Value	2017 Taxable Assessed Value	2017 Rank	2017 Percentage of Net City Taxable Assessed Value	2018 Taxable Assessed Value	2018 Rank	2018 Percentage of Net City Taxable Assessed Value	2019 Taxable Assessed Value	2019 Rank	2019 Percentage of Net City Taxable Assessed Value
Bunge Corporation	19,230,040	4	3.08%	18,957,020	4	2.96%	15,686,620	5	2.41%	19,535,500	4	2.69%	25,218,360	3	3.57%
BellSouth	6,918,000	7	1.11%	4,923,500	8	0.77%	6,596,200	7	1.01%	*			*		
Hexel Corporation	80,968,860	2	12.99%	88,503,120	2	13.84%	115,923,600	1	17.79%	129,027,720	1	17.77%	94,714,420	2	13.42%
General Electric/Haier	17,694,600	5	2.84%	24,603,100	3	3.85%	23,886,940	3	3.67%	23,460,220	3	3.23%	23,703,380	4	3.36%
National Healthcare	*			*			*			*			*		
Nucor Steel	108,511,480	1	17.41%	100,342,940	1	15.69%	85,160,720	2	13.07%	93,710,320	2	12.90%	101,212,160	1	14.34%
O.C.I. Chemical Corp	4,248,060	9	0.68%	4,287,060	9	0.67%	4,046,600	10	0.62%	4,417,860	9	0.61%	4,456,900	7	0.63%
Meow Mix	5,960,260	8	0.96%	12,920,104	6	2.02%	5,922,580	8	0.91%	6,916,740	7	0.95%	7,070,620	6	1.00%
Charter Communciations	*			*			*			*			*		
Hyosung USA, Inc.	*			*			*			4,787,100	8	0.66%	5,225,880	9	0.74%
First Republic Group Realty	*			*			*			*			*		
ITC-AL LLC	8,646,880	6	1.39%	8,179,880	7	1.28%	7,718,520	6	1.18%	7,433,260	6	1.02%	2,760,362	10	0.39%
Ardent Mills, LLC (Conagra)	*			4,398,960	10	0.69%	4,124,760	9	0.63%	3,766,600	10	0.52%	5,411,100	8	0.77%
Coyote Garrison Decatur LLC	3,571,720	10	0.57%	*			*			*			*		
Polyplex USA, LLC	19,955,600	3	3.20%	18,940,400	5	2.96%	18,162,900	4	2.79%	17,228,060	5	2.37%	15,955,120	5	2.26%
Total	$ 275,705,500		44.23%	$ 286,056,084		44.73%	$ 287,229,440		44.07%	$ 310,283,380		42.73%	$ 285,728,302		40.49%
Net City Taxable Assessed Value			623,388,860			639,485,700			651,710,520			726,167,020			705,645,260

Source:
Revenue Commissioner of Morgan County

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

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
2010	18,613,467	18,346,672	98.57%	15,654	18,362,326	98.7%
2011	18,214,808	18,047,311	99.08%	15,610	18,062,921	99.2%
2012	18,382,932	18,311,608	99.61%	16,230	18,327,838	99.7%
2013	19,709,515	19,414,409	98.50%	14,206	19,428,615	98.6%
2014	20,014,092	19,942,029	99.64%	17,899	19,959,928	99.7%
2015	20,345,222	20,228,986	99.43%	14,334	20,243,320	99.5%
2016	20,759,796	20,673,012	99.58%	17,650	20,690,662	99.7%
2017	21,301,129	21,241,167	99.72%	156 **	21,241,323	99.7%
2018	24,887,687	24,825,911	99.75%		24,825,911	99.8%
2019*	26,713,891					

Source:
Morgan County Revenue Commissioner

* FY 19 revenue collected amounts will not be available until mid-July 2020
** FY 18 collections in subsequent years will not be available until mid-July 2020

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)

Category Description	Calendar Year 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Apparel	$ 44,021	$ 53,625	$ 41,401	$ 72,483	$ 62,724	$ 61,670	$ 61,993	$ 57,589	$ 52,534	$ 54,923
Multi-Line Retail	$ 442,566	$ 337,965	$ 148,859	$ 210,809	$ 170,418	169,766	173,710	173,354	150,440	167,912
Restaurants	$ 148,127	$ 137,321	$ 201,243	$ 154,769	$ 138,512	129,213	124,740	128,813	95,124	84,534
Grocery Stores	$ 101,114	$ 85,501	$ 89,777	$ 80,136	$ 78,899	74,277	75,415	78,959	67,321	66,760
Building Materials	$ 16,971	$ 67,453	$ 78,528	$ 77,028	$ 63,561	60,476	58,530	59,790	46,877	48,784
Automobile Dealers	$ 269,234	$ 269,605	$ 317,935	$ 294,061	$ 230,500	217,491	201,947	189,072	115,422	57,844
Household Furnishings	$ 7,538	$ 7,763	$ 27,439	$ 28,083	$ 26,665	24,961	18,203	16,654	14,205	14,908
Convenience Stores	$ 40,102	$ 38,199	$ 31,931	$ 35,557	$ 33,510	32,371	28,268	31,453	29,235	32,519
All other outlets	$ 395,346	$ 346,622	$ 381,769	$ 558,504	$ 477,803	494,117	440,491	447,227	381,307	334,197
Total	$ 1,465,019	$ 1,344,054	$ 1,318,882	$ 1,511,430	$ 1,282,591	$ 1,264,342	$ 1,183,297	$ 1,182,911	$ 952,465	$ 862,381

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
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%
2017	4.00%	1.00%	4.00%
2018	4.00%	1.00%	4.00%
2019	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)

	Calendar Year 2019			Calendar Year 2018			Calendar Year 2017		
Tax Remitter Description	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	$ 4,207,375	1	8.70%	$ 3,951,670	1	8.86%	$ 3,890,428	1	9.20%
Manufacturer	1,939,906	2	4.01%	2,260,719	2	5.07%	2,108,019	2	4.98%
Grocery store	1,605,699	3	3.32%	1,361,800	3	3.05%	1,065,203	4	2.52%
Multi-line retailer	937,366	5	1.94%	951,878	5	2.14%	900,660	5	2.13%
Building materials /hard line	1,205,364	4	2.49%	1,161,078	4	2.60%	1,169,429	3	2.76%
Multi-line retailer	*			585,560	9	1.31%	603,855	9	1.43%
Grocery store	839,337	7	1.74%	843,166	6	1.89%	887,086	6	2.10%
Apparel Store	577,001	9	1.19%	535,169	10	1.20%	555,165	10	1.31%
Building materials /hard line	868,700	6	1.80%	784,960	7	1.76%	756,826	7	1.79%
Automobile dealer	773,297	8	1.60%	741,860	8	1.66%	739,811	8	1.75%
Apparel Store	*								
Multi-line retailer	*								
Manufacturer	*								
Automobile dealer	523,929	10							
Total	$ 13,477,975		26.78%	$ 13,177,860		29.56%	$ 12,676,482		29.96%

	Calendar Year 2016			Calendar Year 2015			Calendar Year 2014		
Tax Remitter Description	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	$ 3,842,685	1	9.83%	$ 3,708,054	1	9.89%	$ 3,587,180	1	9.70%
Manufacturer	1,627,433	2	4.16%	1,880,011	2	5.01%	2,100,098	2	5.68%
Grocery store	1,002,354	4	2.56%	1,224,425	3	3.27%	1,136,174	3	3.07%
Multi-line retailer	849,926	6	2.17%	875,168	5	2.33%	867,320	5	2.35%
Building materials /hard line	1,138,342	3	2.91%	1,040,212	4	2.77%	994,952	4	2.69%
Multi-line retailer	590,507	10	1.51%	698,811	7	1.86%	689,663	7	1.87%
Grocery store	858,139	5	2.19%	832,716	6	2.22%	754,482	6	2.04%
Apparel Store	607,759	9	1.55%	638,815	10	1.70%	661,069	8	1.79%
Building materials /hard line	741,728	7	1.90%	693,029	8	1.85%	660,209	9	1.79%
Automobile dealer	725,808	8	1.86%	639,662	9	1.71%	577,733	10	1.56%
Apparel Store									
Multi-line retailer									
Manufacturer									
Total	$ 11,984,680		30.65%	$ 12,230,903		32.62%	$ 12,028,879		32.53%

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 2013			Calendar Year 2012			Calendar Year 2011		
Tax Remitter Description	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	$ 3,413,220	1	9.42%	$ 3,143,958	1	9.47%	$ 3,155,015	1	9.12%
Manufacturer	1,375,066	2	3.80%	1,657,104	2	4.99%	1,593,683	2	4.61%
Grocery store	1,112,742	3	3.07%	1,113,659	3	3.35%	1,087,599	3	3.15%
Multi-line retailer	909,758	5	2.51%	960,704	4	2.89%	963,404	4	2.79%
Building materials /hard line	954,004	4	2.63%	946,466	5	2.85%	892,307	5	2.58%
Multi-line retailer	730,711	7	2.02%	800,484	6	2.41%	740,366	6	2.14%
Grocery store	765,625	6	2.11%	727,061	7	2.19%	686,460	7	1.99%
Apparel Store	692,994	8	1.91%	664,751	8	2.00%	598,786	9	1.73%
Building materials /hard line	635,330	9	1.75%	600,205	9	1.81%	610,317	8	1.77%
Automobile dealer	*			532,527	10	1.60%	560,643	10	1.62%
Apparel Store	*			*			*		
Multi-line retailer	*			*			*		
Manufacturer	615,354	10	1.70%	*			*		
Automobile dealer	*			*			*		
Total	$ 11,204,804		30.93%	$ 11,146,919		33.56%	$ 10,888,581		31.49%

	Calendar Year 2010		
Tax Remitter Description	Tax Liability	Rank	Percentage of Total
Multi-line retailer	$ 3,267,680	1	9.80%
Manufacturer	1,488,051	2	4.46%
Grocery store	943,588	4	2.83%
Multi-line retailer	960,358	3	2.88%
Building materials /hard line	902,975	5	2.71%
Multi-line retailer	677,686	6	2.03%
Grocery store	655,050	7	1.96%
Apparel Store	525,665	10	1.58%
Building materials /hard line	587,857	8	1.76%
Automobile dealer	554,647	9	1.66%
Apparel Store	*		
Multi-line retailer	*		
Manufacturer	*		
	*		
Total	$ 10,563,557		31.68%

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
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
2017	91,740,396	14,198,279	15,875,358	17,267,097	139,081,130
2018	97,006,626	15,237,050	15,510,793	17,611,859	145,366,328
2019	95,442,625	15,004,171	15,933,461	17,863,437	144,243,694

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
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
2017	56,648	-	435	17,320	43,320	-	-	-		117,723	8.29%	2,099
2018	50,404	-	1071	15,185	40,265	-	-	-		106,925	7.58%	1,950
2019	46,567	-	769	10,780	39,395	-	-	-		97,511	6.98%	1,797

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
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
2017	56,647,650	1.38%	1,010
2018	50,403,999	1.10%	919
2019	46,567,244	1.04%	858

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, 2019 (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	$ 46,567,244	100.00%	$ 46,567,244
Total Direct Debt			46,567,244
* City of Decatur Board of Education	121,363,704	100.00%	121,363,704
Morgan County	25,140,000	46.45%	11,677,530
Morgan County Board of Education	52,593,792	46.45%	24,429,816
Total Overlapping Debt			157,471,050
Total direct and overlapping debt			$ 204,038,294

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2019 net assessed valuation of all taxable property in the City ($705,645,260 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County ($1,519,154,840).

*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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	$ 112,535,644	$ 108,320,996	$ 112,279,784	$ 125,098,972	$ 125,255,444	$ 124,677,772	$ 127,897,140	$ 130,342,104	$ 145,233,404	$ 141,129,052
Total net debt applicable to limit	52,555,819	52,377,645	53,520,534	48,868,295	45,708,049	44,947,354	49,845,756	51,967,650	46,048,999	46,567,244
Legal debt margin	59,979,825	49,443,351	52,554,250	70,320,677	73,937,395	74,425,418	$ 82,591,384	$ 81,084,453	$ 99,184,405	$ 94,561,808
Total net debt applicable to the limit as a percentage of debt limit	46.70%	48.35%	47.67%	39.06%	36.49%	36.05%	38.97%	39.87%	31.71%	33.00%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	$ 943,719,720
Less tax exempt property	(238,074,460)
Net Assessed Value	705,645,260
Debt limit (20% of net assessed value)	141,129,052
Debt applicable to limit:	
General obligation bonds	46,567,244
Less:School	-
Total net debt applicable to limit	46,567,244
Legal debt margin	$ 94,561,808

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

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
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	137,016,266	117,453,066	19,563,200	7,461,046	2.62%
2017	139,081,130	117,854,008	21,227,122	7,283,843	2.91%
2018	145,366,327	121,342,506	24,023,821	7,305,475	3.29%
2019	145,962,003	121,341,186	24,620,817	5,859,361	4.20%

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
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%
2017	56,077	1,419,253	25,309	38.2	506	8,814	3.2%
2018	54,844	1,411,520	25,737	39.6	577	8,756	3.5%
2019	54,264	1,396,593	25,737	40.0	577	8,910	2.2%

Sources:
Morgan County Economic Development Association
Decatur City Schools

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

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

Employer	2016			2015			2014		
	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 Prepared Foods	942	4	3.16%	942	4	3.41%	696	8	2.08%
Parkway Medical Center	*			*			*		
BP America	*			*			444	10	1.32%
Gemstone Foods, LLC									
Total	8,655		29.05%	8,844		31.98%	8,968		26.74%

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), continued

Employer	2013 Employees	2013 Rank	2013 Percentage of Total City Employment	2012 Employees	2012 Rank	2012 Percentage of Total City Employment	2011 Employees	2011 Rank	2011 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%

Employer	2010 Employees	2010 Rank	2010 Percentage of Total City Employment
Decatur Morgan Hospital	*		
General Electric	1,250	1	3.98%
Decatur City Schools	1,205	2	3.84%
Decatur General Hospital	1,000	3	3.19%
United Launch Alliance	654	7	2.08%
3M Company	760	5	2.42%
Wayne Farms Fresh	858	4	2.73%
Nucor Steel	713	6	2.27%
City of Decatur	675	8	2.15%
Wayne Farms East/West	444	9	1.41%
Parkway Medical Center	414	10	1.32%
BP America	*		
Gemstone Foods, LLC			
Total	7,973		25.39%

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	68	65	61	54	53	53	51	49	46	49
Public Safety	270	268	274	269	275	276	282	288	284	275
Public Works	51	55	54	55	64	74	81	79	76	76
Public Services	72	67	68	68	63	63	72	71	71	77
Community Development	15	16	14	15	14	15	15	13	12	12
Municipal Utilities Board	165	166	163	168	166	162	163	163	164	163
Point Mallard	10	7	8	8	9	8	10	10	9	9
Sanitary Landfill	19	21	20	21	21	19	19	20	18	14
Total	670	665	662	658	665	670	693	693	680	675

Source:
City of Decatur Personnel Board
Decatur Utilities Personnel 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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government										
Building permits issued	3,503	3,496	3,051	3,325	3,039	5,319	3,090	3,225	3,132	2,910
Building inspections conducted	5,496	5,296	5,340	5,863	5,476	8,758	5,084	4,026	6,096	6,751
Police										
Adult arrests	4,142	4,422	3,881	3,930	4,635	5,325	4,770	5,264	5,594	5,428
Traffic citations	11,247	11,483	14,020	15,692	14,133	16,943	16,462	11,490	15,204	15,948
Fire										
Inspections	192	478	410	210	172	108	101	168	93	182
Emergency medical responses	3,295	5,003	4,758	5,354	5,709	5,937	4,183	3800	3872	5281
Fire and/or Hazmat responses	1,959	2,151	1,988	1,838	1,558	1,479	901	857	930	1467
Refuse collections										
Recyclables collected in tons	2,204	2,296	2,049	2,223	2,926	2,563	2,180	2,052	1,301	1,416
Garbage and trash collected	37,085	36,889	35,368	34,397	33,755	36,042	34,142	34,108	37,287	38,164
Municipal Utilities Board										
Electrical connections	26,644	26,531	26,599	26,582	26,525	26,487	26,515	26,618	26,513	26,453
Water connections	25,496	25,385	25,375	25,362	25,340	25,295	25,260	25,194	25,244	25,144
Wastewater connections	20,588	20,474	20,448	20,416	20,388	20,319	20,297	20,245	20,327	20,293
Gas connections	13,596	13,575	13,561	13,637	13,661	13,613	13,690	13,640	13,691	13,793

Source:
Various city departments

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

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	4	5	5	5	3	4	3	3	3	3
Vehicles	188	165	162	160	166	166	167	161	153	135
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	9	9	9	10	9	10	10	12	10	10
Special Response Vehicle	5	5	5	5	5	5	5	3	3	3
Sanitation										
Garbage collection trucks	20	17	17	17	17	16	16	17	17	17
Other public works										
Paved streets (miles)	336	336	336	336	336	336	336	335	335	335
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	49	49	48	48	48	48	48	48	48	48
Storm drainage conduits (miles)	145	145	145	145	145	145	144	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	1278	1278	1278	1,278	1,278	1,278
Golf courses (public & private)	2	4	4	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	46
Recreations centers	4	4	4	4	5	5	5	5	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)	492	491	490	487	487	484	484	484	481	480
Gas mains (miles)	421	421	421	420	420	418	418	415	414	414
Electric lines (miles)	596	594	594	593	593	593	593	593	592	592
Sanitary sewers (miles)	374	374	358	350	348	342	342	341	340	340
Fire hydrants in service	2060	2060	2048	2039	2032	2028	2026	2,019	2,011	2,009

Sources:
Various city departments and capital assets records