

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

*of the*



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

*of the*



*the City of OPPORTUNITY*

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30,  
2018**



The Government Finance Officers Association  
of the United States and Canada

*presents this*

## AWARD OF FINANCIAL REPORTING ACHIEVEMENT

*to*

### Finance Department

City of Decatur, Alabama



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Morrell*

Date November 21, 2018

**City of Decatur**  
**Comprehensive Annual Financial Report**  
September 30, 2018

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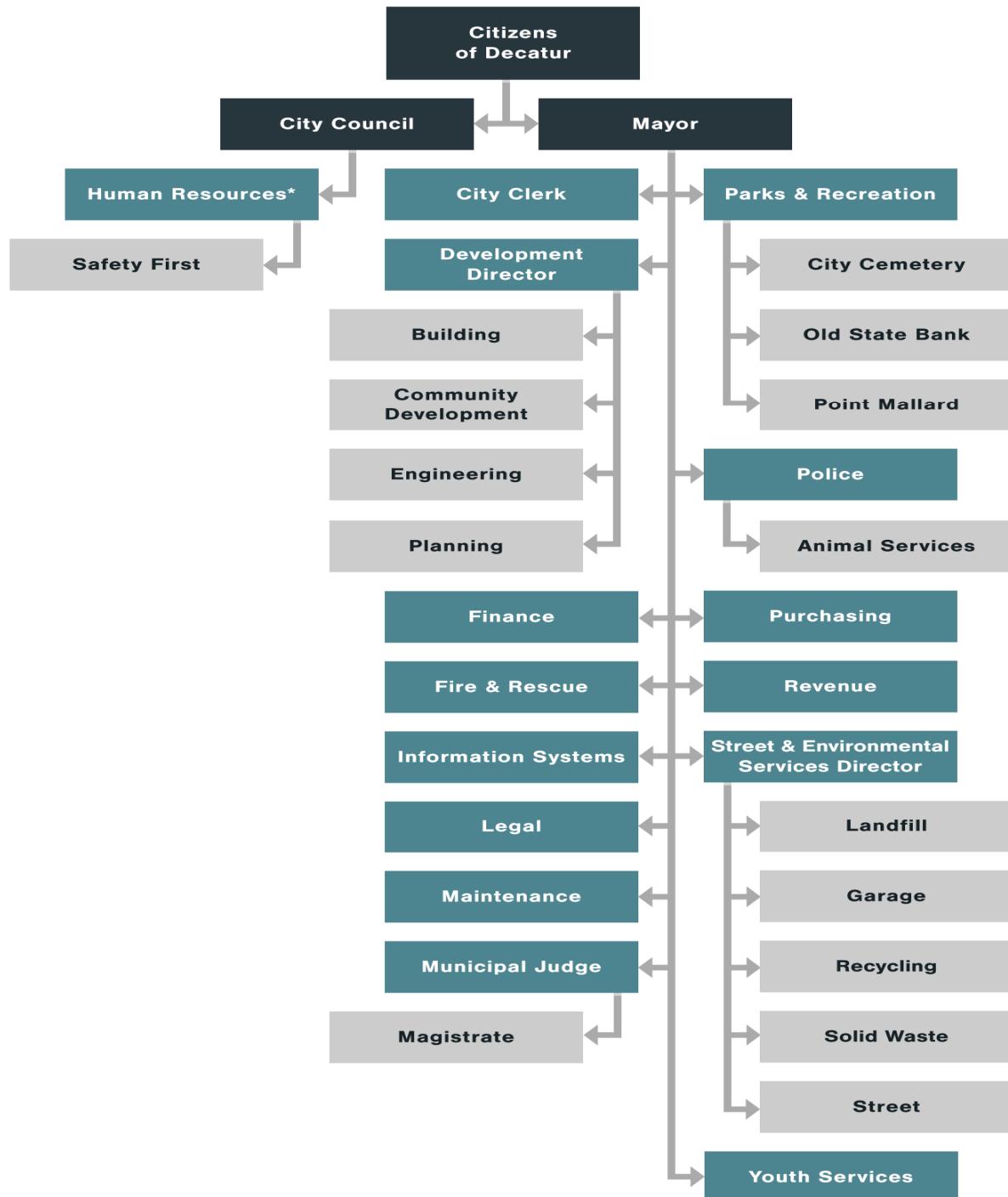
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# City of Decatur

## Organizational Structure



# **City of Decatur 2018**

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## **Boards and Commissions**

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

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## **City / County Boards**

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

# **Officials of the City Of Decatur 2018**

## **Mayor**

Tab Bowling

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## **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

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## **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	Jeff Dunlap
Personnel	Richelle Sandlin
Police Chief	Nathaniel Allen
Street & Environmental Services	Rickey Terry
Youth Services	Bruce Jones

**City of Decatur**  
**Other Key Personnel**  
**September 30, 2018**

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City Engineer	Carl Prewitt
City Shop	Andrew Bosworth
Court Magistrate	Jessica Hayes
Decatur/Morgan County Landfill	Shawn Luker
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



March 29, 2019

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, 2018 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, 2018 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, seventeen expansions totaling of over \$355 million in new capital investments and 438 new jobs in FY 2018. 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 2018, 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).

### **Comprehensive Plan**

On January 23, 2018 the Planning Commission of the City of Decatur recommended the One Decatur Comprehensive Plan to the City Council and on February 5, 2018 the City Council adopted by Resolution 18-27 the One Decatur Comprehensive Plan. The city has been working since that time to implement the many action items in the plan. The plan is a comprehensive document with short term and long term items. We will be working for years to meet and address the needs that our community has identified in the One Decatur Comprehensive Plan. The recent implementation report showed significant progress on many of the action items. The list below highlights with references to the action items some but not all of the progress we have made.

In the area of Creating a Quality Place (QP):

Rewrite of the Zoning Ordinance has been initiated (QP 1.1);

The Legal Department is working on provisions for our city that will impact and address license requirement for rental properties (QP 7.1, 2 and 3), and;

The Flood Study for Wilson Morgan Lake has been conducted and accepted by the council (QP 9.5).

In the area of Improving our Mobility (MO):

The chamber has formed a task force working on the beautification of Sixth AV (MO2.1);

The Engineering department has begun to utilize Geographic Information Systems to track street improvements and that information is now available from the web site (MO2.2), and;  
Multiple Sidewalk and bike trail projects are underway (MO 3.1,2 and 3).

In the area of Advancing our Prosperity (PR):

The City had contracted with a company to do establish a branding (PR Objective 6 PR 1.1);  
A program in our High Schools called Creating Entrepreneurial Opportunities is under development (PR2.3), and;  
We have applied for a Build Grant to make needed intersection improvements in Limestone County (PR 4.2).

In the area of Strengthening Our Community (CO):

Schools have instituted feeder system and established an advisory committee (CO1.1 and CO 1.6), and;  
The city is actively participating in Launch 2035 a regional long range planning initiative (CO 5.1).

#### **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, 2017. This was the twenty-seventh 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  
Chief Financial Officer  
City of Decatur

## **FINANCIAL SECTION**



David E. Scott, CPA • Darrell W. Wates, CPA, CGMA • J.A. Tucker, CPA (1936-2013)

Jami K. Freeman, CPA • Aaron J. Bell, CPA • Frederick T. Marthaler III, CPA

## 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 5G to the financial statements, in 2018 the City of Decatur adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement significantly changed the accounting for the City's other postemployment benefit liability and the related disclosures. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 3, the pension information starting on page 81, and other post-employment information starting on page 85, 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 90, the combining and individual nonmajor governmental funds financial statements starting on page 99, the nonmajor governmental funds budgetary comparison schedules starting on page 101, and the combining and individual nonmajor proprietary funds financial statements starting on page 109, 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 March 29, 2019, 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

March 29, 2019



## 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, 2018. 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.

### 2018 Highlights

#### Financial Highlights

- The total net position of the City is \$172 million. Of this amount, (\$113) million from governmental activities is considered unrestricted. As can be seen, this amount is showing as a deficit amount of unassigned at year-end. This is the result of a restatement to the overall net position and a significant increase in the liabilities for the City's Other Post-Employment Benefits (OPEB) obligation. The City implemented Governmental Accounting Standards Board Statement (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which increased the amount of net liabilities related to the OPEB substantially going forward. The net effect of this change can be seen in Note 5 of the Notes to the Financial Statements.
- The unrestricted net position of the business-type activities is \$(2) million. This deficit amount is also attributable to the implementation of GASB Statement 75.
- The City's overall net position decreased by \$79 million. The governmental net position decreased \$65 million and business-type net position decreased by \$14 million. However, in both cases, this is attributable to the restatement noted above as both showed an increase in net position from annual activity on the Statement of Activities.
- Governmental activities revenues increased \$4 million due in large part to a \$2.2 million increase in Sales Tax revenues.
- As of September 30, 2018, governmental funds reported a combined ending fund balance of \$40 million, a decrease of \$1.4 million from the prior year. Of that ending fund balance, \$11 million is unassigned and available to finance the activities of the governmental funds and \$25 million is committed or assigned to meet existing obligations.
- General Fund reported a fund balance of \$33 million, \$11 million of this amount is available for general use. This reflects a \$700 thousand 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. \$16 million of the \$22 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 \$11 million.
- The City's total debt decreased by 11.4 million during 2018. Debt of governmental activities decreased by 5.6 million with reduction of debt through scheduled principal payments.

## Management's Discussion and Analysis- Continued

### City Highlights

#### **Industrial Expansion:**

Decatur-Morgan County is home to approximately 145 Industries, including 14 Fortune 500 companies and 7 Global 500 companies. During 2018 there were 17 expansion/equipment upgrades and 1 new company, for a total of \$352,135,000 in new capital investments and 408 new jobs. Below are some further details on some of the expansions and announcements which are not confidential in nature:

- M&J Industries will open a new division called M&J Precision, which is a precision machinery operation primarily used for the defense, energy and aerospace industries. This will be a \$3.1 million capital investment and 30 new jobs, with an average annual wage of \$50,000.
- Daikin America made a \$10 million capital investment.
- GE Appliances, a Haier Co. plans to expand its current facility by 40,000 square feet in order to increase production capacity by 25%. This will be a \$115 million investment and create 255 new jobs.
- Neo Industries plans to invest \$4 million into capital expansion to install a new EDT machine. This machine will allow the Decatur plant to expand operations.
- Nucor Steel will made a \$4 million capital investment to purchase equipment. This will generate an increase in local sales tax revenue.
- Hexcel Corporation announced it would be expanding its Decatur production facility, which was selected by the company to have the first integrated U.S. carbon fiber and PAN production facility. This expansion will create 88 new jobs and have an investment of \$199.4 million.
- Gregory Industries invested \$4.21 million in a galvanized steel mill project to produce tubing and roll-forming mills. This is the first venture outside the state of Ohio for Gregory Industries and the business venture's name is Mid-Ohio Tubing.
- Dynetics Inc., a Huntsville-based company, announced plans to construct a three-building complex in Decatur to support the development and testing of large rocket components.
- United Launch Alliance announced it is investing \$115.6 million in work on its next-generation launch vehicle, which will be assembled at the venture's sprawling rocket assembly plant.
- In 2018 two companies celebrated their 50 year anniversaries of doing business in Decatur:
  - Petty Machine Works Inc.
  - Air Products & Chemicals

#### **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 2017 and continuing into 2018 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 museum will include the only aquarium in Alabama to house an endangered green sea turtle. The Museum also continues to expand with a restaurant option, Nature's Table. The museum is expected to open in late 2019.
- Cheesburger Bobby's, Lawler's Barbeque and Panda Express are some of the notable restaurants to open.
- Residence Inn extended stay hotel completed its construction and opened in 2018.
- A new Chick-fil-A opened near the Crossings shopping center on Highway 31.
- Upsurge, a Trampoline Park and event center opened in the Gateway shopping center.
- Publix opened as construction came to completion in the Point Mallard Centre located at Highway 67 and Indian Hills Road. The center also contains Taco Bell and Nail Boutique and Spa that opened in 2018 and Great Clips which was set to open November 2018. With this addition, an added investment was made by the City to develop the infrastructure to the rear of the building, as a large interest from developers has been shown. This would open 100 acres for residential construction and approximately 300-400 homes.
- The City was awarded \$14.2 million Better Utilizing Investment to Leverage Development (BUILD) Grant. This federal grant funding will be used to construct an overpass bridge at the intersection of Alabama 20 and Bibb Garrett Road. This is vital for the infrastructure of that area with the 4,000 employee Mazda Toyota Manufacturing USA plant 4 miles east of this location. It also serves as a catalyst of future growth and change in the City.

## Management's Discussion and Analysis- Continued

- A 2 acre dog park was opened. The dog park contains agility equipment, as well as separate section for small and large dogs.
- The City announced its participation in the Singing River Trail. This is a multi-use path that will connect Decatur and the Wild Life Refuge to Athens, Madison, Huntsville and the majority of North Alabama.
- The Wildlife Refuge will also contain a new water trail (blueway). As the Wildlife Refuge offers incredible wildlife viewing opportunities, a blueway accessible to canoes and kayaks is an opportunity to attract a greater variety of visitors and provide access to all areas of the Wildlife Refuge.
- The Huntsville Hospital Health system announced it was investing \$20 million, for an upgrade plan total of \$50 million, in Decatur Morgan Hospital. This will add more private rooms, upgrade the emergency room, integrate the MRI unit into the hospital and renovate lobbies. Construction of 2 new high schools (Austin High and Decatur High) was completed in 2018. This was a large portion of the school's \$100 million construction and renovation package that puts almost half of the school system's 8,600 students in new locations for the 2018-2019 academic year.

### 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 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
- Extensions of utilities in designated areas of growth
- The school system has adopted a feeder system, implemented an advisory council
- Hiring of a Public Information Officer
- A new brand for the City of Decatur

### 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.

## Management's Discussion and Analysis- Continued

### Government-wide financial statements

- The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).
- Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public services, intergovernmental, community service, community development, and personnel board functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities, primarily the Decatur Board of Education for support of the city school system.
- The business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard. All of these activities are collectively referred to in the financial statements as those of the *primary government*.
- As described in the letter of transmittal and notes to the financial statements, other entities' activities are included in this report because of the relationship of these legally separate entities to the City. Financial information of the Board of Education is referred to in the financial statements as those of the *discretely-presented component units*. This discussion and analysis focuses on the primary government, and the complete financial statements (including MD&A) of the component units may be obtained from the Finance Department of the City
- The government-wide financial statements can be found beginning on page 19 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 decisions.

### Fund financial statements

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

### The City maintains sixteen individual governmental funds:

- 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.

## **Management's Discussion and Analysis- Continued**

- The fourteen 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 21 of this report.

### **Proprietary funds**

- The City maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sanitary Landfill and Point Mallard operations and the Municipal Utilities Board Fund.
- Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements provide information as follows.
- The Municipal Utilities Board Fund is considered to be a *major* proprietary fund of the City, and information is presented separately in the *proprietary statement of net assets* and in the *proprietary fund statement of revenues, expenditures, and changes in fund net assets* for these funds.
- The other two enterprise activities are considered to be non-major proprietary funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found beginning on 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 27 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 99 of this report.

### **Government-wide Financial Analysis**

- As noted earlier, net position may serve as a useful indicator of a government's financial position. Overall, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$179.8 million at the close of the most recent fiscal year
- 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 14.9% 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 \$(116.6) million, which consists of \$(113.7) million from governmental activities and \$(2.9) million from business-type activities.
- Net position from governmental activities decreased \$72 million in fiscal year 2018. As noted previously, this is mostly attributable to the implementation of GASB Statement No. 75 during 2018.

## **Management's Discussion and Analysis- Continued**

- Cash in General Fund increased \$2.6 million and General Fund's revenue, lease proceeds and transfers-in exceeded expenditures and transfers out by \$1.6 million.
- Other governmental funds' expenditures and transfers exceeded revenue and transfers-in by \$3 million. This is mainly due to scheduled capital improvements paid from bond proceeds received in previous years and the continuation of the Alabama Transportation Rehabilitation Program with the Alabama Department of Transportation. Projects under this program have helped to expand and rehabilitate roadways in the City over the past few years with the State of Alabama and the City splitting the cost of this work on an 80%/20% basis. As the City incurs expenditures and submits these for reimbursement from the State, the receivables at year-end can lag outside the City's 60 days of year-end to be considered available for use. As such, these amounts have been deferred at year-end causing the overall deficit noted above. This will be corrected in fiscal year 2019 as the amounts above are received. In addition to these programs, the City has utilized funds from their gas tax funds, both classified as nonmajor governmental funds in fiscal year 2018, to continue major resurfacing and repair work on streets in the City. As such, these projects were in excess of current year revenues in this fund and therefore added to the deficit noted above.
- Sales tax revenues in governmental funds increased \$2.2 million and property taxes remained fairly stable at 2017 rates only increasing by \$89 thousand in 2018.
- Net position from business-type activities decreased \$14.4 million as long term liabilities increased by \$32 million, due to the implementation of GASB Statement No. 75, and Capital assets increased by \$20.6 million.
- Decatur Utilities continued to make upgrades and improvements to its Wastewater system and completed work on the Beltline Sewer Project.

## Management's Discussion and Analysis- Continued

### City of Decatur's Net Position

	Governmental Activities						Business-Type Activities			Total	
	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017		September 30, 2018	September 30, 2017
<b>Assets</b>											
Current and other asset	\$ 47,711,043	\$ 50,462,611	\$ (2,751,568)	\$112,144,319	\$120,157,065	\$ (8,012,746)	\$159,855,362	\$170,619,676			
Capital Assets	81,880,520	84,871,289	(2,990,769)	282,293,210	261,668,616	20,624,594	364,173,730	346,539,905			
Total assets	<u>129,591,563</u>	<u>135,333,900</u>	<u>(5,742,337)</u>	<u>394,437,529</u>	<u>381,825,681</u>	<u>12,611,848</u>	<u>524,029,092</u>	<u>517,159,581</u>			
<b>Deferred outflows of Resources</b>											
Losses on debt refundings	812,129	941,701	(129,572)	-	-	-	812,129	941,701			
OPEB Contributions	2,378,928	-	2,378,928	150,680	-	150,680	2,529,608	-			
Pension contributions subsequent to measurement date	6,844,978	8,314,400	(1,469,422)	2,478,535	2,980,026	(501,491)	9,323,513	11,294,426			
Total deferred outflows of resources	<u>10,036,035</u>	<u>9,256,101</u>	<u>779,934</u>	<u>2,629,215</u>	<u>2,980,026</u>	<u>(350,811)</u>	<u>12,665,250</u>	<u>12,236,127</u>			
<b>Liabilities</b>											
Long-term liabilities outstanding	191,833,825	138,844,090	52,989,735	116,340,215	90,340,610	25,999,605	308,174,040	229,184,700			
Other liabilities	7,147,626	8,464,379	(1,316,753)	30,309,292	31,770,283	(1,460,991)	37,456,918	40,234,662			
Total liabilities	<u>198,981,451</u>	<u>147,308,469</u>	<u>51,672,982</u>	<u>146,649,507</u>	<u>122,110,893</u>	<u>24,538,614</u>	<u>345,630,958</u>	<u>269,419,362</u>			
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Excess of actual earnings over projected earnings on OPEB plan investments	12,203,143	-	12,203,143	772,942	-	772,942	12,976,085	-			
Excess of actual earnings over projected earnings on pension plan investments	3,825,934	351,017	3,474,917	2,092,241	718,602	1,373,639	5,918,175	1,069,619			
Total deferred inflows of resources	<u>16,029,077</u>	<u>351,017</u>	<u>15,678,060</u>	<u>2,865,183</u>	<u>718,602</u>	<u>2,146,581</u>	<u>18,894,260</u>	<u>1,069,619</u>			
<b>Net position</b>											
Net investment in capital assets	34,773,577	37,209,341	(2,435,764)	226,886,818	201,146,976	25,739,842	261,660,395	238,356,317			
Restricted:											
Debt service	-	-	-	23,603,852	23,056,896	546,956	23,603,852	23,056,896			
Capital Improvements	49,259	326,626	(277,367)	-	-	-	49,259	326,626			
Other	3,459,903	3,356,188	103,715	-	-	-	3,459,903	3,356,188			
Unrestricted (deficit)	(113,665,669)	(43,961,640)	(69,704,029)	(2,938,616)	37,772,340	(40,710,956)	(116,604,285)	(6,189,300)			
Total net position	<u>\$ (75,382,930)</u>	<u>\$ (3,069,485)</u>	<u>\$ (72,313,445)</u>	<u>\$247,552,054</u>	<u>\$261,976,212</u>	<u>\$ (14,424,158)</u>	<u>\$172,169,124</u>	<u>\$258,906,727</u>			

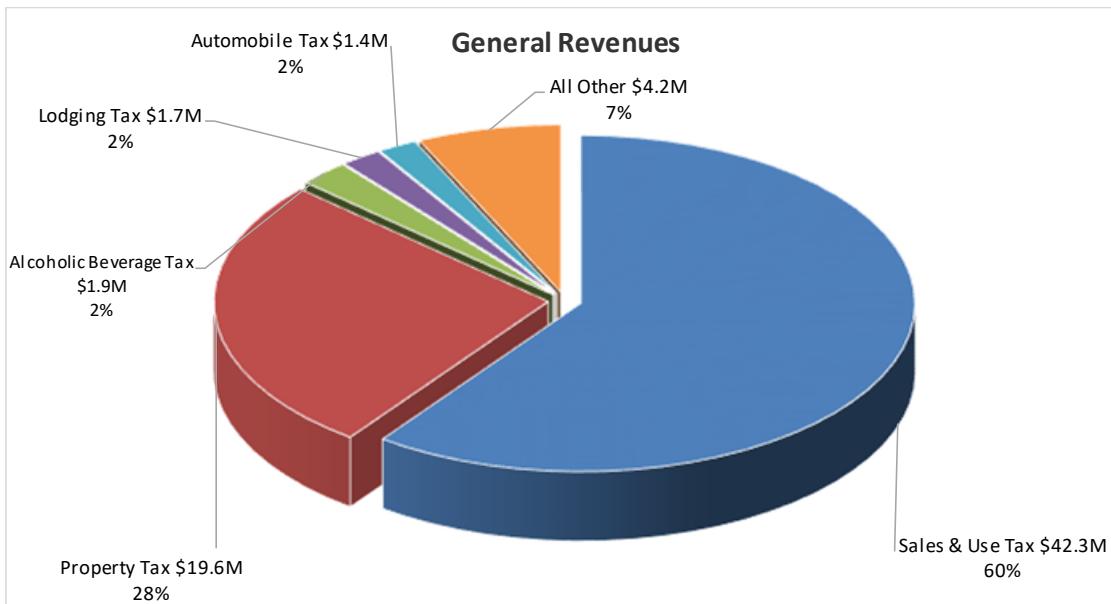
## Management's Discussion and Analysis- Continued

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

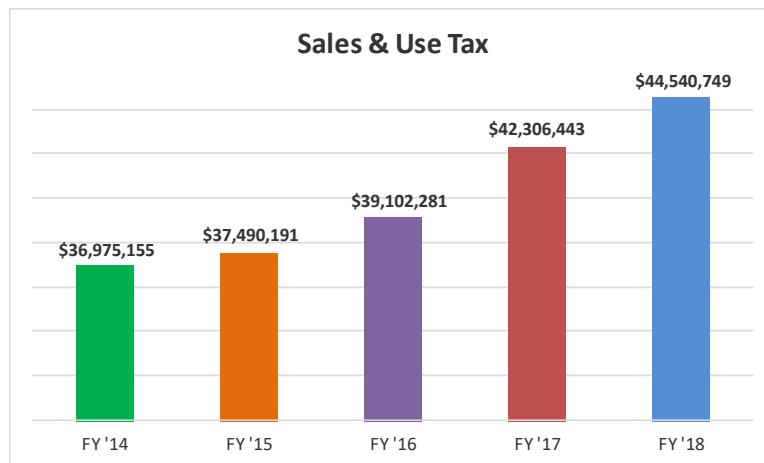
	Governmental Activities			Business Type Activities			Total	
	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017
<b>REVENUES</b>								
Program revenues:								
Charges for services	\$ 13,877,423	\$ 13,091,243	\$ 786,180	\$ 157,642,367	\$ 150,198,781	\$ 7,443,586	\$ 171,519,790	\$ 163,290,024
Operating grants and contributions	1,246,909	3,930,964	(2,684,055)	-	-	-	1,246,909	3,930,964
Capital grants and contributions	6,397,687	3,436,810	2,960,877	359,349	1,195,833	(836,484)	6,757,036	4,632,643
General revenues								
Sales taxes	44,540,749	42,306,443	2,234,306	-	-	-	44,540,749	42,306,443
Property taxes and payemnts in lieu of taxes	19,733,997	19,644,780	89,217	-	-	-	19,733,997	19,644,780
Other taxes	9,873,012	9,250,401	622,611	-	-	-	9,873,012	9,250,401
Interest on investments	216,775	163,743	53,032	1,329,049	438,987	-	1,545,824	602,730
Other revenue	383,589	206,279	177,310	(145,266)	87,799	(233,065)	238,323	294,078
Total revenues	96,270,141	92,030,663	4,239,478	159,185,499	151,921,400	6,374,037	255,455,640	243,952,063
<b>EXPENSES</b>								
General government	6,609,977	6,703,055	(93,078)	-	-	-	6,609,977	6,703,055
Public safety	25,480,437	25,332,134	148,303	-	-	-	25,480,437	25,332,134
Public works	7,741,903	9,539,842	(1,797,939)	-	-	-	7,741,903	9,539,842
Public services	10,568,698	10,272,836	295,862	-	-	-	10,568,698	10,272,836
Intergovernmental assistance	38,829,561	34,031,485	4,798,076	-	-	-	38,829,561	34,031,485
Community service contracts	2,693,160	2,474,565	218,595	-	-	-	2,693,160	2,474,565
Community development	940,730	838,904	101,826	-	-	-	940,730	838,904
Interest on long-term debt	1,529,897	1,625,845	(95,948)	-	-	-	1,529,897	1,625,845
Unallocated depreciation	2,093,773	2,173,814	(80,041)	-	-	-	2,093,773	2,173,814
Municipal Utilities Board	-	-	134,675,442	130,290,772	4,384,670	134,675,442	130,290,772	
Point Mallard	-	-	5,885,957	5,587,125	298,832	5,885,957	5,587,125	
Sanitary Landfill	-	-	10,265,722	6,676,493	3,589,229	10,265,722	6,676,493	
Total expenses	96,488,136	92,992,480	3,495,656	150,827,121	142,554,390	8,272,731	247,315,257	235,546,870
Increase (decrease) in net position before transfer	(217,995)	(961,817)	743,822	8,358,378	9,367,010	(1,008,632)	8,140,383	8,405,193
Transfers	(9,188,159)	865,723	(10,053,882)	9,188,159	(865,723)	10,053,882	-	-
Increase (decrease) in net position	(9,406,154)	(96,094)	(9,310,060)	17,546,537	8,501,287	9,045,250	8,140,383	8,405,193
Net position - beginning of year, as restated	(65,976,776)	(2,973,391)	(63,003,385)	230,005,517	253,474,925	(23,469,408)	164,028,741	250,501,534
Net position - end of year	\$ (75,382,930)	\$ (3,069,485)	\$ (72,313,445)	\$ 247,552,054	\$ 261,976,212	\$ (14,424,158)	\$ 172,169,124	\$ 258,906,727

## Management's Discussion and Analysis- Continued

### Governmental Activities



- Revenues from governmental activities increased \$4.2 million during 2018. Revenue from property taxes increased slightly with sales taxes increasing \$2.2 million in 2018. Capital grants and contributions increased in the current year by \$3.0 million, with the continued additions of Alabama Transportation Rehabilitation and Improvement Project, as well as Metropolitan Planning Organizations projects. However, Operating grants and contributions decreased in the current year by \$2.7 million, as several major road projects were completed in 2017. All other taxes remained fairly constant with increases in one area offsetting decreases in another.



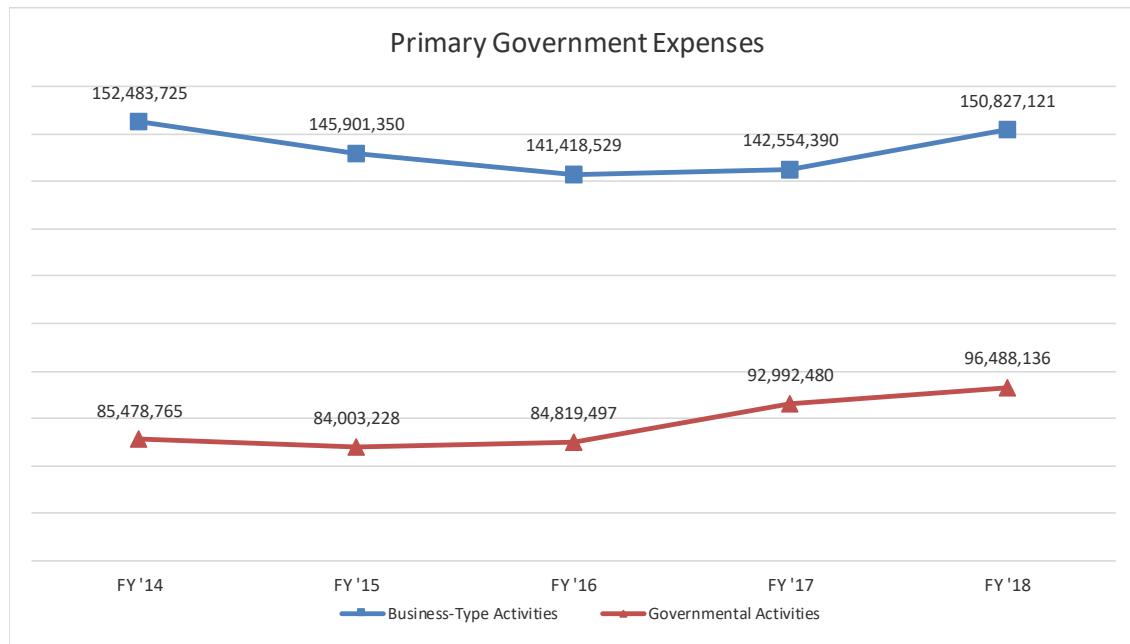
- In the General Fund, fiscal 2018 Public Safety expenditures decreased from fiscal 2017 expenditures by \$1 million. The fire department purchased two new fire trucks at a cost of \$1.2 million in FISCAL YEAR 2017 which attributed to the much larger expenditures in the prior year. The current year expenditures represent a closer to normal operating year for this function.
- Business license revenue increased by \$407 thousand from fiscal year 2017 due to additional efforts in revenue code enforcement throughout the city.
- Revenue from building permits increased by \$163 thousand which is representative of the increase in industrial projects expansion throughout the river region of the City.

## Management's Discussion and Analysis- Continued

- The City paid an additional \$878 thousand to the City Board of Education in FY2018 resulting from increases in sales tax revenue noted previously.
- Revenue from capital grants and contributions increased \$3.0 million as previously stated related to money received from ATRIP and MPO projects for the reconstruction of Spring Avenue and Moulton Street West.
- Overall revenue from fines decreased by \$80 thousand as this trend continued from the previous year. Some persons are given the choice to pay a fine or go to driving school and pay program costs rather than a fine. This revenue is therefore, recorded as program revenue rather than as fines within the fines and forfeitures classification.

### Business-Type Activities

- The business-type activities total net position decreased \$13.7 million from 2017. Although total revenues increased, the total net position decreased primarily due to increased expenditures related to the implementation of GASB Statement No. 75 (post-employment benefits other than pension) and the landfill cell closure in the current year as the City closed two cells at the landfill ahead of the expected closure date.
- From fiscal year 2017 to 2018, Electric System operating revenues increased 5.74% due to higher volumes in the residential customer class. Net position decreased 14.25% from the prior year due to the implementation of GASB 75.
- From fiscal year 2017 to 2018, Gas System operating revenues increased 7.32% from higher volumes in all customer classes. Net position decreased 14.92% from the prior year due to the implementation of GASB 75.
- From fiscal year 2017 to 2018, operating revenues for the Water System decreased 2.3% as a result of volumetric decreases from all customer classes except commercial. Other revenue (expenses) increased due to higher interest income and lower interest expense. Net position decreased 6.49% from the prior year due to the implementation of GASB 75.
- Operating revenues for the Wastewater System increased 2% due to increased industrial volumes and surcharges. Aid in construction was significantly higher than 2018 due to City of Decatur Beltline extension project. Net position increased 9.13% over the prior year.



## **Management's Discussion and Analysis- Continued**

### **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, 2018 were \$39.6 million, a decrease of \$1.4 million from the 2017 fiscal year. Of this amount, \$10.9 million constitutes unassigned and \$25.1 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 \$1.6 million over 2017. Revenues increased \$3.9 million as sales taxes in general fund increased by \$1.7 million while other revenues increases and decreases mostly offset one another. General Fund expenditures increased \$2.3 million mainly due to increases in Public Services and Debt Service.

#### **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 \$1 million 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 \$2.1 million due to continued capital projects. A significant portion of the funding in 2018 were related to state road projects and completing the expansion of the sewer system.
- The General Fund is the primary operating fund of the City. The unassigned, assigned, and committed fund balance of the General Fund was \$33 million.
- The 7 cent Gas Tax Fund has a deficit fund balance of \$55 thousand which is related to a receivable of \$100 thousand at year-end from the Alabama Department of Transportation which was received in excess of 60 days of year-end and therefore deferred at September 30, 2018. This was corrected with the receipt of these funds in 2019.
- The Community Development fund has a negative fund balance of \$64 thousand which is related to significant grant receivables which have been deferred at year-end, primarily a \$235 thousand receivable related to the Community Development Block Grant which was not received until January 2019. The deficit in this fund was corrected with the receipts subsequent to year-end.

#### **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 \$18.1 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.

## Management's Discussion and Analysis- Continued

### Governmental Funds Budgetary Highlights

#### **General Fund**

- The fiscal year 2018 revenue budget was \$3.4 million above fiscal year 2017 due primarily to taxes and payments in lieu of taxes revenues exceeding fiscal year 2017 budget by \$4 million.
- Sales tax was \$2.9 million over budget due to increased expansion of commerce and conservative budgeting of revenue increases. As new retail and restaurant businesses open we expect both property and sales taxes to continue to increase.
- Business licenses and permits exceeded fiscal year 2018 budget by \$525 thousand. In 2018 an increased effort was made by the Revenue Department to enforce the business license laws of the city.
- In lieu of property tax payments fell short of the budgeted amount by \$422 thousand for 2018. This was due primarily to a particularly mild winter as the largest part of these are received from the Electric System of Decatur Utilities.
- All expenses were lower than budgeted amounts by \$3.9 million in total. This was due to conservative budgeting of revenue and expenditures being monitored against the anticipated overall revenue.
- Overall, revenues for fiscal year 2018 exceeded amended budget by \$3.8 million and also exceeded fiscal year 2017 actual revenues by \$3.3 million.
- The 2018 actual expenditures of \$63.5 million fell short of the final amended revenue budget of \$67.4 million by \$3.9 million.

### Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2018 totals \$364.2 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 \$17.6 million from 2017. Those used for governmental activities decreased \$2.9 million primarily attributable to the conveyance of the Beltline sewer extension to Decatur Utilities.
- Capital assets used for business-type activities increased by \$20.6 million.

### **Major Capital events during the fiscal year included the following**

- \$1.6 million was spent on new grounds maintenance equipment for the parks and recreation department (\$839 thousand of which was acquired through a capital lease).
- \$785 thousand was spent on fleet vehicles, software and security equipment for the police department.
- \$1.4 million was spent on heavy equipment and recycling trucks for the landfill.
- \$550 thousand was spent on new refuse vehicles and trailers for the sanitation department.
- \$227 thousand was spent on additional modules and implementation of the new Tyler software for the city.
- \$243 thousand was spent on emergency medical equipment and vehicles for the fire department.
- \$245 thousand was spent on upgrades to the Princess Theater on its marquis and fire safety equipment.
- \$398 thousand was spent on improvements to water slides, campground roads and golf course bridges.
- \$294 thousand was spent on server and other technology upgrades for the information systems department.

## Management's Discussion and Analysis- Continued

### City of Decatur's Capital Assets (in thousands)

	Governmental Activities			Business-Type Activities			Total	
	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017
Land	\$ 10,091,793	\$ 10,087,108	\$ 4,685	\$ 4,569,929	\$ 4,478,052	\$ 91,877	\$ 14,661,722	\$ 14,565,160
Land improvements	11,556,646	11,073,457	483,189	-	-	-	11,556,646	11,073,457
Buildings and improvements	19,309,357	19,947,101	(637,744)	8,011,475	9,055,580	(1,044,105)	27,320,832	29,002,681
Infrastructure	18,264,093	19,362,299	(1,098,206)	-	-	-	18,264,093	19,362,299
Construction in progress	13,886,846	17,634,247	(3,747,401)	16,222,625	17,004,364	(781,739)	30,109,471	34,638,611
Machinery and equipment	8,771,785	6,767,077	2,004,708	2,904,474	2,162,788	741,686	11,676,259	8,929,865
Utility plant-in-service	-	-	-	250,584,707	228,967,832	21,616,875	250,584,707	228,967,832
	<u>\$ 81,880,520</u>	<u>\$ 84,871,289</u>	<u>\$ (2,990,769)</u>	<u>\$ 282,293,210</u>	<u>\$ 261,668,616</u>	<u>\$ 20,624,594</u>	<u>\$ 364,173,730</u>	<u>\$ 346,539,905</u>

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, 2018, the City had \$106.9 million in long-term debt outstanding. Of this amount, \$51.5 million is debt backed by the full faith and credit of the City and \$55.5 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 net amount \$5.6 million. Although there is a new capital lease for grounds maintenance equipment, the overall decrease is primarily attributable to the payoff of the 2015 GO Warrant and overall principal reductions on existing debt during the year.
- Decatur Utilities and the City issue revenue bonds primarily to finance improvements to the Water and Wastewater Systems. These bonds are repaid from revenues derived by DU from operation of the Systems.
- Decatur City Board of Education long term debt as of September 30, 2018 amounted to \$268 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	Governmental Activities			Business-Type Activities			Total	
	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017	Change	September 30, 2018	September 30, 2017
General obligation warrants	\$ 50,404,000	\$ 56,647,651	\$ (6,243,651)	\$ -	\$ -	\$ -	\$ 50,404,000	\$ 56,647,651
Revenue warrants	-	-	-	55,450,000	60,640,000	(5,190,000)	55,450,000	60,640,000
Capital leases	1,071,462	435,125	636,337	-	-	-	1,071,462	435,125
	<u>\$ 51,475,462</u>	<u>\$ 57,082,776</u>	<u>\$ (5,607,314)</u>	<u>\$ 55,450,000</u>	<u>\$ 60,640,000</u>	<u>\$ (5,190,000)</u>	<u>\$ 106,925,462</u>	<u>\$ 117,722,776</u>

### Bond Ratings

The City's general obligation bond rating:

Standard & Poor's Corporation: **AA**

Moody's Investor Services, Inc. **Aa2**

## **Management's Discussion and Analysis- Continued**

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, 2018 the City's allocable debt outstanding was \$99 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.

### **2019 Budget**

The Mayor and City Council have considered many factors in the development of the fiscal year 2019 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 3.7%, 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](mailto:kdemeester@decatur-al.gov).

This report and other City financial information are available on the City's website at [www.decaturalabamausa.com](http://www.decaturalabamausa.com).

**Management's Discussion and Analysis- Continued**

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## **BASIC FINANCIAL STATEMENTS**

**City of Decatur**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Primary Government</b>			<b>Component Unit</b>
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
<b>ASSETS</b>				
Cash & investments, at cost	\$ 39,590,190	\$ 67,110,796	\$ 106,700,986	\$ 38,538,703
Receivables (net of allowances)	5,338,873	18,026,947	23,365,820	-
Due from governmental entities	1,523,185	-	1,523,185	21,731,589
Inventories	14,999	2,081,516	2,096,515	220,926
Prepaid items	38,404	-	38,404	-
Other	1,893,062	232,543	2,125,605	-
Internal balances	(687,670)	687,670	-	-
Restricted assets				
Cash & investments, at cost	-	24,004,847	24,004,847	2,429,538
Capital assets				
Land, collections and construction in process	23,978,639	20,792,554	44,771,193	108,123,381
Other assets, net of accum. depreciation	57,901,881	261,500,656	319,402,537	59,866,146
<b>Total assets</b>	<b>129,591,563</b>	<b>394,437,529</b>	<b>524,029,092</b>	<b>230,910,283</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Losses on debt refundings	812,129	-	812,129	-
OPEB contributions subsequent to measurement date	2,378,928	150,680	2,529,608	2,218,461
Pension contributions subsequent to measurement date	6,844,978	2,478,535	9,323,513	10,656,961
<b>Total deferred outflows of resources</b>	<b>10,036,035</b>	<b>2,629,215</b>	<b>12,665,250</b>	<b>12,875,422</b>
<b>LIABILITIES</b>				
Accounts payable	3,355,118	15,565,571	18,920,689	1,797,742
Accrued liabilities	1,473,438	2,205,443	3,678,881	6,686,161
Contract retainages	-	-	-	-
Due to component units	2,033,040	-	2,033,040	-
Due to governmental entities	722	-	722	-
Customer deposits	267,909	7,168,278	7,436,187	-
Deferred revenue	14,400	-	14,400	197,627
Other	2,999	-	2,999	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,370,000	5,370,000	-
Noncurrent liabilities				
Due within one year	4,525,193	212,510	4,737,703	2,940,642
Due in more than one year	187,308,632	116,127,705	303,436,337	265,029,990
<b>Total liabilities</b>	<b>198,981,451</b>	<b>146,649,507</b>	<b>345,630,958</b>	<b>276,652,162</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	16,685,000
Net difference between projected and actual earnings on OPEB plan investments	12,203,143	772,942	12,976,085	9,722,308
Net difference between projected and actual earnings on pension plan investments	3,825,934	2,092,241	5,918,175	9,077,000
<b>Total deferred inflows of resources</b>	<b>16,029,077</b>	<b>2,865,183</b>	<b>18,894,260</b>	<b>35,484,308</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	34,773,577	226,886,818	261,660,395	39,159,779
Restricted for:				
Highways and Streets	49,259	-	49,259	4,309,898
Debt service	-	23,603,852	23,603,852	7,335,328
Other	2,351,281	-	2,351,281	2,707,897
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,108,622	-	1,108,622	-
Unrestricted	(113,665,669)	(2,938,616)	(116,604,285)	(121,863,667)
<b>Total net position</b>	<b>\$ (75,382,930)</b>	<b>\$ 247,552,054</b>	<b>\$ 172,169,124</b>	<b>\$ (68,350,765)</b>

The accompanying notes are an integral part of this statement.

**City of Decatur**  
**Statement of Activities**  
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Assets			Component Units		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total			
<b>Primary Government</b>										
<i>Governmental activities</i>										
General government	\$ 6,609,977	\$ 6,903,145	\$ -	\$ 474,152	\$ 767,320	\$ -	\$ 767,320	\$ -		
Public safety	25,480,437	2,003,560	56,472	-	(23,420,405)	-	(23,420,405)	-		
Public works	7,741,903	4,286,515	521,783	5,364,301	2,430,696	-	2,430,696	-		
Public services	10,568,698	684,203	81,088	239,464	(9,563,943)	-	(9,563,943)	-		
Intergovernmental assistance	38,829,561	-	-	-	(38,829,561)	-	(38,829,561)	-		
Community service contracts	2,693,160	-	-	-	(2,693,160)	-	(2,693,160)	-		
Community development	940,730	-	587,566	319,770	(33,394)	-	(33,394)	-		
Interest on long-term debt	1,529,897	-	-	-	(1,529,897)	-	(1,529,897)	-		
Unallocated depreciation	2,093,773	-	-	-	(2,093,773)	-	(2,093,773)	-		
<b>Total governmental activities</b>	<b>96,488,136</b>	<b>13,877,423</b>	<b>1,246,909</b>	<b>6,397,687</b>	<b>(74,966,117)</b>	<b>-</b>	<b>(74,966,117)</b>	<b>-</b>		
<i>Business-type activities</i>										
Municipal Utilities Board	134,675,442	145,366,327	-	359,349	-	11,050,234	11,050,234	-		
Point Mallard	5,885,957	5,375,310	-	-	-	(510,647)	(510,647)	-		
Sanitary Landfill	10,265,722	6,900,730	-	-	-	(3,364,992)	(3,364,992)	-		
<b>Total business-type activities</b>	<b>150,827,121</b>	<b>157,642,367</b>	<b>-</b>	<b>359,349</b>	<b>-</b>	<b>7,174,595</b>	<b>7,174,595</b>	<b>-</b>		
<b>Total primary government</b>	<b>247,315,257</b>	<b>171,519,790</b>	<b>1,246,909</b>	<b>6,757,036</b>	<b>(74,966,117)</b>	<b>7,174,595</b>	<b>(67,791,522)</b>	<b>-</b>		
<b>Component Unit</b>										
Decatur City Board of Education	104,724,791	7,365,432	53,067,405	2,350,339	-	-	-	(41,941,615)		
<b>Total component units</b>	<b>\$ 104,724,791</b>	<b>\$ 7,365,432</b>	<b>\$ 53,067,405</b>	<b>\$ 2,350,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,941,615)</b>		
<b>General Revenues</b>										
Sales & use taxes				44,540,749	-	44,540,749	17,836,276			
Property taxes and payments in lieu of taxes				19,733,997	-	19,733,997	18,318,061			
Other taxes				9,873,012	-	9,873,012	968,847			
Interest on investments				216,775	1,329,049	1,545,824	794,606			
Other				383,589	(145,266)	238,323	4,301,670			
Transfers				(9,188,159)	9,188,159	-	-			
<b>Total general revenues &amp; transfers</b>				<b>65,559,963</b>	<b>10,371,942</b>	<b>75,931,905</b>	<b>42,219,460</b>			
<b>Change in net position</b>										
Net position, beginning, as restated				(9,406,154)	17,546,537	8,140,383	277,845			
<b>Net position, ending</b>				<b>(65,976,776)</b>	<b>230,005,517</b>	<b>164,028,741</b>	<b>(68,628,610)</b>			
				<b>\$ (75,382,930)</b>	<b>\$ 247,552,054</b>	<b>\$ 172,169,124</b>	<b>\$ (68,350,765)</b>			

The accompanying notes are an integral part of this statement.

**City of Decatur  
Governmental Funds  
Balance Sheet  
September 30, 2018**

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash & cash equivalents	\$ 30,616,021	\$ 1,025,322	\$ 7,127,047	\$ 38,768,390
Cash with fiscal agents	695,456	-	126,344	821,800
Receivables (net of allowances)				
Accounts	487,162	495	147,142	634,799
Notes	-	-	238,369	238,369
Taxes	3,531,922	887,863	45,920	4,465,705
Due from other funds	1,608,222	21,592	49,394	1,679,208
Due from governmental entities	443,975	101,558	977,652	1,523,185
Deposits	71,405	-	1,821,657	1,893,062
Prepays	38,404	-	-	38,404
Inventories	14,999	-	-	14,999
<b>Total assets</b>	<b>37,507,566</b>	<b>2,036,830</b>	<b>10,533,525</b>	<b>50,077,921</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>LIABILITIES</b>				
Accounts payable	2,232,817	3,790	1,118,511	3,355,118
Accrued liabilities	951,016	-	23,845	974,861
Contract retainages	-	-	-	-
Due to other funds	582,331	-	1,784,547	2,366,878
Due to component units	-	2,033,040	-	2,033,040
Due to governmental entities	119	-	603	722
Customer deposits	266,915	-	994	267,909
Other	2,983	-	16	2,999
<b>Total liabilities</b>	<b>4,036,181</b>	<b>2,036,830</b>	<b>2,928,516</b>	<b>9,001,527</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>FUND BALANCES</b>	<b>433,351</b>	<b>-</b>	<b>1,016,238</b>	<b>1,449,589</b>
<b>Nonspendable</b>				
Restricted	53,403	-	1,108,622	1,162,025
Committed	1,312	-	2,399,228	2,400,540
Unassigned	22,040,347	-	3,080,921	25,121,268
<b>Total fund balance</b>	<b>33,038,034</b>	<b>-</b>	<b>6,588,771</b>	<b>39,626,805</b>
<b>Total liabilities, inflows and fund balance</b>	<b>\$ 37,507,566</b>	<b>\$ 2,036,830</b>	<b>\$ 10,533,525</b>	

**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.	\$ 81,880,520
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds.	1,435,189
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	(37,267,719)
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.	(105,125,724)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(55,932,001)
<b>Net position of governmental activities</b>	<b>\$ (75,382,930)</b>

**City of Decatur**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes In Fund Balance**  
**For the Year Ended September 30, 2018**

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Sales & use taxes	\$ 34,089,586	\$ 10,489,758	\$ -	\$ 44,579,344
Property taxes	3,768,751	9,746,435	-	13,515,186
Other taxes	7,716,518	1,165,698	538,899	9,421,115
Licenses & permits	7,009,021	-	-	7,009,021
Fines & forfeitures	480,524	-	523,136	1,003,660
Revenues from money & property	364,498	-	112,359	476,857
Charges for services	5,604,121	-	352	5,604,473
Intergovernmental	5,780,998	573,017	7,654,533	14,008,548
Gifts & donations	165,000	-	-	165,000
Other revenues	247,412	-	127,856	375,268
<b>Total revenues</b>	<b>65,226,429</b>	<b>21,974,908</b>	<b>8,957,135</b>	<b>96,158,472</b>
<b>EXPENDITURES</b>				
Current				
General government	4,706,622	-	990,647	5,697,269
Public safety	25,150,957	-	59,057	25,210,014
Public works	6,898,702	-	9,946,391	16,845,093
Public services	10,391,345	-	22,728	10,414,073
Intergovernmental assistance	6,533,913	21,974,908	348,952	28,857,773
Community services contracts	2,693,160	-	-	2,693,160
Community development	-	-	1,317,398	1,317,398
Debt service				
Principal	5,962,072	-	483,189	6,445,261
Interest and fiscal charges	1,170,785	-	314,444	1,485,229
Debt issuance costs	-	-	15	15
<b>Total expenditures</b>	<b>63,507,556</b>	<b>21,974,908</b>	<b>13,482,821</b>	<b>98,965,285</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,718,873</b>	<b>-</b>	<b>(4,525,686)</b>	<b>(2,806,813)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	837,996	-	-	837,996
Transfers in	9,233	-	1,541,781	1,551,014
Transfers (out)	(921,841)	-	(12,519)	(934,360)
Total other financing (uses) sources	(74,612)	-	1,529,262	1,454,650
<b>Net change in fund balance</b>	<b>1,644,261</b>	<b>-</b>	<b>(2,996,424)</b>	<b>(1,352,163)</b>
Fund balance, beginning	31,393,773	-	9,585,195	40,978,968
<b>Fund balance, ending</b>	<b>\$ 33,038,034</b>	<b>\$ -</b>	<b>\$ 6,588,771</b>	<b>\$ 39,626,805</b>

**CITY OF DECATUR**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

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

Net change in fund balances - total governmental funds	\$ (1,352,163)
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.	(2,980,454)
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.	(10,315)
Revenues in the statement of activities that do not provide current financial resources	(114,175)
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.	5,531,074
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>(10,480,121)</u>
<b>Change In Net Position Of Governmental Activities</b>	<b><u>\$ (9,406,154)</u></b>

**City of Decatur**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes In Fund Balance - Budget & Actual**

**For the Year Ended September 30, 2018**

	General Fund				School Fund			
	Budget		Variance with Final Budget		School Fund		Variance with Final Budget	
	Original	Final	Actual Amounts	Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
<b>REVENUES</b>								
Taxes and payments in lieu of taxes	\$ 42,605,850	\$ 42,605,850	\$ 45,574,855	\$ 2,969,005	\$ 20,045,181	\$ 20,045,181	\$ 21,974,908	\$ 1,929,727
Licenses and permits	6,484,250	6,484,250	7,009,021	524,771	-	-	-	-
Fines and forfeitures	449,050	449,050	480,524	31,474	-	-	-	-
Revenues from money and property	279,800	279,800	364,498	84,698	-	-	-	-
Charges for services	5,708,515	6,025,994	5,604,121	(421,873)	-	-	-	-
Intergovernmental	5,131,738	5,271,738	5,780,998	509,260	-	-	-	-
Gifts and donations	125,200	125,200	165,000	39,800	-	-	-	-
Other revenues	237,700	237,700	247,412	9,712	-	-	-	-
<b>Total revenues</b>	<b>61,022,103</b>	<b>61,479,582</b>	<b>65,226,429</b>	<b>3,746,847</b>	<b>20,045,181</b>	<b>20,045,181</b>	<b>21,974,908</b>	<b>1,929,727</b>
<b>EXPENDITURES</b>								
Current								
General government	4,920,463	4,955,204	4,706,622	248,582	-	-	-	-
Public safety	25,375,251	26,553,374	25,150,957	1,402,417	-	-	-	-
Public works	6,263,496	7,942,013	6,898,702	1,043,311	-	-	-	-
Public services	8,958,084	10,729,303	10,391,345	337,958	-	-	-	-
Intergovernmental assistance	7,224,472	7,419,472	6,533,913	885,559	20,045,181	20,045,181	21,974,908	(1,929,727)
Community services contracts	2,439,573	2,694,573	2,693,160	1,413	-	-	-	-
Debt service								
Principal	3,409,758	5,963,855	5,962,072	1,783	-	-	-	-
Interest	1,196,703	1,171,319	1,170,785	534	-	-	-	-
<b>Total expenditures</b>	<b>59,787,800</b>	<b>67,429,113</b>	<b>63,507,556</b>	<b>3,921,557</b>	<b>20,045,181</b>	<b>20,045,181</b>	<b>21,974,908</b>	<b>(1,929,727)</b>
<b>Excess of revenues over expenditures</b>	<b>1,234,303</b>	<b>(5,949,531)</b>	<b>1,718,873</b>	<b>7,668,404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Capital lease proceeds	-	-	837,996	837,996	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Transfers in	7,000	7,000	9,233	2,233	-	-	-	-
Transfers out	(922,421)	(919,421)	(921,841)	(2,420)	-	-	-	-
Total other financing sources (uses)	(915,421)	(912,421)	(74,612)	837,809	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>318,882</b>	<b>(6,861,952)</b>	<b>1,644,261</b>	<b>8,506,213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning	31,393,773	23,185,346	31,393,773	-	-	-	-	-
<b>Fund balance, ending</b>	<b>\$ 31,712,655</b>	<b>\$ 16,323,394</b>	<b>\$ 33,038,034</b>	<b>\$ 8,506,213</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

**City of Decatur  
Proprietary Funds  
Statement of Net Position  
September 30, 2018**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & cash equivalents	\$ 46,303,695	\$ 20,807,101	\$ 67,110,796
Cash with fiscal agent	-	-	-
Investments, at cost	-	-	-
Receivables (net of allowance)			
Accounts	13,207,976	717,787	13,925,763
Accrued interest	-	-	-
Other	4,101,184	-	4,101,184
Due from other funds	-	1,340,332	1,340,332
Due from governmental entities	-	-	-
Prepaid items	-	-	-
Inventories, at cost	2,011,275	70,241	2,081,516
Other	232,543	-	232,543
<b>Total current assets</b>	<b>65,856,673</b>	<b>22,935,461</b>	<b>88,792,134</b>
<b>Noncurrent assets</b>			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	24,004,847	-	24,004,847
Deferred costs	-	-	-
Capital assets:			
Land	3,073,200	1,496,730	4,569,930
Buildings	6,306,124	9,702,964	16,009,088
Improvements other than buildings	-	16,901,744	16,901,744
Furniture & equipment	-	9,423,940	9,423,940
Utility plant in service	421,603,269	-	421,603,269
Construction work in progress	16,133,940	88,684	16,222,624
Less accumulated depreciation	(177,324,686)	(25,112,699)	(202,437,385)
Total capital assets (net of accumulated depreciation)	269,791,847	12,501,363	282,293,210
<b>Total noncurrent assets</b>	<b>293,796,694</b>	<b>12,501,363</b>	<b>306,298,057</b>
<b>Total assets</b>	<b>359,653,367</b>	<b>35,436,824</b>	<b>395,090,191</b>
<b>Deferred Outflows of Resources</b>			
OPEB contribution	-	150,680	150,680
Pension contributions subsequent to measurement date	2,094,669	383,866	2,478,535
<b>Total deferred outflows of resources</b>	<b>2,094,669</b>	<b>534,546</b>	<b>2,629,215</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	15,192,374	373,197	15,565,571
Accrued liabilities	2,113,329	92,114	2,205,443
Compensated absences	91,051	21,459	112,510
Claims payable	-	100,000	100,000
Customer deposits	7,168,278	-	7,168,278
Revenue warrants payable - current	5,370,000	-	5,370,000
Due to other funds	652,662	-	652,662
<b>Total current liabilities</b>	<b>30,587,694</b>	<b>586,770</b>	<b>31,174,464</b>
<b>Noncurrent liabilities</b>			
Landfill closure and post-closure care costs	-	5,344,201	5,344,201
Revenue notes payable	50,036,392	-	50,036,392
Capital lease payable	-	-	-
Compensated absences	819,462	193,132	1,012,594
Claims payable	-	200,000	200,000
Net pension liability	16,293,746	2,183,581	18,477,327
Net other postemployment benefit obligation	35,020,837	6,036,354	41,057,191
<b>Total noncurrent liabilities</b>	<b>102,170,437</b>	<b>13,957,268</b>	<b>116,127,705</b>
<b>Total liabilities</b>	<b>132,758,131</b>	<b>14,544,038</b>	<b>147,302,169</b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	-	772,942	772,942
Net difference between projected and actual earnings on pension plan investments	1,879,982	212,259	2,092,241
<b>Total deferred inflows of resources</b>	<b>1,879,982</b>	<b>985,201</b>	<b>2,865,183</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	214,385,455	12,501,363	226,886,818
Restricted for debt service	23,603,852	-	23,603,852
Unrestricted	(10,879,384)	7,940,768	(2,938,616)
<b>Total net position</b>	<b>\$ 227,109,923</b>	<b>\$ 20,442,131</b>	<b>\$ 247,552,054</b>

**City of Decatur**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2018**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>Operating revenue</b>			
Charges for services	\$ 145,366,327	\$ 12,276,040	\$ 157,642,367
<b>Total operating revenue</b>	<u>145,366,327</u>	<u>12,276,040</u>	<u>157,642,367</u>
<b>Operating expenses</b>			
Personnel, operations & maintenance	112,865,473	8,846,881	121,712,354
Closure and postclosure costs	-	4,457,768	4,457,768
Depreciation and amortization	11,320,328	1,875,736	13,196,064
Administrative costs	8,477,033	971,294	9,448,327
<b>Total operating expenses</b>	<u>132,662,834</u>	<u>16,151,679</u>	<u>148,814,513</u>
<b>Operating income (loss)</b>	<u>12,703,493</u>	<u>(3,875,639)</u>	<u>8,827,854</u>
<b>Nonoperating revenue (expenses)</b>			
Interest income	1,233,239	95,810	1,329,049
Interest expense	(2,012,608)	-	(2,012,608)
Bad debt recoveries (expense)	-	-	-
Gain (loss) on disposition of assets	11,769	(183,787)	(172,018)
Miscellaneous revenue (expense)	-	26,752	26,752
Total nonoperating revenue (expenses)	<u>(767,600)</u>	<u>(61,225)</u>	<u>(828,825)</u>
<b>Income (loss) before contributions, transfers &amp; special items</b>	<u>11,935,893</u>	<u>(3,936,864)</u>	<u>7,999,029</u>
Capital contributions	359,349	-	359,349
Transfers in	9,804,813	3,286	9,808,099
Transfers (out)	(619,940)	-	(619,940)
<b>Change in net position</b>	<u>21,480,115</u>	<u>(3,933,578)</u>	<u>17,546,537</u>
Total net position, beginning (as restated)	<u>205,629,808</u>	<u>24,375,709</u>	<u>230,005,517</u>
<b>Total net position, ending</b>	<u><u>\$ 227,109,923</u></u>	<u><u>\$ 20,442,131</u></u>	<u><u>\$ 247,552,054</u></u>

**City of Decatur**  
**Proprietary Funds**  
**Statement of Cash Flows**  
For the Year Ended September 30, 2018

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>Operating activities</b>			
Receipts from customers and users	\$ 143,383,080	\$ 12,235,519	\$ 155,618,599
Other operating cash receipts	-	-	-
Payments to suppliers	(106,260,471)	(8,245,997)	(114,506,468)
Payments to employees	(15,577,602)	(5,203,024)	(20,780,626)
Payments for interfund services	-	77	77
<b>Net cash provided by operating activities</b>	<b>21,545,007</b>	<b>(1,213,425)</b>	<b>20,331,582</b>
<b>Noncapital financing activities</b>			
Payments received from advances to other funds	-	(475,679)	(475,679)
Transfers in	9,804,813	3,286	9,808,099
<b>Net cash provided by noncapital financing activities</b>	<b>9,184,873</b>	<b>(472,393)</b>	<b>8,712,480</b>
<b>Capital and related financing activities</b>			
Acquisition and construction of capital assets	(32,031,039)	(1,933,805)	(33,964,844)
Proceeds from sale of capital assets	-	87,993	87,993
Capital contributions	359,348	-	359,348
Principal payments on warrants	(5,190,000)	-	(5,190,000)
Interest paid on warrants	(1,984,280)	-	(1,984,280)
<b>Net cash (used) by capital and related financing activities</b>	<b>(38,845,971)</b>	<b>(1,845,812)</b>	<b>(40,691,783)</b>
<b>Investing activities</b>			
Decrease (increase) in restricted assets	(498,151)	-	(498,151)
Miscellaneous non-operating income	11,770	-	11,770
Interest received	1,233,238	95,810	1,329,048
<b>Net cash provided (used) by investing activities</b>	<b>746,857</b>	<b>95,810</b>	<b>842,667</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,369,234)</b>	<b>(3,435,820)</b>	<b>(10,805,054)</b>
Cash and cash equivalents, beginning	53,672,929	24,242,921	77,915,850
<b>Cash and cash equivalents, ending</b>	<b>\$ 46,303,695</b>	<b>\$ 20,807,101</b>	<b>\$ 67,110,796</b>
<b>Operating income (loss)</b>	<b>\$ 12,703,493</b>	<b>\$ (3,875,639)</b>	<b>\$ 8,827,854</b>
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>			
Depreciation and amortization	11,320,328	1,875,736	13,196,064
<b>Landfill postclosure costs</b>			
(Gain) loss on disposition of assets	-	346,331	346,331
Miscellaneous item	-	26,751	26,751
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(2,043,528)	(67,273)	(2,110,801)
Accounts payable	(3,589,034)	(326,049)	(3,915,083)
Contract retainages	-	-	-
Claims payable	-	100,000	100,000
Inventory	(124,613)	(5,011)	(129,624)
Prepaid items	735,856	-	735,856
Due to (from) other funds	(349,491)	-	(349,491)
Accrued liabilities	665,656	30,637	696,293
Net pension liability	-	292,127	292,127
Net OPEB obligation	-	388,965	388,965
Customer deposits	2,238,140	-	2,238,140
Other items	(11,800)	-	(11,800)
<b>Net cash provided by operating activities</b>	<b>\$ 21,545,007</b>	<b>\$ (1,213,425)</b>	<b>\$ 20,331,582</b>

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

#### Receivables and Payables

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

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

Amounts receivable and payable from federal, state, county, and local governments are classified as "due from/to other governmental entities." The only individually significant amounts due from any single entity as of September 30, 2018, was \$539,847 due from Morgan County for various tax receivables and \$560,161 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 \$659,001.

### 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 position 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, 2018, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

General Fund	\$ 405,869
Other Governmental Funds	153,201
	<hr/>
	\$ 559,070

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2018.

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 2018 Financial Statements:

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

The City adopted GASB No 81, *Irrevocable Split-Interest Agreements*. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The City adopted GASB No 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement improves financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues.

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

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

The City plans to adopt GASB No 84, *Fiduciary Activities*, in 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.

GASB Statement No. 85, *Omnibus 2017*, was issued to address practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for fiscal year 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this statement are effective for fiscal year 2018.

GASB Statement No. 87, *Leases*, was issued to improve accounting and financial reporting for leases by governments. The requirements of this statement are effective for fiscal year 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued to improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. The requirements of this statement are effective in fiscal year 2019.

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 \$55,932,001 difference are as follows:

Warrants Payable	\$ 50,203,691
Capital lease payable	1,071,511
Accrued interest payable	498,577
Compensated absences	2,781,088
Claims Payable	1,377,134
	<hr/>
	\$ 55,932,001

**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 \$2,980,454 difference are as follows:

Capital outlay	\$ 13,043,073
Capital contributions	236,159
Capital transfers to proprietary fund	(9,804,813)
Depreciation expense	(6,454,873)
	<hr/>
	\$ (2,980,454)

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 \$5,531,074 difference are as follows:

Debt issued or incurred:	
Capital Lease	\$ (837,996)
Principal repayments:	
General obligation debt	6,243,651
Capital lease	201,610
Amortization of premium, discounts, and refunding loss	(76,191)
	<hr/>
	\$ 5,531,074

## **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 \$28,051 difference is as follows:

Compensated absences	\$ (176,123)
Claims	534,670
Accrued interest	31,523
Net pension obligation	(1,045,976)
Other postemployment expenses	(9,824,215)
	<u>\$ (10,480,121)</u>

## **Note 3 - Stewardship, Compliance and Accountability**

### **A. Budgetary Information**

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

<u>Annually-Budgeted Governmental Funds</u>	<u>Governmental Funds Not Annually-Budgeted</u>
<b>General Fund</b>	<b>Special Revenue Funds</b>
	Community Development Fund
<b>Special Revenue Funds</b>	Municipal Court Fund
7 Cent Gas Tax Fund	
4&5 Cent Gas Tax Fund	<b>Capital Projects Funds</b>
School Fund	Capital Projects Fund
Personnel Board Fund	Sewer Fund
Heritage Trust Fund	2016 Capital Improvements Fund
Docket Fees Fund	
Room Occupancy Fund	<b>Permanent Fund</b>
Corrections Fund	Perpetual Care Fund
Drug Seizure Fund	

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

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

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

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

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

**Note 3 - Stewardship, Compliance and Accountability – Continued**

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

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

**B. Excess of Expenditures over Appropriations**

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2018:

<b><u>4 &amp; 5 Cent Gas Tax Fund</u></b>		
Operating expenditures	\$	118,607
<b><u>Personnel Board Fund</u></b>		
Personnel services	\$	47,052
<b><u>Heritage Trust Fund</u></b>		
Capital outlay	\$	158,571

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

**City of Decatur**  
**Notes to the Financial Statements**  
**September 30, 2018**

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**Note 4 – Detailed Notes on All Funds**

**A. Deposits and Investments**

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

At fiscal year end, the entire bank balances of the City, and the Board of Education were covered by federal depository insurance and insured by the Security for Alabama Funds Enhancement, or SAFE Program. The SAFE Program is administered by the State Treasurer according to State of Alabama statute. Effective January 1, 2001, any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law.

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

Cash and deposits	\$ 130,705,833
Total	<u>130,705,833</u>
<b>Per Governmental Funds Balance Sheet</b>	
Cash and investments	39,590,190
<b>Per Proprietary Funds Statement of Net Position</b>	
Cash and investments	67,110,796
Restricted cash for debt service	<u>24,004,847</u>
	<u>91,115,643</u>
Total	<u>\$ 130,705,833</u>

Component Unit

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

#### **Note 4 – Detailed Notes on All Funds – Continued**

##### Investments

Statutes authorize the Board to invest in obligations of the U. S. Treasury, obligations of any state of the United States, general obligations of any Alabama county or city board of education secured by pledge of the three-mill school tax and other obligations as outlined in the Code of Alabama 1975, Section 19-3-120 and Section 19-3-120.1. As of September 30, 2018, the Board had no 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. For this reason, The Board only has guaranteed investments in treasury bills or notes issued by the U.S. Government.

##### Credit risk

As described above, state law limits the kind of investments the City can make. The City has made no further laws in addition to state law related to investments allowed. The City and the Board of Education have held no investments other than certificates of deposit in the past and currently hold 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, 2018, except for minor cash deposits and cash on hand. The SAFE Program is administered by the State Treasurer, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law. Also, the deposits with banks complied with state investment policies.

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

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 4 – Detailed Notes on All Funds – Continued**

**B. Capital Assets**

Capital asset activity for governmental activities for the year ended September 30, 2018 was as follows:

	Balance September 30, 2017	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2018
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 10,087,108	\$ 15,000	\$ (10,315)	\$ -	\$ 10,091,793
Construction in progress	17,634,247	8,165,292	-	(11,912,693)	13,886,846
Total capital assets, not being depreciated	27,721,355	8,180,292	(10,315)	(11,912,693)	23,978,639
Capital assets, being depreciated:					
Building and improvements	46,585,575	513,031	(38,166)	157,683	47,218,123
Land improvements	26,616,574	63,525	-	1,717,676	28,397,775
Furniture, equipment, and other	30,294,634	3,532,322	(1,475,132)	227,021	32,578,845
Infrastructure	97,279,422	990,067	-	5,500	98,274,989
Total capital assets, being depreciated	200,776,205	5,098,945	(1,513,298)	2,107,880	206,469,732
Less accumulated depreciation for:					
Building and improvements	(26,638,474)	(1,308,458)	38,166	-	(27,908,766)
Land improvements	(15,543,117)	(1,298,012)	-	-	(16,841,129)
Furniture, equipment, and other	(23,527,557)	(1,754,630)	1,475,127	-	(23,807,060)
Infrastructure	(77,917,123)	(2,093,773)	-	-	(80,010,896)
Total accumulated depreciation	(143,626,271)	(6,454,873)	1,513,293	-	(148,567,851)
Total capital assets, being depreciated, net	57,149,934	(1,355,928)	(5)	2,107,880	57,901,881
Governmental activities capital assets, net	\$ 84,871,289	\$ 6,824,364	\$ (10,320)	\$ (9,804,813)	\$ 81,880,520

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 4 – Detailed Notes on All Funds – Continued**

Capital asset activity for business-type activities for the year ended September 30, 2018 was as follows:

Business-Type Activities:	Balance September 30,		Transfers In / (Transfers Out)	Balance September 30, 2018
	2017	Additions		
Capital assets, not being depreciated:				
Land	\$ 4,478,052	\$ 100,000	\$ (8,123)	\$ 4,569,929
Construction in progress	17,004,364	534,608	(1,316,347)	16,222,625
Total capital assets, not being depreciated	21,482,416	634,608	(1,324,470)	20,792,554
Capital assets, being depreciated:				
Buildings and improvements	30,860,493	413,072	(4,668,857)	26,604,708
Furniture, equipment and other	8,927,465	1,432,050	(935,573)	9,423,942
Utility plant-in-service	397,986,342	22,638,590	(2,520,352)	427,909,393
Total capital assets, being depreciated	437,774,300	24,483,712	(8,124,782)	463,938,043
Less accumulated depreciation for:				
Buildings and improvements	(21,804,913)	(1,185,371)	4,397,051	(18,593,233)
Furniture, equipment and other	(6,764,677)	(690,365)	935,574	(6,519,468)
Utility plant-in-service	(169,018,510)	(11,320,328)	3,014,152	(177,324,686)
Total accumulated depreciation	(197,588,100)	(13,196,064)	8,346,777	(202,437,387)
Total capital assets, being depreciated, net	240,186,200	11,287,648	221,995	9,804,813
Business-Type activities capital assets, net	\$ 261,668,616	\$ 11,922,256	\$ (1,102,475)	\$ 282,293,210

Depreciation expense of \$2,093,773 for the Governmental activities Infrastructure assets is not allocated to the functions. The depreciation expense for all other depreciable assets is charged to functions/programs of the primary government as follows:

Governmental Activities:		
General governmental		\$ 805,602
Public Safety		1,267,250
Public Works		414,032
Public Services		1,811,983
Intergovernmental		62,233
Total allocated depreciation expense - governmental activities		4,361,100
Total unallocated depreciation expense - governmental activities		2,093,773
Total depreciation expense - governmental activities		\$ 6,454,873
Business-type Activities:		
Municipal Utilities Board Fund		\$ 11,320,328
Sanitary Landfill Fund		1,185,787
Point Mallard Fund		689,949
Total depreciation expense - business-type activities		\$ 13,196,064

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 4 – Detailed Notes on All Funds – Continued**

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2018 was as follows:

	Balance			Transfers In/ (Transfers Out)		Balance
	September 30, 2017	Additions	Deletions			September 30, 2018
<b>Capital assets, not being depreciated:</b>						
Land	\$ 8,016,633	\$ 2,340,768	\$ -	\$ -	\$ -	\$ 10,357,401
Construction in progress	66,851,107	31,058,770	(143,897)			97,765,980
<b>Total capital assets, not being depreciated</b>	<b>74,867,740</b>	<b>33,399,538</b>	<b>(143,897)</b>		<b>-</b>	<b>108,123,381</b>
<b>Capital assets, being depreciated:</b>						
Buildings and improvements	112,857,773	143,897	-		-	113,001,670
Furniture, equipment and other	11,098,179	1,042,787	(41,520)		-	12,099,446
<b>Total capital assets, being depreciated</b>	<b>123,955,952</b>	<b>1,186,684</b>	<b>(41,520)</b>		<b>-</b>	<b>125,101,116</b>
<b>Less accumulated depreciation for:</b>	<b>(61,576,121)</b>	<b>(3,688,486)</b>	<b>29,637</b>		<b>-</b>	<b>(65,234,970)</b>
<b>Total capital assets, being depreciated, net</b>	<b>62,379,831</b>	<b>(2,501,802)</b>	<b>(11,883)</b>		<b>-</b>	<b>59,866,146</b>
<b>Component Unit capital assets, net</b>	<b>\$ 137,247,571</b>	<b>\$ 30,897,736</b>	<b>\$ (155,780)</b>	<b>\$ -</b>	<b>\$ 167,989,527</b>	

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 4 – Detailed Notes on All Funds – Continued**

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of September 30, 2018 is as follows:

**Due To/From Other Funds**

Due To:	General Fund	School Fund	Non-major Government	Non-major Enterprise	Total In
<b>Due From:</b>					
General Fund	\$ -	\$ -	\$ -	\$ 582,331	\$ 582,331
Municipal Utilities Board	581,676	21,592	49,394	-	652,662
Non-Major Government	1,026,546	-	-	758,001	1,784,547
<b>Total Out</b>	<b>\$ 1,608,222</b>	<b>\$ 21,592</b>	<b>\$ 49,394</b>	<b>\$ 1,340,332</b>	<b>\$ 3,019,540</b>

\$947,501 of the balance due to the general fund and \$758,001 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.

\$582,331 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 tot:	General Fund	Non-major Government	Non-major Enterprise	Total Out
<b>Transfers From:</b>				
General Fund	\$ -	\$ 919,421	\$ -	\$ 919,421
Municipal Utilities Board	-	619,940	-	619,940
Non-Major Government	9,233	-	3,286	12,519
<b>Total In</b>	<b>\$ 9,233</b>	<b>\$ 1,539,361</b>	<b>\$ 3,286</b>	<b>\$ 1,551,880</b>

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.

During the year, an additional \$9,804,813 has been shown as a transfer in for the Municipal Utilities Board. This transfer is related to construction in progress on the Beltline sewer expansion which had been accumulated in governmental activities capital assets until completion and acceptance of the project by the Municipal Utilities Board. Therefore, there is not an offsetting transfer out from another fund.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 4 – Detailed Notes on All Funds – Continued**

**Due To/From Primary Government and Component Units:**

Due To:	Component Unit Board of Education	Total In
<b>Due From:</b>		
Primary Government-School Fund	\$ 2,033,040	\$ 2,033,040
Total Out	<u>\$ 2,033,040</u>	<u>\$ 2,033,040</u>

**D. Leases**

Operating Leases

The City had various non-cancelable operating leases as of September 30, 2018. 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
2019	\$ 155,438
2020	83,238
2021	23,803
2022	-
2023	-
Total minimum lease payments	<u>\$ 262,479</u>

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	<u>(218,151)</u>
Total	<u>\$ 1,097,041</u>

**City of Decatur**  
**Notes to the Financial Statements**  
**September 30, 2018**

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**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
2019	\$ 327,514
2020	326,457
2021	178,467
2022	178,467
2023	118,978
 Total minimum lease payments	1,129,883
 Less: amount representing interest	(58,420)
 Present value of minimum lease payments	<u>\$ 1,071,463</u>

The future debt service requirements of the governmental activities leases at September 30, 2018 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, 2018 are as follows:

Year Ending September 30	Governmental Activities
2019	\$ 403,041
2020	403,042
2021	263,190
2022	80,497
2023	80,498
2024 - 2028	<u>321,991</u>
 Total minimum lease payments	1,552,259
 Less: amount representing interest	(161,119)
 Present value of minimum lease payments	<u>\$ 1,391,140</u>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**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:

<b>Type of Debt</b>	<b>Paid From</b>	<b>Resources Provided By</b>
<b>Governmental Activities:</b>		
G.O. warrants - major capital facilities	General Fund Crossings Warrant Fund	General Fund Crossings Warrant Fund
G.O. warrants- infrastructure development	General Fund Sewer Fund	General Fund Sewer Fund
<b>Business-Type Activities:</b>		
Revenue warrants	Municipal Utilities Board Fund	Municipal Utilities Board Fund

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Outstanding Debt

The amount of debt outstanding at September 30, 2018 was as follows:

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
<b>PRIMARY GOVERNMENT</b>							
<u>Governmental activities:</u>							
<i>G.O. Warrants - general purposes</i>							
2009-A	\$ 13,170	6/1/2009	7/1/2020	2.0% - 4.0%	1,930-2,015	\$ 3,945	\$ 1,930
2011-Sewer	6,500	6/1/2011	6/1/2029	3.0% - 4.0%	330-480	4,355	330
2012 General Obligation	17,160	7/1/2012	7/1/2033	2.00% - 3.125%	745-1,145	13,620	745
2012-C	1,354	8/7/2012	8/7/2019	1.45%	185	185	185
2012-D	2,750	8/7/2012	8/7/2022	2.11%	127-1,645	2,034	127
2016-A	21,630	5/12/2016	10/1/2036	2.0-3.0%	305-2,765	21,335	305
2016-B	5,140	11/2/2016	10/1/2036	2.0-3.0%	215-320	4,930	215
<b>Total Governmental Activities</b>	<b>\$ 67,704</b>					<b>\$ 50,404</b>	<b>\$ 3,837</b>

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**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**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:							
<i>Water System Revenue Warrants</i>							
2009	\$ 12,980	6/1/2009	6/1/2009	2.0% - 4.0%	2,050	\$ 2,050	\$ 2,050
2009 SRF/ARRA	3,100	6/1/2009	6/1/2033	3.50%	145-220	2,335	145
2012 SRF	490	6/1/2012	8/15/2033	2.75%	20-30	390	20
2013	<u>10,410</u>	11/1/2013	5/1/2033	3.00% - 3.5%	605-905	<u>10,410</u>	-
	<u>\$ 26,980</u>					<u>\$ 15,185</u>	<u>\$ 2,215</u>
<i>Wastewater System Revenue Warrants</i>							
2009 SRF/ARRA	\$ 10,530	6/1/2009	6/1/2033	3.50%	470-720	\$ 7,650	\$ 470
2010	15,590	12/22/1999	8/15/2020	3.85%	1,055-1,095	2,150	1,055
2012 SRF	855	6/1/2012	8/15/2033	2.75%	35-55	685	35
2013	<u>37,125</u>	8/15/2013	8/15/2033	2.0-3.5%	1,550-2,455	<u>29,780</u>	<u>1,595</u>
	<u>\$ 64,100</u>					<u>\$ 40,265</u>	<u>\$ 3,155</u>
Total Business-Type Activities	<u>\$ 91,080</u>					<u>\$ 55,450</u>	<u>\$ 5,370</u>
Total Primary Government	<u>\$ 158,784</u>					<u>\$ 105,854</u>	<u>\$ 9,207</u>

Discretely Presented Component Unit

*Board of Education*

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
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	1,501	74
Series 2013	30,325	2013	2/1/2035	2.75 5.00%	1,150 9,130	27,125	1,150
Series 2015	87,750	2015	2/1/2045	2.00 5.00%	870 6,535	85,210	910
Series 2015	769	2015	2/1/2045	2.00 5.00%	78-93	690	80
2017 QZAB	1,750	2018	12/15/2027	0.00%	1,750	1,750	-
Series 2018	<u>1,450</u>	2018	2/1/2025	2.71%	199-216	<u>1,450</u>	<u>199</u>
	<u>\$ 129,924</u>					<u>\$ 123,776</u>	<u>\$ 2,413</u>

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

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2018 are shown below. There is \$24,004,847 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 \$2,725,000 with final maturity in 2031 and 2033.

**City of Decatur**  
**Notes to the Financial Statements**  
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**Note 4 – Detailed Notes on All Funds – Continued**

The Alabama Water Pollution Control Authority also loaned \$15,665,364 to the Municipal Utilities Board Fund of which \$5,135,364 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 2009 Series SRF/ARRA Wastewater Warrants were issued in the amount of \$10,530,000. The 2012 Series SRF/ARRA Wastewater Warrants were issued in the amount of \$855,000. Total bonds outstanding at September 30, 2018 were \$7,650,000 and \$685,000 with final maturity in 2031 and 2033, respectively.

<b>Primary Government</b>	<b>(thousands)</b>	
	<b>G.O. Warrants</b>	
	<b>Principal</b>	<b>Interest</b>
<b>Governmental Activities:</b>		
2019	\$ 3,837	\$ 1,343
2020	3,785	1,236
2021	2,752	1,106
2022	4,825	1,031
2023	3,970	914
2024-2028	18,905	3,074
2029-2033	9,210	1,236
2034-2038	3,120	191
<b>Total governmental activities</b>	<b>\$ 50,404</b>	<b>\$ 10,131</b>
<b>Business-Type Activities:</b>		
2019	\$ 5,370	\$ 1,790
2020	4,045	1,610
2021	3,045	1,490
2022	3,140	1,395
2023	3,235	1,298
2024-2028	17,755	4,918
2029-2033	18,860	1,883
2034-2038	-	-
<b>Total business-type activities</b>	<b>\$ 55,450</b>	<b>\$ 14,385</b>
<b>Component Unit - Board of Education</b>		
<b>Governmental Activities: Board of Education</b>		
2019	\$ 2,413	\$ 5,132
2020	2,501	5,037
2021	2,610	4,927
2022	2,734	4,800
2023	2,863	4,668
2024-2028	23,705	20,921
2029-2033	19,421	16,734
2034-2038	23,655	12,497
2039-2043	29,990	6,165
2044-2048	13,885	579
<b>Total Governmental Activities - Comp. Unit</b>	<b>\$ 123,777</b>	<b>\$ 81,459</b>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 4 – Detailed Notes on All Funds – Continued**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows (in thousands):

**Primary Government**

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due Within One Year</b>
General obligation warrants	\$ 56,648	\$ -	\$ (6,244)	\$ 50,404	\$ 3,837
Less amounts deferred for: Issue discounts & premiums	665	-	(53)	612	-
Total warrant, bonds, & notes	57,313	-	(6,297)	51,016	3,837
Capitalized Leases	435	838	(202)	1,071	302
Compensated absences	2,605	956	(780)	2,781	278
Claims Payable	1,912	662	(1,197)	1,377	108
Net pension obligation	44,185	-	(3,898)	40,287	-
Other post-employment benefits	32,394	62,908	-	95,302	-
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 138,844</b>	<b>\$ 65,364</b>	<b>\$ (12,374)</b>	<b>\$ 191,834</b>	<b>\$ 4,525</b>

**Business-Type activities:**

Revenue warrants	\$ 60,640	\$ -	\$ (5,190)	\$ 55,450	\$ 5,370
Less amounts deferred for: Issue discounts & premiums	(121)	-	76	(45)	-
Total warrants	60,519	-	(5,114)	55,405	5,370
Landfill closure and postclosure	4,998	346	-	5,344	-
Compensated absences	1,030	129	(34)	1,125	113
Claims payable	200	100	-	300	100
Net pension obligation	20,557	-	(2,080)	18,477	-
Net OPEB Liability	8,159	32,898	-	41,057	-
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$ 98,269</b>	<b>\$ 33,473</b>	<b>\$ (7,228)</b>	<b>\$ 121,708</b>	<b>\$ 5,583</b>

**Component Units – Board of Education**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due Within One Year</b>
<b>Governmental activities</b>					
Revenue Warrants	\$ 122,702	\$ 3,200	\$ (2,124)	\$ 123,778	\$ 2,413
Issue discounts & premiums	3,893	-	(159)	3,734	159
Capitalized Leases	928	1,160	(697)	1,391	369
Net pension Liability	82,003	-	(7,447)	74,556	-
Net OPEB Liability	-	64,512	-	64,512	-
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 209,526</b>	<b>\$ 68,872</b>	<b>\$ (10,427)</b>	<b>\$ 267,971</b>	<b>\$ 2,941</b>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 4 – Detailed Notes on All Funds – Continued**

**F. Conduit Debt Obligations**

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

As of September 30, 2018, 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.

**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
<b>Fund Balances:</b>			
Nonspendable			
Inventory	\$ 14,999	\$ -	\$ 14,999
Prepaid	38,404	-	38,404
Permanent Fund	-	1,108,622	1,108,622
<b>Total Nonspendable</b>	<b>53,403</b>	<b>1,108,622</b>	<b>1,162,025</b>
<b>Restricted:</b>			
Special Revenues	-	2,461,112	2,461,112
Tri-Centennial	1,312	-	1,312
Grant Funds	-	(61,884)	(61,884)
<b>Total Restricted</b>	<b>1,312</b>	<b>2,399,228</b>	<b>2,400,540</b>
<b>Committed:</b>			
OPEB Reserve	2,240,781	-	2,240,781
Reserve Policy	16,214,262	-	16,214,262
Water for Resale	973,172	-	973,172
Crossings	701,245	-	701,245
Sanitation	207,329	-	207,329
Alley Fees	269,479	-	269,479
Ingalls Rental Fees	61,678	-	61,678
Jack Allen Capital Improvement	15,960	-	15,960
Room Occupancy Designation	947,501	-	947,501
Encumbrances	405,869	-	405,869
Police Boat Designation	3,071	-	3,071
Capital Improvements	-	3,382,959	3,382,959
Personnel Board	-	90,276	90,276
Sewer Extension	-	598,464	598,464
Other	-	(990,778)	(990,778)
<b>Total Committed</b>	<b>22,040,347</b>	<b>3,080,921</b>	<b>25,121,268</b>
<b>Unassigned:</b>			
	<u>10,942,972</u>	<u>-</u>	<u>10,942,972</u>
<b>Total Fund Balance:</b>	<b>\$ 33,038,034</b>	<b>\$ 6,588,771</b>	<b>\$ 39,626,805</b>

## **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 2018 was \$1,736,521 by the Electric System, \$356,501 by the Gas System, \$601,339 by the Water System and \$704,786 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 \$5,344,201 reported for landfill closure and postclosure care liability at September 30, 2018 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 50 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$5,312,360 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, 2018. The City expects to close the landfill in the year 2032. Actual costs of closure and postclosure may be higher due to inflation, changes in technology, or changes in laws and regulations.

## **Note 5 – Other Information**

### **A. Contingent Liabilities and Commitments**

#### Grants

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other government units. As of September 30, 2018, significant amounts of grant expenditures have not been audited by the grantor agencies, but the City believes that future disallowed expenditures related to the unaudited grant programs, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

#### Construction Contracts

The City has entered into various construction contracts as of September 30, 2018. The unfulfilled balance of these contracts that relate to the non-major governmental funds operations are included in the "Committed" fund balance classification as described more fully in Note 4G.

#### Purchase Commitments

Under its wholesale power agreement, the Electric System is committed to purchase its electric power and energy requirement from the Tennessee Valley Authority. The rates for such purchases are subject to review periodically. Additionally, the Electric System has entered into a TVA agreement that allows customers to finance new and/or replacement HVAC units and repay on their monthly utility bill. Decatur Utilities serves as the collection agent for repayment of these loans. The outstanding balance of these loans receivable was \$3,119,280 and the outstanding balance due to TVA for collection of the loans was also \$3,119,280.

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, 2018, contract commitments total \$2,175,600 for fiscal year 2019, \$2,005,500 for fiscal years 2020, \$2,005,500 for fiscal year 2021, \$1,787,100 for fiscal year 2022 and \$61,200 for fiscal year 2023. At September 30, 2018, no purchase commitments extended beyond October 2022 and additional outstanding commitments were \$164,000 for fiscal year 2019.

## **Note 5 – Other Information - Continued**

### Litigation

The City is a defendant in a number of claims and lawsuits. The outcome of these matters is uncertain as of the date of this report. The City Attorney estimates the total liability with respect to these claims and lawsuits that are not covered by insurance will not exceed \$750,000, \$250,000 and \$100,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund and the Sanitary Landfill Fund, a nonmajor proprietary fund, respectively at September 30, 2018. \$350,000 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 \$300,000 and \$100,000 being represented in the Governmental Activities and Business-Type Activities columns, respectively.

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

## **B. Jointly Governed Organizations**

### Joint Ventures

The City of Decatur is involved in three joint ventures:

*Decatur- Morgan County Port Authority* was incorporated in 1982 for the purpose of developing the port and industrial park located in Morgan County on the Tennessee River. The Authority has a five-member board, of which two members are appointed by the City and a third in conjunction with the County. There are no financial assets, liabilities or ongoing activity related to the authority during the year or at September 30, 2018.

*Morgan County Industrial Park Economic Development Cooperative District Board* was incorporated in 2008, as a joint venture between the seven municipalities with Morgan County and the Morgan County Commission. The Authority has a nine-member board, in which the City appoints one member. During 2010, the Board issued \$16.7 million in bonds to purchase 166 acres and infrastructure improvements for a new industrial park in Morgan County near Decatur. The new park will focus on the aerospace, biotech and defense industries in Huntsville. The City pledged a 48.55 percent share (based on population/census) of the cooperative district's TVA in-lieu-of tax funds received by Morgan County, and has that share of voting power on the Board

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

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

### Jointly Governed

*Decatur-Morgan County Emergency Management Agency* provides measures for the mobilization, organization, and direction of the civilian population and necessary support agencies to prevent, or minimize, the effect of fire, flood, earthquake and epidemic. The officers and employees of the City and Morgan County comprise the agency. The City provided \$23,450 in appropriations during the fiscal year ending September 30, 2018.

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

### **Note 5 – Other Information - Continued**

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

*Morgan County Emergency Management Commission District* is commonly known as 911. This seven-member board, of which the City Council appoints three members, manages the emergency phone service 911 along with other duties. The City of Decatur provided \$447,976 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](http://www.rsa-al.gov).

The ERS Board of Control consists of 13 trustees as follows:

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

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**Note 5 – Other Information - Continued**

Benefits provided

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

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

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 909 local participating employers. The ERS membership includes approximately 88,517 participants. As of September 30, 2017, membership consisted of:

	<b>Employee Retirement System</b>	<b>City of Decatur</b>	<b>Municipal Utilities Board</b>
Retired members of their beneficiaries currently receiving benefits	23,853	327	111
Vested inactive members	1,401	11	27
Non-vested inactive members	7,154	27	7
Active members	55,941	525	171
Post-DROP retired members still in active service	168	3	-
	<b>88,517</b>	<b>893</b>	<b>316</b>

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.

**Note 5 – Other Information - Continued**

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2018, 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, 2018, 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 152.77 percent of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2018 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, 2018 was 13.86% of pensionable pay for Tier 1 employees, and 11.43% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2015, 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 \$3,176,065 and \$1,431,079, respectively, for the year ended September 30, 2018.

Net Pension Liability

The City's and Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016 rolled forward to September 30, 2017 using standard roll-forward techniques as shown in the following table:

<b>City of Decatur</b>	<b>Expected</b>	<b>Actual</b>
<b>(a) Total Pension Liability</b> as of September 30, 2016	\$ 127,614,315	\$ 126,416,607
<b>(b) Discount Rate</b>	7.75%	7.75%
<b>(c) Entry Age Normal Cost for</b> October 1, 2016 - September 30, 2017	2,140,584	2,140,584
<b>(d) Transfers Among Employees</b>	-	116,885
<b>(e) Actual Benefit Payments and Refunds for</b> October 1, 2016 - September 30, 2017	(7,758,396)	(7,758,396)
<b>(f) Total Pension Liability</b> as of September 30, 2017 [(a) x (1 + (b))] + (c) + (d) + [(e) x 1+0.5* (b)))]	\$ 131,585,975	\$ 130,412,329
<b>(g) Difference between expected and actual</b>		(1,173,645)
<b>(h) Less Liability Transferred for Immediate Recognition</b>		(116,885)
<b>(i) Difference between expected and actual (g) - (h)</b>		(1,290,530)

**City of Decatur**  
**Notes to the Financial Statements**  
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**Note 5 – Other Information – Continued**

<b>Municipal Utilities</b>	<b>Expected</b>	<b>Actual</b>
<b>(a) Total Pension Liability</b> as of September 30, 2016	\$ 50,175,855	\$ 49,790,892
<b>(b) Discount Rate</b>	7.75%	7.75%
<b>(c) Entry Age Normal Cost for</b> October 1, 2016 - September 30, 2017	765,318	765,318
<b>(d) Transfers Among Employees</b>	-	(41,676)
<b>(e) Actual Benefit Payments and Refunds for</b> October 1, 2016 - September 30, 2017	<u>(2,878,582)</u>	<u>(2,878,582)</u>
<b>(f) Total Pension Liability</b> as of September 30, 2017 [(a) x (1 + (b))] + (c) + (d) + [(e) x 1+0.5* (b)))]	<u>\$ 51,839,675</u>	<u>\$ 51,383,201</u>
<b>(g) Difference between expected and actual</b>		(456,474)
<b>(h) Less Liability Transferred for Immediate Recognition</b>		41,676
<b>(i) Difference between expected and actual (g) - (h)</b>		<u><u>(414,798)</u></u>

Actuarial assumptions

The total pension liability in the September 30, 2017 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2016. The key actuarial assumptions are summarized below:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return*	7.75%

\*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, 2016 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:

	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return*</b>
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%
<b>Total</b>	<b>100.00%</b>	

\* 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, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Decatur**  
**Notes to the Financial Statements**  
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**Note 5 – Other Information - Continued**

***Changes in Net Pension Liability - City of Decatur***

Benefits provided-Continued

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
	\$ 127,614,315	\$ 81,026,109	\$ 46,588,206
<b>Balances at 09/30/2016</b>			
Changes for the year:			
Service cost	2,140,584	-	2,140,584
Interest	9,589,472	-	9,589,472
Changes of assumptions	-	-	-
Differences between expected and actual experience	(1,290,531)	-	(1,290,531)
Contributions - employer	-	2,996,885	(2,996,885)
Contributions - employee	-	1,393,984	(1,393,984)
Net investment income	-	10,166,518	(10,166,518)
Benefit payments, including refunds of employee contributions	(7,758,396)	(7,758,396)	-
Administrative expense	-	-	-
Transfers among Employers	116,885	116,885	-
Net changes	\$ 2,798,014	\$ 6,915,876	\$ (4,117,862)
<b>Balances at 9/30/2017</b>	<u>\$ 130,412,329</u>	<u>\$ 87,941,985</u>	<u>\$ 42,470,344</u>

***Changes in Net Pension Liability - Municipal Utilities Board***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
	\$ 50,175,855	\$ 32,022,504	\$ 18,153,351
<b>Balances at 09/30/2016</b>			
Changes for the year:			
Service cost	765,318	-	765,318
Interest	3,777,084	-	3,777,084
Changes of assumptions	-	-	-
Differences between expected and actual experience	(414,798)	-	(414,798)
Contributions - employer	-	1,415,404	(1,415,404)
Contributions - employee	-	533,792	(533,792)
Net investment income	-	4,038,012	(4,038,012)
Benefit payments, including refunds of employee contributions	(2,878,582)	(2,878,582)	-
Administrative expense	-	-	-
Transfers among employers	(41,676)	(41,676)	-
Net Changes	1,207,346	3,066,950	(1,859,604)
<b>Balances at 09/30/2017</b>	<u>\$ 51,383,201</u>	<u>\$ 35,089,454</u>	<u>\$ 16,293,747</u>

**Note 5 – Other Information - Continued**

*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 7.75%, 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 (6.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increases (8.75%)
City's net pension liability	\$ 57,529,066	\$ 42,470,344	\$ 29,767,934
Board's net pension liability	(6.75%) \$ 21,991,300	(7.75%) \$ 16,293,746	(8.75%) \$ 11,450,062

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, 2017. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2017. The auditor's report dated August 31, 2018, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

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

For the year ended September 30, 2018, the City and Board recognized pension expense of \$1,045,976 and \$1,194,755 respectively. At September 30, 2018, 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	\$ 331,762	\$ 1,377,226
Changes of assumption	3,720,952	-
Net difference between projected and actual earnings on pension plan investments	-	2,660,966
Employer contributions subsequent to the measurement date	3,176,065	-
<b>Total</b>	<b>\$ 7,228,779</b>	<b>\$ 4,038,192</b>

**City of Decatur**  
**Notes to the Financial Statements**  
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**Note 5 – Other Information - Continued**

At September 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ -	\$ 817,862
Changes of assumption	637,114	-
Net difference between projected and actual earnings on pension plan investments	-	1,062,120
Employer contributions subsequent to the measurement date	<u>1,391,790</u>	-
<b>Total</b>	<b><u>\$ 2,028,904</u></b>	<b><u>\$ 1,879,982</u></b>

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

<b>Year ended September 30:</b>	<b>Municipal Utilities</b>	
	<b>City of Decatur</b>	<b>Board</b>
2018	\$ 36,693	\$ (369,739)
2019	605,764	(148,796)
2020	(445,989)	(364,583)
2021	(188,020)	(322,042)
2022	27,233	(37,708)
Thereafter	(21,159)	-

**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](http://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.

### **Note 5 – Other Information - Continued**

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.

*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, 2017 was 12.24% of annual pay for Tier 1 members and 11.01% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were \$6,114,961 for the year ended September 30, 2018.

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

At September 30, 2017 the System reported a liability of \$74,556,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016. The System's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2017 the System's proportion was .758570%, which was an increase of .001107% from its proportion measured as of September 30, 2016.

**City of Decatur**  
**Notes to the Financial Statements**  
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**Note 5 – Other Information - Continued**

For the year ended September 30, 2017, the System recognized pension expense of \$5,798,000. At September 30, 2018 the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ -	\$ 3,196,000
Changes of assumption	4,450,000	-
Net difference between projected and actual earnings on pension plan investments	-	4,458,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	92,000	1,423,000
Employer contributions subsequent to the measurement date	6,114,961	-
<b>Total</b>	<b>\$ 10,656,961</b>	<b>\$ 9,077,000</b>

\$6,114,961 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources to the pension will be recognized in pension expense as follows:

<b>Year ended September 30:</b>	
2018	\$ (1,335,000)
2019	52,000
2020	(1,724,000)
2021	(1,456,000)
2022	(72,000)
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*	7.75%
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, 2016, 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.

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.

**Note 5 – Other Information - Continued**

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	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%
<b>Total</b>	<b>100.00%</b>	

\* 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, 7.75%. 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increases (8.75%)
System's proportionate share of collective net pension liability	\$ 102,836,000	\$ 74,556,000	\$ 50,633,000

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2017. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2017. The auditor's report dated August 20, 2018 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, 2017 along with supporting schedules is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

## **Note 5 – Other Information - Continued**

### **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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	224
Inactive Members Entitles to But Not Yet Receiving Benefits	-
Active Employees	335
	<hr/>
	559

#### Benefits Provided

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

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

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

#### Funding Policy

Retirees with family coverage are required to pay premiums for a portion of the benefits in an amount established by City Ordinance, which is \$100 or 8.58% (for individuals not yet reaching the age of retirement) and 13.48% (for those over the age of 65) of the total cost to the City as of September 30, 2017 unless Medicare is involved, in which case, retirees pay the State Employee's Insurance benefit Medicare rate. The City pays all costs of retirees with single coverage. This is equivalent to the required premiums of active employees. In addition, when an eligible retiree reaches Medicare eligibility, the City will continue to pay for the medical insurance (at a reduced rate) with Medicare becoming primary.

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

## **Note 5 – Other Information - Continued**

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 \$101,337,863 was measured as of September 30, 2017 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, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.875%
Real wage growth	0.25%
Wage inflation	3.125%
Salary increases, including wage inflation	3.375% - 5.125%
Municipal Bond Index Rate	
Prior Measurement Date	2.93%
Measurement Date	3.57%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

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

Mortality rates for active employees were based on the 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.

**City of Decatur**  
**Notes to the Financial Statements**  
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**Note 5 – Other Information - Continued**

Changes in the Total OPEB Liability

<b>Balances at 09/30/2016</b>	<b>\$ 108,328,106</b>
Changes for the year:	
Service cost	2,832,229
Interest	3,139,256
Changes of assumptions	-
Differences between expected and actual experience	86,792
Contributions - employer	-
Contributions - employee	-
Changes of assumptions or other inputs	(10,658,776)
Benefit payments, including refunds of employee contributions	(2,389,744)
Administrative expense	-
Net changes	\$ (6,990,243)
<b>Balances at 9/30/2017</b>	<b>\$ 101,337,863</b>

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 3.57%, 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 (2.57%) or 1-percentage-point higher (4.57%) than the current discount rate:

	<b>1% Decrease (2.57%)</b>	<b>Current Rate (3.57%)</b>	<b>1% Increase (4.57%)</b>
Total Other Post-Employment Benefit Liability	\$ 102,836,000	\$ 74,556,000	\$ 50,633,000

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:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total Other Post-Employment Benefit Liability	\$ 102,836,000	\$ 74,556,000	\$ 50,633,000

**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 recognized OPEB expense of \$10,446,477. At September 30, 2018, the City reported the following deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 71,854	\$ -
Changes of assumption	- _____	(12,975,085) _____
<b>Total</b>	<b>\$ 71,854</b>	<b>\$ (12,975,085)</b>

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

<b>Year ended September 30:</b>
2019
2020
2021
2022
2023
Thereafter

\$2,529,608 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, 2019.

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, 2018 no benefits were payable and not paid.

**Administrative Expenses.** Qualified Plan administrative expenses are paid by the City. During the year ended September 30, 2018 there were no administrative expenses paid by the City.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2018

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**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, 2018 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, 2018 are detailed in the following tables. Table 1A shows the net OPEB liability as of June 30, 2018, 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, 2018 in order to be in compliance with GASB Statement No. 75.

<b>Balances at 09/30/2017</b>	<b>\$ 34,189,308</b>
Changes for the year:	
Service cost	577,544
Interest	1,076,050
Differences between expected and actual experience	-
Contributions	(822,065)
Changes of assumptions or other inputs	-
Benefit payments, including refunds of employee contributions	-
Administrative expense	-
Net changes	\$ 831,529
<b>Balances at 9/30/2018</b>	<b>\$ 35,020,837</b>

**Actuarial Methods and Assumptions**

The valuation was based on information provided by the Utility as of October 1, 2017 and only those not frozen in the defined benefit plan.

**Plan Membership**

Actives (with medical coverage)	148
Retirees (with medical coverage)	118
Total participants	266

## **Note 5 – Other Information – Continued**

### 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, 2018, 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: 8.0% to grade uniformity to 5.0% over a 10 year period Dental: 5.0% per annum
Acutarial Cost Method	Entry age normal

Mortality rates were based on the RP-2016 annuity for healthy males and RP-2016 annuity for healthy females.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period ending October 1, 2017.

### Discount rate

The discount rate used to measure the total OPEB liability was 3.17 percent. The projection of cash flows used to determine the discount rate assumed that the Utility's contributions will made at rates equal to the actuarially determined contribution rates.

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

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

	1% Decrease 7.0% Decreasing to 4.0%	Current Rate 8.0% Decreasing to 5.0%	1% Increase 9.0% Decreasing to 6.0%
Total Other Post-Employment Benefit Liability	\$ 30,005,037	\$ 35,020,837	\$ 41,377,828

**Note 5 – Other Information – Continued**

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 2.17%	Current Rate 3.17%	1% Increase 4.17%
Total Other Post-Employment Benefit Liability	\$ 30,062,907	\$ 35,020,837	\$ 41,245,328

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

For the year ended June 30, 2018, the System recognized OPEB expense of \$1,653,594. At September 30, 2018, the System reported deferred outflows of related to OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ -
Changes of assumption	- -	- -
Post-measurement contribution	<u>65,785</u>	<u>-</u>
<b>Total</b>	<b>\$ 65,785</b>	<b>\$ -</b>

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, 2018:

<b>Year ended September 30:</b>
2019
2020
2021
2022
2023
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, 2018 no benefits were payable and not paid.

**Administrative Expenses.** Qualified Plan administrative expenses are paid by the Plan. During the year ended September 30, 2018 there were no administrative expenses paid by the Municipal Utilities Board.

## **Note 5 – Other Information – Continued**

### ***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.

#### 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.

**Note 5 – Other Information - Continued**

**Contributions**

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

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

At September 30, 2018, the System reported a liability of \$64,512,270 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016. The System'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, 2017, the System's proportion was .868568 percent, which was a decrease of .039755% from its proportion measured as of September 30, 2016.

For the year ended September 30, 2018, the System recognized OPEB expense of \$3,384,426 with no special funding situations. At September 30, 2018, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ -	\$ -
Changes of assumption	-	6,698,303
Net differences between projected and actual earnings on OPEB plan investments	-	343,469
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,680,536
Employer contributions reported subsequent to the measurement date	<u>2,218,461</u>	-
<b>Total</b>	<b>\$ 2,218,461</b>	<b>\$ 9,722,308</b>

\$2,218,461 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, 2019.

**Note 5 – Other Information - Continued**

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

<b>Year ended September 30:</b>	
2019	\$ (1,879,144)
2020	(1,879,144)
2021	(1,879,144)
2022	(1,879,144)
2023	(1,793,277)
Thereafter	(412,455)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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, 2016 valuation were based on a review of recent plan experience done concurrently with the September 30, 2016 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%
<b>Total</b>	<b>100.00%</b>	

\*Includes assumed rate of inflation of 2.50%

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, 2017 was 4.63%. The discount rate used to measure the total OPEB liability at the prior measurement date was 4.01%. 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, 27.08% of the employer contributions were used to assist in funding retiree benefit payments in 2016 and it is assumed that the amount will increase by 3.00% 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 2115. The long-term rate of return is used until the assets are expected to be depleted in 2042, after which the municipal bond rate is used.

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
			8.75%
	6.75%	7.75%	Decreasing to
	Decreasing to	Decreasing to	6.0% for pre-
	4.0% for pre-	5.0% for pre-	medicare, 6%
	medicare, 4% for	medicare, 5% for	for Medicare
	Medicare	Medicare	Eligible, and
	Eligible, and 1%	Eligible, and 2%	3% for
	for Optional	for Optional	Optional
	Plans	Plans	Plans
Total Other Post-Employment Benefit Liability	\$ 52,086,004	\$ 64,512,270	\$ 80,545,557

**Note 5 – Other Information - Continued**

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

The following table presents the System's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.63%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 3.63%	Current Rate 4.63%	1% Increase 5.63%
Total Other Post-Employment Benefit Liability	\$ 53,775,282	\$ 64,512,270	\$ 77,981,913

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, 2017. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2017. Additional financial and actuarial information is available at [www.rsa-al.gov](http://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, 2017 is insignificant and immaterial to the City's statements as a whole.

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

Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to possibly be paid within the next fiscal year, even if not reported to the City until after September 30, 2017, 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, 2018 are as follows:

	Workers Compensation		Legal Claims		Total	
	2018	2017	2018	2017	2018	2017
Unpaid claims, beginning of year	\$ 1,586,804	\$ 728,387	\$ 325,000	\$ 375,000	\$ 1,911,804	\$ 1,103,387
Incurred claims	362,128	1,429,005	265,550	245,467	627,678	1,674,472
Less claim payments	(871,798)	(570,588)	(290,550)	(295,467)	(1,162,348)	(866,055)
Unpaid claims, end of year	<u>\$ 1,077,134</u>	<u>\$ 1,586,804</u>	<u>\$ 300,000</u>	<u>\$ 325,000</u>	<u>\$ 1,377,134</u>	<u>\$ 1,911,804</u>

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.

**Note 5 – Other Information – Continued**

**G. Change in Accounting Principle – Restatement of Net Position**

The GASB issued Statement No. 75, Accounting and Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to employees of state and local government employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The impact of the City's adoption of GASB 75 during the current fiscal year requires it to restate the beginning net position for the governmental activities in the City's government-wide financial statements and the proprietary fund financial statements as noted below:

	Governmental Activities	Business-Type Activities	Total
Net position September 30, 2017, as previously stated	\$ (3,069,485)	\$ 261,976,212	\$ 258,906,727
Cumulative effect of implementing GASB Statement 75	<u>(62,907,291)</u>	<u>(31,970,695)</u>	<u>(94,877,986)</u>
Net position September 30, 2017, restated	<u>\$ (65,976,776)</u>	<u>\$ 230,005,517</u>	<u>\$ 164,028,741</u>
Net position September 30, 2017, as previously stated	\$ 233,491,752	\$ 28,484,460	\$ 261,976,212
Cumulative effect of implementing GASB Statement 75	<u>(27,861,944)</u>	<u>(4,108,751)</u>	<u>(31,970,695)</u>
Net position September 30, 2017, restated	<u>\$ 205,629,808</u>	<u>\$ 24,375,709</u>	<u>\$ 230,005,517</u>
Decatur City - Board of Education			
Net position September 30, 2017, as previously stated	\$ 2,221,542		
Cumulative effect of implementing GASB Statement 75	<u>(70,850,152)</u>		
Net position September 30, 2017, restated	<u>\$ (68,628,610)</u>		

**H. Tax Abatements**

A tax abatement is a reduction in tax revenues resulting from an agreement between one or more governments and a participant whereby one or more governments forgoes tax revenues to which they are entitled with the qualifying participant promising to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or their residents. The City has various sales and use tax abatement and property tax abatement agreements with qualifying participants in which \$1,542,000 in sales and use tax and \$480,757 in property tax were abated during the fiscal year.

**I. Subsequent Events**

The City has evaluated subsequent events through March 29, 2019, the date on which the financial statements were available for issue.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	City of Decatur				Municipal Utilities Board			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>								
Service cost	\$ 2,140,584	\$ 2,145,903	\$ 2,168,298	\$ 2,211,718	\$ 765,318	\$ 762,211	\$ 735,009	\$ 719,118
Interest	9,589,472	9,222,454	8,867,007	8,567,542	3,777,084	3,701,363	3,669,670	3,551,873
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual & expected experience	(1,290,531)	(436,981)	633,364	-	(414,798)	(37,776)	(1,104,264)	-
Changes of assumptions	-	5,451,626	-	-	-	1,011,888	-	-
Benefit payments, including refunds of employee contributions	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Transfers among employers	116,885	(231,427)	-	-	(41,676)	6,054	-	-
<b>Net change in total pension liability</b>	<b>2,798,014</b>	<b>8,515,702</b>	<b>4,853,385</b>	<b>3,522,657</b>	<b>1,207,346</b>	<b>2,373,886</b>	<b>561,768</b>	<b>1,412,576</b>
Total pension liability - beginning	127,614,315	119,098,613	114,245,228	110,722,571	50,175,855	47,801,969	47,240,201	45,827,625
Total pension liability - ending (a)	<b>\$ 130,412,329</b>	<b>\$ 127,614,315</b>	<b>\$ 119,098,613</b>	<b>\$ 114,245,228</b>	<b>\$ 51,383,201</b>	<b>\$ 50,175,855</b>	<b>\$ 47,801,969</b>	<b>\$ 47,240,201</b>
<b>Plan fiduciary net position</b>								
Contribution-employer	2,996,885	2,844,967	2,967,587	3,049,380	1,415,404	1,451,760	1,481,898	1,439,683
Contribution-employee	1,393,984	1,431,785	1,451,728	1,488,936	533,792	517,917	588,751	478,274
Net investment income	10,166,518	7,655,033	915,644	8,538,093	4,038,012	3,010,349	357,511	3,314,923
Benefit payments, including refunds of employee contributions	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Administrative expense	-	-	-	-	(41,675)	6,054	(103,901)	96,722
Transfers among employers	116,885	(231,427)	127,694	(47,845)	-	-	-	-
<b>Net change in plan fiduciary net position - beginning</b>	<b>6,915,876</b>	<b>4,064,485</b>	<b>(1,352,631)</b>	<b>5,771,961</b>	<b>3,066,951</b>	<b>1,916,226</b>	<b>(414,388)</b>	<b>2,471,187</b>
Plan fiduciary net position - beginning	81,026,109	76,961,624	78,314,255	72,542,294	32,022,505	30,106,279	30,520,667	28,049,480
Plan fiduciary net position - ending (b)	<b>87,941,985</b>	<b>81,026,109</b>	<b>76,961,624</b>	<b>78,314,255</b>	<b>35,089,456</b>	<b>32,022,505</b>	<b>30,106,279</b>	<b>30,520,667</b>
<b>Net pension liability (asset) - ending (a)-(b)</b>	<b>42,470,344</b>	<b>46,588,206</b>	<b>42,136,989</b>	<b>35,930,973</b>	<b>16,293,745</b>	<b>18,153,350</b>	<b>17,695,690</b>	<b>16,719,534</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>67.43%</b>	<b>63.49%</b>	<b>64.62%</b>	<b>68.55%</b>	<b>68.29%</b>	<b>63.82%</b>	<b>62.98%</b>	<b>64.61%</b>
<b>Covered payroll</b>	<b>25,990,353</b>	<b>23,801,380</b>	<b>24,283,101</b>	<b>25,172,255</b>	<b>10,665,563</b>	<b>10,397,431</b>	<b>9,916,527</b>	<b>9,655,596</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>163.41%</b>	<b>195.74%</b>	<b>173.52%</b>	<b>142.74%</b>	<b>152.77%</b>	<b>174.59%</b>	<b>178.45%</b>	<b>173.16%</b>

\* 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\***

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

Methods and assumptions used to determine contribution rates for the period October 1, 2017 to September 30, 2018:

<i>Actuarial cost method</i>	<i>Entry Age</i>
<i>Amortization method</i>	<i>Level percent closed</i>
<i>Remaining amortization period</i>	<i>29.5 years and 26.5 years, respectively</i>
<i>Asset valuation method</i>	<i>Five year smoothed market</i>
<i>Inflation</i>	<i>3.00%</i>
<i>Salary increases</i>	<i>3.75 - 7.25%, including inflation</i>
<i>Investment rate of return</i>	<i>8.00%, net of pension plan investment expense, including inflation</i>

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
System's proportion of the net pension liability	0.758570%	0.757463%	0.761109%	0.785686%
System's proportionate share of the net pension liability	\$74,556,000	\$82,003,000	\$79,655,000	\$71,376,000
System's covered-employee payroll	\$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-employee payroll	149.01%	170.76%	166.18%	143.53%
Plan fiduciary net position as a percentage of the total pension liability	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\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 6,114,961	\$ 5,935,142	\$ 5,697,027	\$ 5,654,232
Contributions in relation to the contractually required contribution	<u>6,114,961</u>	<u>5,935,142</u>	<u>5,697,027</u>	<u>5,654,232</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
System's covered payroll	\$ 50,752,590	\$ 50,033,648	\$ 48,021,155	\$ 47,934,304
Contributions as a percentage of covered payroll	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\***

	<b>City of Decatur</b>	<b>Municipal Utilities Board</b>
	<b>2017</b>	<b>2018</b>
<b>Total OPEB liability</b>		
Service cost	\$ 2,832,229	\$ 577,544
Interest	3,139,256	1,076,050
Changes in benefit terms	-	-
Differences between actual & expected experience	86,792	-
Changes of assumptions	(10,658,776)	-
Benefit payments, including refunds of employee contributions	(2,389,744)	(822,065)
<b>Net change in OPEB liability</b>	<b>(6,990,243)</b>	<b>831,529</b>
Total OPEB liability - beginning	108,328,106	34,189,308
Total OPEB liability - ending (a)	<b>\$ 101,337,863</b>	<b>\$35,020,837</b>
 <b>Covered payroll</b>	 <b>16,915,903</b>	 <b>10,665,563</b>
 <b>Net pension liability (asset) as a percentage of covered payroll</b>	 <b>599.07%</b>	 <b>328.35%</b>

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**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\***

	<b>2017</b>
System's proportion of the net OPEB liability	0.868568%
System's proportionate share of the net OPEB liability	\$64,512,270
System's covered-employee payroll	\$50,033,648
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.94%
Plan fiduciary net position as a percentage of the total pension liability	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\***

**2018**

Contractually required contribution	\$ 2,218,461
Contributions in relation to the contractually required contribution	<u>2,218,461</u>
Contribution deficiency (excess)	<u>-</u>
System's covered payroll	\$ 50,752,590
Contributions as a percentage of covered payroll	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 MAPD plan.

The Health Plan was changed in 2017 to reflect the 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, 2014, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule.

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of pay
Remaining Amortization Period	27 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	3.00%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.50%
Medicare Eligible	5.75%
Ultimate Trend Rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate Trend Rate	2019 for Pre-Medicare Eligible 2017 Medicare Eligible
Investment Rate of Return	5.00%, including inflation

## **SUPPLEMENTAL INFORMATION**

**City of Decatur  
General Fund  
Balance Sheet  
September 30, 2018**

**ASSETS**

Cash & cash equivalents	\$ 30,616,021
Cash with fiscal agent	695,456
Receivables (net of allowances):	
Accounts	487,162
Taxes	3,531,922
Due from other funds	1,608,222
Due from other governmental entities	443,975
Deposits	71,405
Prepays	38,404
Inventories	14,999
<b>Total assets</b>	<b>\$ 37,507,566</b>

**DEFERRED OUTFLOWS OF RESOURCES**

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 2,232,817
Accrued liabilities	951,016
Due to other funds	582,331
Due to other governmental entities	119
Customer deposits	266,915
Other	2,983
<b>Total liabilities</b>	<b>4,036,181</b>

**DEFERRED INFLOWS OF RESOURCES**

**FUND BALANCE**

Nonspendable	53,403
Restricted	1,312
Committed	22,040,347
Unassigned	10,942,972
<b>Total fund balance</b>	<b>33,038,034</b>
<b>Total liabilities, deferred resources and fund balance</b>	<b>\$ 37,507,566</b>

**City of Decatur**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget & Actual**  
**September 30, 2018**

	Budget	Variance with Final Budget		
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 42,605,850	\$ 42,605,850	\$ 45,574,855	\$ 2,969,005
Licenses and permits	6,484,250	6,484,250	7,009,021	524,771
Fines and forfeitures	449,050	449,050	480,524	31,474
Revenues from money and property	279,800	279,800	364,498	84,698
Charges for services	5,708,515	6,025,994	5,604,121	(421,873)
Intergovernmental	5,131,738	5,271,738	5,780,998	509,260
Gifts and donations	125,200	125,200	165,000	39,800
Other revenues	237,700	237,700	247,412	9,712
<b>Total revenues</b>	<b>61,022,103</b>	<b>61,479,582</b>	<b>65,226,429</b>	<b>3,746,847</b>
<b>EXPENDITURES</b>				
Current				
General government	4,920,463	4,955,204	4,706,622	248,582
Public safety	25,375,251	26,553,374	25,150,957	1,402,417
Public works	6,263,496	7,942,013	6,898,702	1,043,311
Public services	8,958,084	10,729,303	10,391,345	337,958
Intergovernmental assistance	7,224,472	7,419,472	6,533,913	885,559
Community services contracts	2,439,573	2,694,573	2,693,160	1,413
Debt service:				
Principal	3,409,758	5,963,855	5,962,072	1,783
Interest and fiscal charges	1,196,703	1,171,319	1,170,785	534
<b>Total expenditures</b>	<b>59,787,800</b>	<b>67,429,113</b>	<b>63,507,556</b>	<b>3,921,557</b>
<b>Excess of revenues over expenditures</b>	<b>1,234,303</b>	<b>(5,949,531)</b>	<b>1,718,873</b>	<b>7,668,404</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	837,996	837,996
Operating transfers in	7,000	7,000	9,233	2,233
Operating transfers out	(922,421)	(919,421)	(921,841)	(2,420)
Total other financing sources (uses)	(915,421)	(912,421)	(74,612)	837,809
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>318,882</b>	<b>(6,861,952)</b>	<b>1,644,261</b>	<b>8,506,213</b>
Fund balance, beginning	31,393,773	31,393,773	31,393,773	-
<b>Fund balance, ending</b>	<b>\$ 31,712,655</b>	<b>\$ 24,531,821</b>	<b>\$ 33,038,034</b>	<b>\$ 8,506,213</b>

**CITY OF DECATUR**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BY ACTIVITY**  
**For the Year Ended September 30, 2018**

Page 1 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and payments in lieu of taxes				
Sales and use	\$ 31,672,500	\$ 31,672,500	\$ 34,089,586	\$ 2,417,086
Ad valorem	3,675,000	3,675,000	3,768,751	93,751
Other	7,258,350	7,258,350	7,716,518	458,168
Total	42,605,850	42,605,850	45,574,855	2,969,005
Licenses and permits				
Motor Vehicle	174,000	174,000	174,845	845
Business Licenses and Permits	5,753,750	5,753,750	6,143,494	389,744
Building Permits and Inspection Fees	556,500	556,500	690,682	134,182
Total	6,484,250	6,484,250	7,009,021	524,771
Fines and forfeitures	449,050	449,050	480,524	31,474
Revenues from money and property				
Interest	97,500	97,500	177,067	79,567
Other	182,300	182,300	187,431	5,131
Total	279,800	279,800	364,498	84,698
Charges for current services				
Recreation	586,200	586,200	492,323	(93,877)
Animal shelter	22,400	22,400	25,899	3,499
General government	439,275	439,275	454,546	15,271
Public safety	289,100	289,100	278,006	(11,094)
Public works	4,313,500	4,630,979	4,286,515	(344,464)
Cemetery	47,000	47,000	61,500	14,500
Old bank	500	500	-	(500)
Youth services	10,540	10,540	5,332	(5,208)
Total	5,708,515	6,025,994	5,604,121	(421,873)
Intergovernmental				
Tax equivalents	4,800,738	4,800,738	5,329,101	528,363
State Grants	6,000	146,000	-	(146,000)
State Shared Taxes	325,000	325,000	451,897	126,897
State contributions	-	-	-	-
Total	5,131,738	5,271,738	5,780,998	509,260
Gifts & donations	125,200	125,200	165,000	39,800
Other revenues	237,700	237,700	247,412	9,712
<b>TOTAL REVENUES</b>	<b>61,022,103</b>	<b>61,479,582</b>	<b>65,226,429</b>	<b>3,746,847</b>

CITY OF DECATUR  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - BY ACTIVITY  
 For the Year Ended September 30, 2018

Page 2 of 7

	Budget			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
<b>EXPENDITURES</b>					
<b>Current Expenditures</b>					
<i>General Government</i>					
Mayor and Council					
Personal services	298,457	298,457	298,304	153	
Operating expenses	134,868	134,868	110,574	24,294	
Capital outlay	-	-	-	-	
Total	433,325	433,325	408,878	24,447	
Legal Services					
Personal services	420,216	420,216	417,589	2,627	
Operating expenses	62,300	77,300	40,076	37,224	
Capital outlay	-	-	-	-	
Total	482,516	497,516	457,665	39,851	
Municipal Court					
Personal services	681,799	681,799	723,283	(41,484)	
Operating expenses	13,500	13,500	10,573	2,927	
Capital outlay	-	-	-	-	
Total	695,299	695,299	733,856	(38,557)	
City Clerk					
Personal services	444,186	444,186	425,479	18,707	
Operating expenses	74,950	94,691	82,958	11,733	
Capital outlay	-	-	-	-	
Total	519,136	538,877	508,437	30,440	
Revenue department					
Personal services	224,905	224,905	211,085	13,820	
Operating expenses	107,805	107,805	76,384	31,421	
Capital outlay	-	-	-	-	
Total	332,710	332,710	287,469	45,241	
Finance department					
Personal services	782,873	782,873	699,195	83,678	
Operating expenses	38,800	38,800	24,521	14,279	
Capital outlay	-	-	-	-	
Total	821,673	821,673	723,716	97,957	
Public building					
Personal services	136,801	136,801	138,134	(1,333)	
Operating expenses	669,300	669,300	582,093	87,207	
Capital outlay	-	-	14,908	(14,908)	
Total	806,101	806,101	735,135	70,966	
Community development					
Personal services	693,543	693,543	720,426	(26,883)	
Operating expenses	136,160	136,160	131,040	5,120	
Capital outlay	-	-	-	-	
Total	829,703	829,703	851,466	(21,763)	
<b>Total general government</b>	<b>4,920,463</b>	<b>4,955,204</b>	<b>4,706,622</b>	<b>248,582</b>	

**CITY OF DECATUR**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BY ACTIVITY**  
**For the Year Ended September 30, 2018**

Page 3 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><i>Public Safety</i></b>				
Fire				
Personal services	9,439,256	9,365,256	9,285,126	80,130
Operating expenses	824,550	906,800	882,514	24,286
Capital outlay	-	265,500	242,974	22,526
Total	<b>10,263,806</b>	<b>10,537,556</b>	<b>10,410,614</b>	<b>126,942</b>
Inspection				
Personal services	724,650	724,650	752,060	(27,410)
Operating expenses	55,050	55,050	44,805	10,245
Capital outlay	-	-	-	-
Total	<b>779,700</b>	<b>779,700</b>	<b>796,865</b>	<b>(17,165)</b>
Police				
Personal services	11,254,445	11,254,445	10,568,914	685,531
Operating expenses	3,016,592	3,016,592	2,597,867	418,725
Capital outlay	60,708	965,081	776,697	188,384
Total	<b>14,331,745</b>	<b>15,236,118</b>	<b>13,943,478</b>	<b>1,292,640</b>
<b>Total public safety</b>	<b>25,375,251</b>	<b>26,553,374</b>	<b>25,150,957</b>	<b>1,402,417</b>
<b><i>Public Works</i></b>				
Director				
Personal services	262,812	262,812	192,313	70,499
Operating expenses	74,270	74,270	71,582	2,688
Capital outlay	-	-	-	-
Total	<b>337,082</b>	<b>337,082</b>	<b>263,895</b>	<b>73,187</b>
Streets				
Personal services	1,597,593	1,597,593	1,366,770	230,823
Operating expenses	878,110	948,110	885,855	62,255
Capital outlay	-	405,866	84,704	321,162
Total	<b>2,475,703</b>	<b>2,951,569</b>	<b>2,337,329</b>	<b>614,240</b>
Projects				
Personal services	-	-	-	-
Operating expenses	55,000	242,600	163,178	79,422
Operating expenses	-	200,463	160,463	40,000
Total	<b>55,000</b>	<b>443,063</b>	<b>323,641</b>	<b>119,422</b>
Engineering				
Personal services	213,347	213,347	212,377	970
Operating expenses	68,990	206,360	179,204	27,156
Capital outlay	-	-	-	-
Total	<b>282,337</b>	<b>419,707</b>	<b>391,581</b>	<b>28,126</b>
Sanitation				
Personal services	1,563,739	1,563,739	1,477,623	86,116
Operating expenses	1,549,635	1,549,635	1,554,407	(4,772)
Capital outlay	-	677,218	550,226	126,992
Total	<b>3,113,374</b>	<b>3,790,592</b>	<b>3,582,256</b>	<b>208,336</b>
<b>Total public works</b>	<b>6,263,496</b>	<b>7,942,013</b>	<b>6,898,702</b>	<b>1,043,311</b>

**CITY OF DECATUR**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BY ACTIVITY**  
**For the Year Ended September 30, 2018**

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	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b><i>Public Services</i></b>				
Animal Shelter				
Personal services	474,762	474,762	434,131	40,631
Operating expenses	117,800	117,800	111,578	6,222
Capital outlay	-	-	-	-
Total	592,562	592,562	545,709	46,853
Parks and recreation				
Personal services	4,333,998	4,333,998	4,122,713	211,285
Operating expenses	2,848,425	2,893,031	3,036,747	(143,716)
Capital outlay	-	1,728,613	1,563,579	165,034
Total	7,182,423	8,955,642	8,723,039	232,603
Cemetery				
Personal services	105,789	105,789	99,871	5,918
Operating expenses	97,636	97,636	98,066	(430)
Capital outlay	-	-	-	-
Total	203,425	203,425	197,937	5,488
Youth services				
Personal services	599,609	561,409	518,344	43,065
Operating expenses	179,690	217,890	208,900	8,990
Capital outlay	-	-	-	-
Total	779,299	779,299	727,244	52,055
Culture				
Old Bank	98,900	96,900	92,095	4,805
Train Depot	14,500	14,500	18,346	(3,846)
Princess	86,975	86,975	86,975	-
Total	200,375	198,375	197,416	959
<b>Total public services</b>	<b>8,958,084</b>	<b>10,729,303</b>	<b>10,391,345</b>	<b>337,958</b>

CITY OF DECATUR  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - BY ACTIVITY  
 Director

Page 5 of 7

	Budget		Variance with Final Budget Positive (Negative)
	Original	Final	
<b><i>Intergovernmental assistance</i></b>			
Garage			
Personal services	376,417	376,417	250,507
Operating expenses	55,082	55,082	66,191
Capital outlay	0	0	(11,109)
<b>Total</b>	<b>431,499</b>	<b>431,499</b>	<b>316,698</b>
Purchasing			
Personal services	197,728	197,728	197,137
Operating expenses	15,700	15,700	12,139
Capital outlay	0	0	3,561
<b>Total</b>	<b>213,428</b>	<b>213,428</b>	<b>209,276</b>
Information services			
Personal services	876,365	876,365	853,661
Operating expenses	892,200	922,200	763,097
Capital outlay	400,000	370,000	75,878
<b>Total</b>	<b>2,168,565</b>	<b>2,168,565</b>	<b>1,692,636</b>
Miscellaneous			
Workman's compensation	700,000	700,000	871,798
Insurance	340,000	340,000	331,121
Other	2,895,259	2,895,259	2,697,565
<b>Total</b>	<b>3,935,259</b>	<b>3,935,259</b>	<b>3,900,484</b>
Planning department			
Personal services	285,164	285,164	284,024
Operating expenses	87,400	282,400	35,785
Capital outlay	0	0	246,615
<b>Total</b>	<b>372,564</b>	<b>567,564</b>	<b>319,809</b>
Safety			
Personal services	73,677	73,677	73,564
Operating expenses	29,480	29,480	21,446
Capital outlay	0	0	8,034
<b>Total</b>	<b>103,157</b>	<b>103,157</b>	<b>95,010</b>
Special appropriations			
<b>Total <i>Intergovernmental assistance</i></b>	<b>7,224,472</b>	<b>7,419,472</b>	<b>6,533,913</b>
			<b>885,559</b>

CITY OF DECATUR  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - BY ACTIVITY  
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	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Community Service Contracts</b>				
Wheeler Basin Regional Library Board	441,936	441,936	441,936	-
Morgan County Emergency Management Dist.	447,976	447,976	447,976	-
Decatur-Morgan County Emergency Mgt. Agency	23,450	23,450	23,450	-
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	750,000	900,000	898,587	1,413
Chamber of Commerce:				
Community Business Development Board	25,000	25,000	25,000	-
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	-	-	-	-
Entrepreneurial Center	-	100,000	100,000	-
DMCCC One Vision, One Voice	40,000	40,000	40,000	-
Singing River Trail Study	-	5,000	5,000	-
<b>Total Community Services Contract</b>	<b>2,439,573</b>	<b>2,694,573</b>	<b>2,693,160</b>	<b>1,413</b>
<b>Debt Service Expenditures</b>				
Principal	3,409,758	5,963,855	5,962,072	1,783
Interest and fiscal charges	1,196,703	1,171,319	1,170,785	534
<b>Total Debt Service Expenditures</b>	<b>4,606,461</b>	<b>7,135,174</b>	<b>7,132,857</b>	<b>2,317</b>
<b>TOTAL EXPENDITURES</b>	<b>59,787,800</b>	<b>67,429,113</b>	<b>63,507,556</b>	<b>441,936</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,234,303</b>	<b>(5,949,531)</b>	<b>1,718,873</b>	<b>7,668,404</b>

CITY OF DECATUR  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - BY ACTIVITY  
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Page 7 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	837,996	837,996
Operating transfers in	7,000	7,000	9,233	2,233
Operating transfers out	(922,421)	(919,421)	(921,841)	(2,420)
Total other financing sources (uses)	(915,421)	(912,421)	(74,612)	837,809
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	318,882	(6,861,952)	1,644,261	8,506,213
Fund balance, beginning	31,393,773	31,393,773	31,393,773	-
<b>Fund balance, ending</b>	<b>\$ 31,712,655</b>	<b>\$ 24,531,821</b>	<b>\$ 33,038,034</b>	<b>\$ 8,506,213</b>

## 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*

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

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

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

**Personnel Board Special Revenue Fund** - to account for the activity of the specially appointed personnel board which carries out the human 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

	Special Revenue Funds											Permanent Fund			Capital Projects Funds			Total Nonmajor Governmental Funds
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Perpetual Care	2016 Capital Improvements Fund	Sewer Fund	Capital Improvements Fund				
<b>ASSETS</b>																		
Cash & investments, at cost	\$ -	\$ 72,277	\$ 13,438	\$ 109,062	\$ 47,283	\$ 1,212,359	\$ 573,071	\$ 241,279	\$ 405,246	\$ 668,805	\$ 1,108,622	\$ 2,013,636	\$ 422,726	\$ 239,243	\$ 7,127,047			
Cash with fiscal agents																	126,344	
Receivables (net of allowances)																		
Accounts	-	-	122,741	-	130	-	18,913	5,358	-	-	-	-	-	-	-	-	147,142	
Notes	-	-	238,369	-	-	-	-	-	-	-	-	-	-	-	-	-	238,369	
Taxes	-	-	-	-	-	-	-	-	-	45,920	-	-	-	-	-	-	45,920	
Due from other funds																	49,394	
Due from governmental entities	113,670	37,543	405,435	-	-	-	-	-	-	-	-	245,430	-	-	-	-	175,574	
Deposits	10,182	13,718	-	-	-	-	-	-	-	-	-	1,797,757	-	-	-	-	977,652	
<b>Total assets</b>	<b>\$ 123,852</b>	<b>\$ 123,538</b>	<b>\$ 779,983</b>	<b>\$ 109,062</b>	<b>\$ 47,413</b>	<b>\$ 1,212,359</b>	<b>\$ 591,984</b>	<b>\$ 246,637</b>	<b>\$ 405,246</b>	<b>\$ 714,725</b>	<b>\$ 1,108,622</b>	<b>\$ 4,056,823</b>	<b>\$ 598,464</b>	<b>\$ 414,817</b>	<b>\$ 10,533,525</b>			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>LIABILITIES</b>																		
Accounts payable	-	11,971	96,510	8,386	44,544	33,488	5,351	3,601	-	-	-	873,445	-	41,215	-	1,118,511		
Accrued liabilities	-	-	9,262	10,400	2,250	-	1,933	-	-	-	-	-	-	-	-	-	23,845	
Due to other funds	79,044	-	-	-	-	-	-	-	-	1,705,503	-	-	-	-	-	1,784,547		
Due to other governmental entities	-	-	-	-	603	-	-	-	-	-	-	-	-	-	-	603		
Customer deposits	-	-	994	-	-	-	-	-	-	-	-	-	-	-	-	994		
Other	-	-	-	-	16	-	-	-	-	-	-	-	-	-	-	16		
<b>Total liabilities</b>	<b>79,044</b>	<b>11,971</b>	<b>106,766</b>	<b>18,786</b>	<b>47,413</b>	<b>33,488</b>	<b>7,284</b>	<b>3,601</b>	<b>-</b>	<b>1,705,503</b>	<b>-</b>	<b>873,445</b>	<b>-</b>	<b>41,215</b>	<b>-</b>	<b>2,928,516</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>100,000</b>	<b>7,116</b>	<b>735,101</b>	-	-	-	-	-	-	-	-	-	2,069	-	171,952	<b>1,016,238</b>		
<b>FUND BALANCES</b>																		
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,108,622		
Restricted	(55,192)	104,451	(61,884)	-	-	1,178,871	584,700	243,036	405,246	-	-	-	-	-	-	-	2,399,228	
Committed	-	-	-	90,276	-	-	-	-	-	(990,778)	-	3,181,309	598,464	-	201,650	3,080,921		
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total fund balance (deficit)</b>	<b>(55,192)</b>	<b>104,451</b>	<b>(61,884)</b>	<b>90,276</b>	-	<b>1,178,871</b>	<b>584,700</b>	<b>243,036</b>	<b>405,246</b>	<b>(990,778)</b>	<b>1,108,622</b>	<b>3,181,309</b>	<b>598,464</b>	<b>201,650</b>	<b>6,588,771</b>			
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 123,852</b>	<b>\$ 123,538</b>	<b>\$ 779,983</b>	<b>\$ 109,062</b>	<b>\$ 47,413</b>	<b>\$ 1,212,359</b>	<b>\$ 591,984</b>	<b>\$ 246,637</b>	<b>\$ 405,246</b>	<b>\$ 714,725</b>	<b>\$ 1,108,622</b>	<b>\$ 4,056,823</b>	<b>\$ 598,464</b>	<b>\$ 414,817</b>	<b>\$ 10,533,525</b>			

	Special Revenue Funds										Permanent Fund			Capital Projects Fund			Total Non-major Governmental Funds
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Perpetual Care	2016 Capital Improvements Fund	Sewer Fund	Capital Improvements Fund			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>REVENUE</b>																	
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	538,899	
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	523,136	
Revenues from money & property	679	757	11	-	-	-	-	409,298	113,838	-	1,861	-	77,776	24,173	3,030	1,873	112,359
Charges for services	-	-	-	352	-	-	-	2,199	-	-	-	-	-	-	-	-	352
Intergovernmental	148,106	373,677	779,483	-	-	474,152	-	-	-	48,772	-	-	5,364,298	-	466,045	7,654,533	
Other revenues	-	-	127,853	-	-	-	-	-	-	-	-	-	3	-	-	-	127,856
<b>Total revenues</b>	<b>148,785</b>	<b>374,434</b>	<b>907,347</b>	<b>352</b>	<b>-</b>	<b>474,152</b>	<b>411,497</b>	<b>113,838</b>	<b>50,633</b>	<b>538,899</b>	<b>77,776</b>	<b>5,388,474</b>	<b>3,030</b>	<b>467,918</b>	<b>8,957,135</b>		
<b>EXPENDITURES</b>																	
Current																	
General government	-	-	-	736,031	-	-	226,149	28,467	-	-	-	-	-	-	-	-	990,647
Public safety	-	-	-	-	-	-	30,042	-	29,015	-	-	-	-	-	-	-	59,057
Public works	361,654	438,932	-	-	-	101,866	-	-	-	-	-	8,225,894	275,318	542,727	9,946,391		
Public services	-	-	-	-	-	22,728	-	-	-	-	-	-	-	-	-	22,728	
Intergovernmental assistance	-	-	-	-	-	347,877	-	-	-	-	-	-	-	1,075	-	348,952	
Community development	-	-	1,317,398	-	-	-	-	-	-	-	-	-	-	-	-	1,317,398	
Debt service																	
Principal	-	-	-	-	-	-	-	-	-	80,000	-	-	403,189	-	-	483,189	
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	51,294	-	-	263,150	-	-	314,444	
Debt issuance costs	-	-	-	-	-	-	-	-	-	-	-	15	-	-	-	15	
<b>Total expenditures</b>	<b>361,654</b>	<b>438,932</b>	<b>1,317,398</b>	<b>736,031</b>	<b>-</b>	<b>472,471</b>	<b>256,191</b>	<b>28,467</b>	<b>29,015</b>	<b>131,294</b>	<b>-</b>	<b>8,225,909</b>	<b>942,732</b>	<b>542,727</b>	<b>13,482,821</b>		
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(212,869)</b>	<b>(64,498)</b>	<b>(410,051)</b>	<b>(735,679)</b>	<b>-</b>	<b>1,681</b>	<b>155,306</b>	<b>85,371</b>	<b>21,618</b>	<b>407,605</b>	<b>77,776</b>	<b>(2,837,435)</b>	<b>(939,702)</b>	<b>(74,809)</b>	<b>(4,525,686)</b>		
<b>OTHER FINANCING SOURCES (USES)</b>																	
Transfers in	-	-	177,140	744,701	-	-	-	-	-	-	-	-	619,940	-	-	1,541,781	
Transfers (out)	-	-	-	-	-	-	-	-	-	(7,393)	(5,126)	-	-	-	-	-	(12,519)
Total other financing sources (uses)	-	-	177,140	744,701	-	-	-	-	-	(7,393)	(5,126)	-	619,940	-	-	1,529,262	
<b>Net change in fund balance</b>	<b>(212,869)</b>	<b>(64,498)</b>	<b>(232,911)</b>	<b>9,022</b>	<b>-</b>	<b>1,681</b>	<b>155,306</b>	<b>85,371</b>	<b>21,618</b>	<b>400,212</b>	<b>72,650</b>	<b>(2,837,435)</b>	<b>(319,762)</b>	<b>(74,809)</b>	<b>(2,996,424)</b>		
Fund balance (deficit), beginning	157,677	168,949	171,027	81,254	-	1,177,190	429,394	157,665	383,628	(1,390,990)	1,035,972	6,018,744	918,226	276,459	9,585,195		
<b>Fund balance (deficit), ending</b>	<b>\$ (55,192)</b>	<b>\$ 104,451</b>	<b>\$ (61,884)</b>	<b>\$ 90,276</b>	<b>\$ -</b>	<b>\$ 1,178,871</b>	<b>\$ 584,700</b>	<b>\$ 243,036</b>	<b>\$ 405,246</b>	<b>\$ (990,778)</b>	<b>\$ 1,108,622</b>	<b>\$ 3,181,309</b>	<b>\$ 598,464</b>	<b>\$ 201,650</b>	<b>\$ 6,588,771</b>		

**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, 2018**

	<b>Budget</b>				<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		<b>Positive (Negative)</b>
<b>Revenues</b>					
Intergovernmental	\$ 246,500	\$ 246,500	\$ 148,106	\$ (98,394)	
Revenues from money and property	300	300	679	379	
Total revenues	246,800	246,800	148,785	(98,015)	
<b>Expenditures</b>					
Operating expenses	395,780	391,795	361,654	30,141	
Total expenditures	395,780	391,795	361,654	30,141	
<b>Excess (deficiency) of revenues over expenditures</b>	(148,980)	(144,995)	(212,869)	(67,874)	
<b>Net change in fund balance</b>	(148,980)	(144,995)	(212,869)	(67,874)	
Fund balance, beginning	157,677	157,677	157,677	-	
<b>Fund balance, ending</b>	\$ 8,697	\$ 12,682	\$ (55,192)	\$ (67,874)	

**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, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 330,265	\$ 330,265	\$ 373,677	\$ 43,412
Revenues from money and property	200	200	757	557
Total revenues	330,465	330,465	374,434	43,969
<b>Expenditures</b>				
Operating expenses	320,325	1,506,688	438,932	1,067,756
Total expenditures	320,325	1,506,688	438,932	1,067,756
<b>Excess (deficiency) of revenues over expenditures</b>	10,140	(1,176,223)	(64,498)	1,111,725
<b>Net change in fund balance</b>	10,140	(1,176,223)	(64,498)	1,111,725
Fund balance, beginning	168,949	168,949	168,949	-
<b>Fund balance, ending</b>	\$ 179,089	\$ (1,007,274)	\$ 104,451	\$ 1,111,725

**City of Decatur**  
**Personnel Board Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Budget		Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)
<b>Revenues</b>				
Revenues from money and property	\$ -	\$ -	\$ 352	\$ 352
Total revenues	-	-	352	352
<b>Expenditures</b>				
Personnel services	510,951	510,951	558,003	(47,052)
Operating expenses	233,750	334,361	178,028	156,333
Total expenditures	744,701	845,312	736,031	109,281
<b>Excess (deficiency) of revenues over expenditures</b>	(744,701)	(845,312)	(735,679)	109,633
<b>Other financing sources</b>				
Operating transfers in	744,701	744,701	744,701	-
Total other financing sources (uses)	744,701	744,701	744,701	-
<b>Net change in fund balance</b>	-	(100,611)	9,022	109,633
Fund balance, beginning	81,254	81,254	81,254	-
<b>Fund balance, ending</b>	\$ 81,254	\$ (19,357)	\$ 90,276	\$ 109,633

**City of Decatur  
Heritage Trust Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget and Actual  
For the Year Ended September 30, 2018**

	Budget		Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 473,000	\$ 473,000	\$ 474,152	\$ 1,152
Total revenues	473,000	473,000	474,152	1,152
<b>Expenditures</b>				
Capital outlay	313,900	706,628	472,471	234,157
Total expenditures	313,900	706,628	472,471	234,157
<b>Excess (deficiency) of revenues over expenditures</b>	159,100	(233,628)	1,681	235,309
<b>Net change in fund balance</b>	159,100	(233,628)	1,681	235,309
Fund balance, beginning	1,177,190	1,177,190	1,177,190	-
<b>Fund balance, ending</b>	\$ 1,336,290	\$ 943,562	\$ 1,178,871	\$ 235,309

**City of Decatur  
Corrections Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Budget and Actual  
For the Year Ended September 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$ 446,600	\$ 446,600	\$ 409,298	\$ (37,302)
Revenues from money and property	700	700	2,199	1,499
<b>Total revenues</b>	<b>447,300</b>	<b>447,300</b>	<b>411,497</b>	<b>(35,803)</b>
<b>Expenditures</b>				
Personnel services	245,767	245,767	136,368	109,399
Operating expenses	234,000	234,000	119,823	114,177
Capital outlay	34,570	34,570	-	34,570
<b>Total expenditures</b>	<b>514,337</b>	<b>514,337</b>	<b>256,191</b>	<b>258,146</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(67,037)</b>	<b>(67,037)</b>	<b>155,306</b>	<b>222,343</b>
<b>Net change in fund balance</b>	<b>(67,037)</b>	<b>(67,037)</b>	<b>155,306</b>	<b>222,343</b>
Fund balance, beginning	429,394	429,394	429,394	-
<b>Fund balance, ending</b>	<b>\$ 362,357</b>	<b>\$ 362,357</b>	<b>\$ 584,700</b>	<b>\$ 222,343</b>

**City of Decatur**  
**Docket Fee Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$ 117,000	\$ 117,000	\$ 113,838	\$ (3,162)
Total revenues	117,000	117,000	113,838	(3,162)
<b>Expenditures</b>				
Personnel services	-	-	-	-
Operating expenses	126,300	126,300	28,467	97,833
Total expenditures	126,300	126,300	28,467	97,833
<b>Excess (deficiency) of revenues over expenditures</b>	(9,300)	(9,300)	85,371	94,671
<b>Net change in fund balance</b>	(9,300)	(9,300)	85,371	94,671
Fund balance, beginning	157,665	157,665	157,665	-
<b>Fund balance, ending</b>	<u>\$ 148,365</u>	<u>\$ 148,365</u>	<u>\$ 243,036</u>	<u>\$ 94,671</u>

**City of Decatur**  
**Drug Seizure Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	Budget		Actual	Variance with Final Budget	
	Original	Final		Positive (Negative)	Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 55,000	\$ 55,000	\$ 48,772	\$ (6,228)	
Revenues from money and property	600	600	1,861	1,261	
Total revenues	55,600	55,600	50,633	(4,967)	
<b>Expenditures</b>					
Operating expenses	40,708	40,708	29,015	11,693	
Total expenditures	40,708	40,708	29,015	11,693	
<b>Excess (deficiency) of revenues over expenditures</b>	14,892	14,892	21,618	6,726	
<b>Net change in fund balance</b>	14,892	14,892	21,618	6,726	
Fund balance, beginning	383,628	383,628	383,628	-	
<b>Fund balance, ending</b>	\$ 398,520	\$ 398,520	\$ 405,246	\$ 6,726	

**City of Decatur**  
**Room Occupancy Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget and Actual**  
**For the Year Ended September 30, 2018**

	<b>Budget</b>		<b>Variance with Final Budget</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Taxes and Payments in lieu of taxes	\$ 450,000	\$ 450,000	\$ 538,899	\$ 88,899
Total revenues	450,000	450,000	538,899	88,899
<b>Expenditures</b>				
Debt service				
Principal	80,000	80,000	80,000	-
Interest	51,294	51,294	51,294	-
Total expenditures	131,294	131,294	131,294	-
<b>Excess (deficiency) of revenues over expenditures</b>	<b>318,706</b>	<b>318,706</b>	<b>407,605</b>	<b>88,899</b>
<b>Other financing sources</b>				
Operating transfers (out)	(7,394)	(7,394)	(7,393)	1
Total other financing sources	(7,394)	(7,394)	(7,393)	1
<b>Net change in fund balance</b>	<b>311,312</b>	<b>311,312</b>	<b>400,212</b>	<b>88,900</b>
Fund balance, beginning	(1,390,990)	(1,390,990)	(1,390,990)	-
<b>Fund balance, ending</b>	<b>\$ (1,079,678)</b>	<b>\$ (1,079,678)</b>	<b>\$ (990,778)</b>	<b>\$ 88,900</b>

**City of Decatur**  
**Non-major Proprietary Funds**  
**Combining Statement of Net Position**  
**September 30, 2018**

	<b>Enterprise Funds</b>		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>Assets</b>			
<b>Current assets</b>			
Cash & investments, at cost	\$ 1,157,632	\$ 19,649,469	\$20,807,101
Receivables (net of allowance)			
Accounts	65,167	652,620	717,787
Due from other funds	-	1,340,332	1,340,332
Due from governmental entities	-	-	-
Inventories, at cost	70,241	-	70,241
<b>Total current assets</b>	1,293,040	21,642,421	22,935,461
<b>Noncurrent assets</b>			
Capital assets:			
Land	254,931	1,241,799	1,496,730
Buildings	7,337,568	2,365,396	9,702,964
Improvements other than buildings	10,388,166	6,513,578	16,901,744
Furniture & equipment	1,109,553	8,314,387	9,423,940
Construction work in progress	37,384	51,300	88,684
Less accumulated depreciation	(13,505,712)	(11,606,987)	(25,112,699)
Total capital assets (net of accumulated depreciation)	5,621,890	6,879,473	12,501,363
<b>Total noncurrent assets</b>	5,621,890	6,879,473	12,501,363
<b>Total assets</b>	6,914,930	28,521,894	35,436,824
<b>Deferred Outflows of Resources</b>			
OPEB contribution	68,505	82,175	150,680
Pension contributions subsequent to measurement date	120,291	263,575	383,866
<b>Total deferred outflows of resources</b>	188,796	345,750	534,546
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	167,993	205,204	373,197
Accrued liabilities	21,552	70,562	92,114
Compensated absences	7,808	13,651	21,459
Claims payable	-	100,000	100,000
<b>Total current liabilities</b>	197,353	389,417	586,770
<b>Noncurrent liabilities</b>			
Landfill closure and post-closure care costs	-	5,344,201	5,344,201
Compensated absences	70,275	122,857	193,132
Claims payable	-	200,000	200,000
Net pension liability	706,091	1,477,490	2,183,581
Net other postemployment benefit obligation	2,744,357	3,291,997	6,036,354
<b>Total noncurrent liabilities</b>	3,520,723	10,436,545	13,957,268
<b>Total liabilities</b>	3,718,076	10,825,962	14,544,038
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	351,409	421,533	772,942
Net difference between projected and actual earnings on pension plan investments	65,900	146,359	212,259
<b>Total deferred inflows of resources</b>	417,309	567,892	985,201
<b>Net Position</b>			
Invested in capital assets, net of related debt	5,621,890	6,879,473	12,501,363
Unrestricted	(2,653,549)	10,594,317	7,940,768
<b>Total net position</b>	\$ 2,968,341	\$ 17,473,790	\$ 20,442,131

**City of Decatur**  
**Non-major Proprietary Funds**  
**Combining Schedule of Revenue, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2018**

	<b>Enterprise Funds</b>		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>Operating revenue</b>			
Charges for services	\$ 5,375,310	\$ 6,900,730	\$ 12,276,040
<b>Total operating revenue</b>	<b>5,375,310</b>	<b>6,900,730</b>	<b>12,276,040</b>
<b>Operating expenses</b>			
Personnel, operations & maintenance	4,877,457	3,969,424	8,846,881
Closure and postclosure costs	-	4,457,768	4,457,768
Depreciation and amortization	689,949	1,185,787	1,875,736
Administrative costs	318,551	652,743	971,294
<b>Total operating expenses</b>	<b>5,885,957</b>	<b>10,265,722</b>	<b>16,151,679</b>
<b>Operating income (loss)</b>	<b>(510,647)</b>	<b>(3,364,992)</b>	<b>(3,875,639)</b>
<b>Nonoperating revenue (expenses)</b>			
Interest income	-	95,810	95,810
Gain on disposition of assets	10,337	(194,124)	(183,787)
Miscellaneous revenue	(308)	27,060	26,752
Total nonoperating revenue	10,029	(71,254)	(61,225)
<b>Income (loss) before contributions, transfers &amp; special items</b>	<b>(500,618)</b>	<b>(3,436,246)</b>	<b>(3,936,864)</b>
Transfers in	-	3,286	3,286
<b>Change in net position</b>	<b>(500,618)</b>	<b>(3,432,960)</b>	<b>(3,933,578)</b>
Total net position, beginning (as restated)	3,468,959	20,906,750	24,375,709
<b>Total net position, ending</b>	<b>\$ 2,968,341</b>	<b>\$ 17,473,790</b>	<b>\$ 20,442,131</b>

**City of Decatur**  
**Non-major Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2018**

	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>Operating activities</b>			
Receipts from customers and users	\$ 5,399,996	\$ 6,835,523	\$ 12,235,519
Payments to suppliers	(613,095)	(7,632,902)	(8,245,997)
Payments to employees	(4,252,078)	(950,946)	(5,203,024)
Payments for interfund services	77	-	77
<b>Net cash provided (used) by operating activities</b>	<b>534,900</b>	<b>(1,748,325)</b>	<b>(1,213,425)</b>
<b>Noncapital financing activities</b>			
Payments received from advances to other funds	-	(475,679)	(475,679)
Operating transfers in	-	3,286	3,286
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>(472,393)</b>	<b>(472,393)</b>
<b>Capital and related financing activities</b>			
Acquisition and construction of capital assets	(458,602)	(1,475,203)	(1,933,805)
Proceeds from sale of capital assets	10,337	77,656	87,993
<b>Net cash used by capital and related financing activities</b>	<b>(448,265)</b>	<b>(1,397,547)</b>	<b>(1,845,812)</b>
<b>Investing activities</b>			
Interest received	-	95,810	95,810
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>95,810</b>	<b>95,810</b>
<b>Net increase in cash and cash equivalents</b>	<b>86,635</b>	<b>(3,522,455)</b>	<b>(3,435,820)</b>
Cash and cash equivalents, beginning	1,070,997	23,171,924	24,242,921
<b>Cash and cash equivalents, ending</b>	<b>\$ 1,157,632</b>	<b>\$ 19,649,469</b>	<b>\$ 20,807,101</b>
<b>Operating income (loss)</b>	<b>\$ (510,647)</b>	<b>\$ (3,364,992)</b>	<b>\$ (3,875,639)</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation and amortization	689,949	1,185,787	1,875,736
Landfill postclosure costs	-	346,331	346,331
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	24,994	(92,267)	(67,273)
Accounts payable	34,576	(360,625)	(326,049)
Claims payable	-	100,000	100,000
Accrued liabilities	411	30,226	30,637
Net pension liability	124,098	168,029	292,127
Net OPEB obligation	176,839	212,126	388,965
<b>Net cash provided (used) by operating activities</b>	<b>\$ 534,900</b>	<b>\$ (1,748,325)</b>	<b>\$ (1,213,425)</b>

**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

	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	B-1
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant local revenue source, the sales tax.	C-1
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	D-1
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activates take place.	E-1
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's finance report relates to the services the city provides and the activities it performs.	F-1

#### **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)*

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	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 33,454,568
Restricted	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	3,401,527
Unrestricted	(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	11,924,579
Total governmental activities net assets	<u>(75,382,930)</u>	<u>(3,069,485)</u>	<u>(2,973,391)</u>	<u>(1,135,804)</u>	<u>31,507,169</u>	<u>33,992,373</u>	<u>37,481,547</u>	<u>40,120,820</u>	<u>43,575,908</u>	<u>48,780,674</u>
Business-type activities										
Invested in capital assets, net of related debt	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	173,451,387
Restricted	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	5,059,388
Unrestricted	(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	33,731,687
Total business-type activities net assets	<u>247,552,054</u>	<u>261,976,212</u>	<u>253,474,925</u>	<u>241,984,007</u>	<u>253,276,710</u>	<u>247,448,924</u>	<u>241,115,723</u>	<u>221,362,793</u>	<u>216,120,059</u>	<u>212,242,462</u>
Primary government										
Invested in capital assets, net of related debt	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	206,905,955
Restricted	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	8,460,915
Unrestricted	(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	45,656,266
Total primary government net assets	<u>\$ 172,169,124</u>	<u>\$ 258,906,727</u>	<u>\$ 250,501,534</u>	<u>\$ 240,848,203</u>	<u>\$ 284,783,879</u>	<u>\$ 281,441,297</u>	<u>\$ 278,597,270</u>	<u>\$ 261,483,613</u>	<u>\$ 259,695,967</u>	<u>\$ 261,023,136</u>

**Notes:**

Implementation of GASB 75 and GASB 68 created opening balance adjustments from previous years presentations for 2018 and 2015, respectively.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 6,609,977	\$ 5,901,291	\$ 5,955,991	\$ 5,193,908	\$ 4,878,951	\$ 4,954,798	\$ 5,044,332	\$ 5,010,588	\$ 5,005,446	\$ 5,175,066
Public safety	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	21,631,775
Public works	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	7,913,537
Public services	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	10,273,746
Intergovernmental assistance	38,829,561	34,031,485	30,856,146	29,195,207	29,312,427	27,710,626	25,839,587	25,313,985	24,544,626	22,613,644
Community service contracts	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	2,831,805
Community development	940,730	838,904	873,261	728,314	1,841,519	1,026,452	1,750,619	1,734,467	1,099,361	1,449,526
Personnel board	-	801,764	611,900	620,764	580,781	573,625	594,999	534,424	559,696	525,530
Interest on long-term debt	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	2,675,197
Unallocated depreciation	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	2,994,155
Total governmental activities expense	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	78,083,981
Business-type activities:										
Municipal Utilities Board	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	143,021,311
Point Mallard	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	4,252,309
Sanitary Landfill	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	3,509,975
Total business-type activities expenses	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	150,783,595
Total primary government expenses	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	228,867,576
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	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	6,064,711
Public safety	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	2,625,851
Public works	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	2,718,167
Public services	684,203	704,558	692,853	703,562	714,905	777,107	683,828	532,171	569,653	563,471
Intergovernmental assistance	-	-	-	-	264,600	288,963	217,231	96,792	97,363	199,744
Community Development	-	1,944	2,911	7,716	15,068	-	-	-	-	-
Operating grants and contributions	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	1,413,881
Capital grants and contributions	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	3,671,862
Total governmental activities program revenues	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	17,257,687
Business-type activities										
Charges for services:										
Municipal Utilities Board	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	141,266,120
Point Mallard	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	3,560,994
Sanitary Landfill	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	5,089,116
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	359,349	1,195,833	2,539,845	1,205,802	405,913	740,348	985,813	414,573	1,058,497	1,964,787
Total business-type activities program revenues	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	151,881,017
Total primary government program revenues	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	169,138,704
<b>Net (Expense)/Revenue</b>										
Governmental activities	(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)	(60,826,294)
Business-type activities	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	1,097,422
Total primary government net expense	(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)	(59,728,872)

**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)*

	<b>Fiscal Year</b>									
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Sales & use taxes	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	32,326,864
Property taxes	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	17,890,492
Alcoholic beverage taxes*	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	2,079,989
Gasoline taxes*	753,123	790,070	813,437	762,676	762,635	841,873	849,450	826,571	817,274	854,729
Automobile taxes*	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	1,316,502
Lodging taxes*	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	1,219,763
Rental taxes*	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	1,433,785
Other taxes*	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	2,188,989
Interest on investments	216,775	163,743	85,679	75,454	99,328	134,835	125,155	220,673	272,408	382,714
Other	383,589	206,279	711,482	953,234	766,711	748,981	905,614	930,989	42,752	270,146
Transfers	(9,188,159)	865,723	(2,142,585)	930,600	(4,891)	(1,219,764)	(3,091,348)	(332,725)	(261,089)	(355,561)
Total governmental activities	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	59,608,412
Business-type activities:										
Interest on investments	1,329,049	438,987	182,828	173,935	212,843	208,518	221,019	229,545	259,204	390,853
Forgiveness of Long-term debt	-	-	-	-	-	-	8,797,766	-	-	-
Other	(145,266)	87,779	49,311	46,454	138,555	61,011	-	-	-	-
Transfers	9,188,159	(865,723)	2,142,585	(930,600)	4,891	1,219,764	3,091,348	332,725	261,089	355,561
Total business-type activities	10,371,942	(338,957)	2,374,724	(710,211)	356,289	1,489,293	12,110,133	562,270	520,293	746,414
Total primary government	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	60,354,826
Change in Net Position										
Governmental activities	(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)	(1,217,882)
Business-type activities	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	1,843,836
Total primary government	\$ 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)	\$ 625,954

**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)**

	2018	2017	2016	2015	2014	2013	2012	2011	General Fund	2010	2009
	Nonspendable	Restricted	Committed	Assigned	Unassigned	General Fund	Reserved	Unreserved		20,181,106	21,131,486
General Fund											
Nonspendable	\$ 53,403	\$ 25,204	\$ 19,543	\$ 21,299	\$ 21,549	\$ 13,545	\$ 33,486	\$ 24,092	Reserved	\$ 589,640	\$ 623,643
Restricted	1,312	1,312	1,312	1,312	1,311	0	0	0	Unreserved	19,591,466	20,507,843
Committed	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	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	33,038,034	31,393,773	31,083,578	26,862,801	23,185,346	21,002,000	20,060,235	20,938,256	Total general fund	20,181,106	21,131,486
All Other Governmental Funds									All Other Governmental Funds		
Nonspendable	1,108,622	1,035,972	1,114,186	1,068,386	1,021,886	985,086	940,236	886,196	Reserved	2,025,447	1,451,421
Restricted	2,399,228	2,645,530	2,672,858	3,249,271	2,862,151	827,177	2,089,301	66,004	Unreserved, reported in:	-	-
Committed	3,080,921	5,903,693	2,705,450	4,289,409	4,283,113	7,369,361	10,340,213	2,368,053	Special purposes	-	-
Assigned	-	-	-	-	-	-	1,090,523	6,186,691	Special revenue funds	2,905,305	3,610,185
Unassigned	-	-	(403,248)	(284,827)	(631,842)	(531,029)	(3,226,317)	(591,464)	Capital projects funds (a)	1,484,186	2,601,381
Total all other governmental funds	\$ 6,588,771	\$ 9,585,195	\$ 6,089,246	\$ 8,322,239	\$ 7,535,308	\$ 8,650,595	\$ 11,233,956	\$ 8,915,480	Total all other governmental funds	\$ 6,414,938	\$ 7,662,987

**Notes:**

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

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Sales & use taxes	\$ 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	\$ 32,326,864
Property taxes	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	10,739,439
Other taxes	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	8,506,615
Licenses & permits	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	6,074,151
Fines & forfeitures	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	1,653,106
Revenues from money & property	476,857	395,853	305,821	278,241	295,724	331,552	335,715	437,777	461,205	547,055
Charges for services	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	3,876,829
Intergovernmental	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	10,138,379
Gifts & donations	165,000	280,405	226,081	155,629	108,180	79,115	190,764	7,600	50,500	81,383
Other revenues	375,268	1,268,944	1,050,811	825,963	640,298	762,753	772,327	940,355	44,972	155,030
Total revenues	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	74,098,851
<b>Expenditures</b>										
General Government	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	4,076,940
Public safety	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	22,545,457
Public works	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	7,930,561
Public services	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	10,949,244
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	19,272,133
Community service contracts	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	2,831,805
Community development	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	1,635,289
Personnel board	-	801,764	611,900	620,764	580,781	573,625	594,999	534,424	559,696	525,530
Debt Service: Principal	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	5,134,778
Interest and fiscal charges	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	2,983,520
Debt issuance costs	15	86,803	354,892	-	-	-	157,790	124,206	-	482,284
Capital projects construction and outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	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	78,367,541
Excess (deficiency) of revenues over expenditures	(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)	(4,268,690)
<b>Other Financing Sources (Uses)</b>										
Long-term debt issued	-	5,140,000	21,630,000	2,500,000	-	-	23,101,500	6,500,000	-	21,945,000
Premium on debt issue	-	97,594	316,632	-	-	-	261,492	46,149	-	325,960
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	837,996	422,596	-	-	54,600	-	-	-	574,929	614,474
Payment to escrow agent	-	-	(14,105,614)	-	-	-	(15,941,523)	-	-	(21,585,422)
Transfers in	1,551,014	5,996,202	2,858,215	749,409	849,219	752,865	3,480,350	1,332,003	1,105,334	3,293,644
Transfers (out)	(934,360)	(5,130,479)	(3,055,196)	(940,571)	(854,110)	(1,972,629)	(6,571,698)	(1,664,728)	(1,366,423)	(3,649,205)
Total other financing sources (uses)	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	944,451
Net change in fund balance	\$ (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)	\$ (3,324,239)

Debt service as a percentage of noncapital expenditures 9.2% 5.8% 6.7% 6.8% 6.7% 8.1% 11.5% 9.6% 11.8% 13.7%

\*\* 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
2009	200,069,940	534,383,300	8,777,200	207,876,920	535,353,520	18.6 Mills	3,564,183,133	15.02%
2010	201,477,560	561,757,560	9,239,000	209,795,900	562,678,220	18.6 Mills	3,696,595,567	15.22%
2011	203,965,920	548,823,220	9,374,540	220,558,700	541,604,980	18.6 Mills	3,586,547,067	15.10%
2012	201,541,160	555,002,400	9,316,980	204,461,620	561,398,920	18.6 Mills	3,676,450,300	15.27%
2013	200,898,580	605,860,720	9,258,020	190,522,460	625,494,860	18.6 Mills	3,991,799,167	15.67%
2014	199,699,520	627,784,140	9,382,520	210,588,960	626,277,220	18.6 Mills	3,981,836,067	15.73%
2015	198,796,920	645,795,960	9,039,260	230,243,280	623,388,860	18.6 Mills	3,961,013,167	15.74%
2016	199,647,480	654,237,080	7,172,520	221,571,380	639,485,700	18.6 Mills	4,055,584,500	15.77%
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%

**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)*

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

**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	2009			2010			2011			2012			2013		
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value												
Bunge Corporation	10,263,540	3	1.92%	10,583,820	3	1.88%	10,583,820	3	1.95%	11,674,840	3	2.08%	22,273,940	3	3.56%
BellSouth	9,442,740	4	1.76%	7,337,600	4	1.30%	7,337,600	4	1.35%	6,949,400	4	1.24%	6,721,200	6	1.07%
Hexel Corporation	22,905,500	2	4.28%	35,580,040	2	6.32%	35,580,040	2	6.57%	39,485,680	2	7.03%	58,219,400	2	9.31%
General Electric/Haier	4,543,620	7	0.85%	6,044,220	5	1.07%	6,044,220	5	1.12%	6,468,900	5	1.15%	8,286,840	5	1.32%
National Healthcare	*			2,761,420	10	0.49%	3,830,960	9	0.71%	*			*		
Nucor Steel	128,517,280	1	24.01%	135,048,680	1	24.00%	135,048,680	1	24.93%	125,141,860	1	22.29%	119,504,540	1	19.11%
O.C.I. Chemical Corp	5,299,680	9	0.99%	*			*			4,872,960	8	0.87%	5,116,740	10	0.82%
Meow Mix	8,644,500	6	1.61%	8,784,220	6	1.56%	8,784,220	6	1.62%	8,356,000	6	1.49%	7,018,020	7	1.12%
Charter Communications	*			*			*			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	5,189,300	5	0.97%	4,780,840	7	0.85%	4,780,840	7	0.88%	*			*		
ITC-AL LLC	7,188,780	8	1.34%	7,321,540	8	1.30%	7,321,540	8	1.35%	*			9,713,600	8	1.55%
Ardent Mills, LLC (Conagra)	4,550,000	10	0.85%	*			*			5,054,000	7	0.90%	4,992,080	9	0.80%
Coyote Garrison Decatur LLC	*			*			*			3,693,320	9	0.66%	*		
Polyplex USA, LLC	*			*			*			*			11,052,460	4	1.77%
<b>Total</b>	<b>\$ 206,544,940</b>		<b>38.58%</b>	<b>\$ 221,673,180</b>		<b>39.40%</b>	<b>\$ 222,742,720</b>		<b>41.13%</b>	<b>\$ 214,646,600</b>		<b>38.23%</b>	<b>\$ 252,898,820</b>		<b>40.43%</b>
Net City Taxable Assessed Value			535,353,520			562,678,220			541,604,980			561,398,920			625,494,860

**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	2014			2015			2016			2017			2018		
	Taxable Assessed Value		Percentage of Net City Taxable Assessed Value	Taxable Assessed Value		Percentage of Net City Taxable Assessed Value	Taxable Assessed Value		Percentage of Net City Taxable Assessed Value	Taxable Assessed Value		Percentage of Net City Taxable Assessed Value	Taxable Assessed Value		Percentage of Net City Taxable Assessed Value
			Rank			Rank			Rank			Rank			Rank
Bunge Corporation	18,185,860	3	2.90%	19,230,040	4	3.08%	18,957,020	4	2.96%	15,686,620	5	2.41%	19,535,500	4	2.69%
BellSouth	6,867,200	6	1.10%	6,918,000	7	1.11%	4,923,500	8	0.77%	6,596,200	7	1.01%	-	-	-
Hexel Corporation	73,919,400	2	11.80%	80,968,860	2	12.99%	88,503,120	2	13.84%	115,923,600	1	17.79%	129,027,720	1	17.77%
General Electric/Haier	9,210,420	5	1.47%	17,694,600	5	2.84%	24,603,100	3	3.85%	23,886,940	3	3.67%	23,460,220	3	3.23%
National Healthcare	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-
Nucor Steel	110,906,620	1	17.71%	108,511,480	1	17.41%	100,342,940	1	15.69%	85,160,720	2	13.07%	93,710,320	2	12.90%
O.C.I. Chemical Corp	4,392,840	10	0.70%	4,248,060	9	0.68%	4,287,060	9	0.67%	4,046,600	10	0.62%	4,417,860	9	0.61%
Meow Mix	6,151,880	7	0.98%	5,960,260	8	0.96%	12,920,104	6	2.02%	5,922,580	8	0.91%	6,916,740	7	0.95%
Charter Communications	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-
Hyosung USA, Inc.	*	*	*	*	*	*	*	*	*	*	*	*	4,787,100	8	0.66%
First Republic Group Realty	*	*	*	*	*	*	*	*	*	*	*	*	-	-	-
ITC-AL LLC	9,109,400	8	1.45%	8,646,880	6	1.39%	8,179,880	7	1.28%	7,718,520	6	1.18%	7,433,260	6	1.02%
Ardent Mills, LLC (Conagra)	5,769,920	9	0.92%	-	-	-	4,398,960	10	0.69%	4,124,760	9	0.63%	3,766,600	10	0.52%
Coyote Garrison Decatur LLC	*	*	*	3,571,720	10	0.57%	*	*	*	*	*	*	-	-	-
Polyplex USA, LLC	20,117,180	4	3.21%	19,955,600	3	3.20%	18,940,400	5	2.96%	18,162,900	4	2.79%	17,228,060	5	2.37%
<b>Total</b>	<b>\$ 264,630,720</b>	<b>42.25%</b>	<b>\$ 275,705,500</b>	<b>44.23%</b>	<b>\$ 286,056,084</b>	<b>44.73%</b>	<b>\$ 287,229,440</b>	<b>44.07%</b>	<b>\$ 310,283,380</b>	<b>42.73%</b>					
Net City Taxable Assessed Value		626,277,220			623,388,860			639,485,700			651,710,520			726,167,020	

**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)**

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<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2009	17,845,697	17,842,973	99.98%	9,698	17,852,671	100.0%
2010	18,613,467	18,346,672	98.57%	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%	17,341	20,690,353	99.7%
2017	21,301,129	21,241,167	99.72%	**	21,241,167	99.7%
2018*	24,887,687					

**Source:**

Morgan County Revenue Commissioner

\* FY 18 revenue collected amounts will not be available until mid-July 2019

\*\* FY 17 collections in subsequent years will not be available until mid-July 2019

**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)*

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**Calendar Year**

<b>Category Description</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Apparel	\$ 53,625	\$ 41,401	\$ 72,483	\$ 62,724	\$ 61,670	\$ 61,993	\$ 57,589	\$ 52,534	\$ 54,923	\$ 63,494
Multi-Line Retail	\$ 337,965	\$ 148,859	\$ 210,809	\$ 170,418	\$ 169,766	\$ 173,710	\$ 173,354	\$ 150,440	\$ 167,912	\$ 135,093
Restaurants	\$ 137,321	\$ 201,243	\$ 154,769	\$ 138,512	\$ 129,213	\$ 124,740	\$ 128,813	\$ 95,124	\$ 84,534	\$ 88,955
Grocery Stores	\$ 85,501	\$ 89,777	\$ 80,136	\$ 78,899	\$ 74,277	\$ 75,415	\$ 78,959	\$ 67,321	\$ 66,760	\$ 77,044
Building Materials	\$ 67,453	\$ 78,528	\$ 77,028	\$ 63,561	\$ 60,476	\$ 58,530	\$ 59,790	\$ 46,877	\$ 48,784	\$ 74,413
Automobile Dealers	\$ 269,605	\$ 317,935	\$ 294,061	\$ 230,500	\$ 217,491	\$ 201,947	\$ 189,072	\$ 115,422	\$ 57,844	\$ 150,216
Household Furnishings	\$ 7,763	\$ 27,439	\$ 28,083	\$ 26,665	\$ 24,961	\$ 18,203	\$ 16,654	\$ 14,205	\$ 14,908	\$ 12,277
Convenience Stores	\$ 38,199	\$ 31,931	\$ 35,557	\$ 33,510	\$ 32,371	\$ 28,268	\$ 31,453	\$ 29,235	\$ 32,519	\$ 65,220
All other outlets	\$ 346,622	\$ 381,769	\$ 558,504	\$ 477,803	\$ 494,117	\$ 440,491	\$ 447,227	\$ 381,307	\$ 334,197	\$ 211,402
<b>Total</b>	<b>\$ 1,344,054</b>	<b>\$ 1,318,882</b>	<b>\$ 1,511,430</b>	<b>\$ 1,282,591</b>	<b>\$ 1,264,342</b>	<b>\$ 1,183,297</b>	<b>\$ 1,182,911</b>	<b>\$ 952,465</b>	<b>\$ 862,381</b>	<b>\$ 878,114</b>

**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)**

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<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Morgan County</b>	<b>State of Alabama</b>
2009	4.00%	1.00%	4.00%
2010	4.00%	1.00%	4.00%
2011	4.00%	1.00%	4.00%
2012	4.00%	1.00%	4.00%
2013	4.00%	1.00%	4.00%
2014	4.00%	1.00%	4.00%
2015	4.00%	1.00%	4.00%
2016	4.00%	1.00%	4.00%
2017	4.00%	1.00%	4.00%
2018	4.00%	1.00%	4.00%

**Source:**  
City Revenue Department

**Notes:**  
Tax rates indicated are the general rate.

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

Tax Remitter Description	Calendar Year 2018			Calendar Year 2017			Calendar Year 2016		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,951,670	1	8.86%	\$ 3,890,428	1	9.20%	\$ 3,842,685	1	9.83%
Manufacturer	2,260,719	2	5.07%	2,108,019	2	4.98%	1,627,433	2	4.16%
Grocery store	1,361,800	3	3.05%	1,065,203	4	2.52%	1,002,354	4	2.56%
Multi-line retailer	951,878	5	2.14%	900,660	5	2.13%	849,926	6	2.17%
Building materials /hard line	1,161,078	4	2.60%	1,169,429	3	2.76%	1,138,342	3	2.91%
Multi-line retailer	585,560	9	1.31%	603,855	9	1.43%	590,507	10	1.51%
Grocery store	843,166	6	1.89%	887,086	6	2.10%	858,139	5	2.19%
Apparel Store	535,169	10	1.20%	555,165	10	1.31%	607,759	9	1.55%
Building materials /hard line	784,960	7	1.76%	756,826	7	1.79%	741,728	7	1.90%
Automobile dealer	741,860	8	1.66%	739,811	8	1.75%	725,808	8	1.86%
Apparel Store									
Multi-line retailer									
Manufacturer									
<b>Total</b>	<b>\$ 13,177,860</b>		<b>29.56%</b>	<b>\$ 12,676,482</b>		<b>29.96%</b>	<b>\$ 11,984,680</b>		<b>30.65%</b>
Tax Remitter Description	Calendar Year 2015			Calendar Year 2014			Calendar Year 2013		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,708,054	1	9.89%	\$ 3,587,180	1	9.70%	\$ 3,413,220	1	9.42%
Manufacturer	1,880,011	2	5.01%	2,100,098	2	5.68%	1,375,066	2	3.80%
Grocery store	1,224,425	3	3.27%	1,136,174	3	3.07%	1,112,742	3	3.07%
Multi-line retailer	875,168	5	2.33%	867,320	5	2.35%	909,758	5	2.51%
Building materials /hard line	1,040,212	4	2.77%	994,952	4	2.69%	954,004	4	2.63%
Multi-line retailer	698,811	7	1.86%	689,663	7	1.87%	730,711	7	2.02%
Grocery store	832,716	6	2.22%	754,482	6	2.04%	765,625	6	2.11%
Apparel Store	638,815	10	1.70%	661,069	8	1.79%	692,994	8	1.91%
Building materials /hard line	693,029	8	1.85%	660,209	9	1.79%	635,330	9	1.75%
Automobile dealer	639,662	9	1.71%	577,733	10	1.56%	*		
Apparel Store							*		
Multi-line retailer							*		
Manufacturer							615,354	10	1.70%
<b>Total</b>	<b>\$ 12,230,903</b>		<b>32.62%</b>	<b>\$ 12,028,879</b>		<b>32.53%</b>	<b>\$ 11,204,804</b>		<b>30.93%</b>

**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**

<b>Tax Remitter Description</b>	<b>Calendar Year 2012</b>			<b>Calendar Year 2011</b>			<b>Calendar Year 2010</b>		
	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>
Multi-line retailer	\$ 3,143,958	1	9.47%	\$ 3,155,015	1	9.12%	\$ 3,267,680	1	9.80%
Manufacturer	1,657,104	2	4.99%	1,593,683	2	4.61%	1,488,051	2	4.46%
Grocery store	1,113,659	3	3.35%	1,087,599	3	3.15%	943,588	4	2.83%
Multi-line retailer	960,704	4	2.89%	963,404	4	2.79%	960,358	3	2.88%
Building materials /hard line	946,466	5	2.85%	892,307	5	2.58%	902,975	5	2.71%
Multi-line retailer	800,484	6	2.41%	740,366	6	2.14%	677,686	6	2.03%
Grocery store	727,061	7	2.19%	686,460	7	1.99%	655,050	7	1.96%
Apparel Store	664,751	8	2.00%	598,786	9	1.73%	525,665	10	1.58%
Building materials /hard line	600,205	9	1.81%	610,317	8	1.77%	587,857	8	1.76%
Automobile dealer	532,527	10	1.60%	560,643	10	1.62%	554,647	9	1.66%
Apparel Store	*		*	*		*	*		*
Multi-line retailer	*		*	*		*	*		*
Manufacturer	*		*	*		*	*		*
<b>Total</b>	<b>\$ 11,146,919</b>		<b>33.56%</b>	<b>\$ 10,888,581</b>		<b>31.49%</b>	<b>\$ 10,563,557</b>		<b>31.68%</b>

**Calendar Year 2009**

<b>Tax Remitter Description</b>	<b>Tax Liability</b>	<b>Rank</b>	<b>Percentage of Total</b>
Multi-line retailer	\$ 3,332,677	1	10.31%
Manufacturer	1,215,992	2	3.76%
Grocery store	881,470	4	2.73%
Multi-line retailer	929,286	3	2.87%
Building materials /hard line	876,426	5	2.71%
Multi-line retailer	*		
Grocery store	630,738	7	1.95%
Apparel Store	496,031	8	1.53%
Building materials /hard line	664,293	6	2.05%
Automobile dealer	*		
Apparel Store	327,451	9	1.01%
Multi-line retailer	324,700	10	1.00%
Manufacturer	*		
<b>Total</b>	<b>\$ 9,679,064</b>		<b>29.94%</b>

**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)**

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<u>Fiscal Year</u>	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
2009	98,913,684	24,628,903	8,084,517	9,639,016	141,266,120
2010	93,571,114	21,495,060	9,266,433	11,419,349	135,751,956
2011	97,869,957	19,456,250	10,260,760	14,341,790	141,928,757
2012	96,544,683	15,701,341	11,512,382	15,335,240	139,093,646
2013	94,768,138	17,835,792	10,935,251	15,078,823	138,618,004
2014	98,306,039	20,956,097	11,841,254	15,759,277	146,862,667
2015	95,544,700	16,663,591	12,489,561	16,303,592	141,001,444
2016	92,196,471	13,333,262	14,795,250	16,691,283	137,016,266
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

**City of Decatur**

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

Fiscal Year	Governmental Activities			Business-type Activities						Total Primary Government	*Percentage of Personal Income	Total Debt per Capita
	General Obligation Warrants	Notes Payable	Capital Leases	Water Revenue Warrants	Wastewater Revenue Warrants	Water Notes Payable	Wastewater Notes Payable	Capital Leases				
2009	59,542	-	401	17,915	15,700	-	-	-	93,558	7.71%	1,750	
2010	55,352	-	579	16,245	13,790	-	-	-	85,966	6.44%	1,546	
2011	57,498	-	191	14,630	11,810	6,877	15,665	-	106,671	8.24%	1,881	
2012	59,028	-	-	16,080	19,915	-	-	-	95,023	6.82%	1,693	
2013	54,778	-	-	25,175	55,370	-	-	-	135,323	9.87%	2,402	
2014	51,318	-	45	23,300	52,495	-	-	-	127,158	9.37%	2,254	
2015	50,253	-	34	21,370	49,530	-	-	-	121,187	8.80%	2,161	
2016	54,841	-	24	19,380	46,475	-	-	-	120,720	8.74%	2,157	
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	

**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 Activities 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)**

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2009	59,542,038	1.67%	1,114
2010	55,351,670	1.50%	996
2011	57,366,976	1.60%	1,012
2012	59,028,296	1.61%	1,052
2013	54,778,295	1.37%	972
2014	51,318,049	1.29%	910
2015	50,252,354	1.27%	896
2016	54,840,756	1.35%	980
2017	56,647,650	1.38%	1,010
2018	50,403,999	1.10%	919

**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, 2018 (Unaudited)**

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<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percent Applicable to City</b>	<b>City's Share of Direct and Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
City of Decatur general obligation bonds & warrants	\$ 50,403,999	100.00%	\$ 50,403,999
<b>Total Direct Debt</b>			50,403,999
* City of Decatur Board of Education	125,167,987	100.00%	50,403,999
Morgan County	26,950,000	48.14%	12,973,730
Morgan County Board of Education	48,707,135	48.14%	23,447,615
<b>Total Overlapping Debt</b>			86,825,344
<b>Total direct and overlapping debt</b>			\$ 137,229,343

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2018 net assessed valuation of all taxable property in the City (\$726,167,020 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$1,508,538,980).

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

**Sources:**

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

**Notes:**

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

**City of Decatur**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years (Unaudited)**

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 107,070,704	\$ 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
Total net debt applicable to limit	55,330,038	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
Legal debt margin	51,740,666	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
Total net debt applicable to the limit as a percentage of debt limit	51.68%	46.70%	48.35%	47.67%	39.06%	36.49%	36.05%	38.97%	39.87%	31.71%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Assessed value	\$ 962,396,420
Less tax exempt property	<u>(236,229,400)</u>
Net Assessed Value	<u>726,167,020</u>
Debt limit (20% of net assessed value)	<u>145,233,404</u>
Debt applicable to limit:	
General obligation bonds**	46,048,999
Less:School	<u>-</u>
Total net debt applicable to limit	<u>46,048,999</u>
Legal debt margin	<u>\$ 99,184,405</u>

**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)**

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<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service</b>	<b>Coverage</b>
2009	141,472,819	133,607,497	7,865,322	5,064,336	1.55%
2010	135,864,145	124,879,664	10,984,481	4,657,987	2.36%
2011	142,061,998	128,939,530	13,122,468	4,579,979	2.87%
2012	139,253,683	122,587,716	16,665,967	5,523,435	3.02%
2013	138,764,202	123,584,281	15,179,921	6,570,620	2.31%
2014	147,026,063	129,276,053	17,750,010	7,398,849	2.40%
2015	141,138,101	123,318,615	17,819,486	7,548,849	2.36%
2016	137,016,266	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%

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

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Fiscal Year	Population	Personal Income <i>Thousands of dollars</i>	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
2009	53,465	1,213,549	22,698	38.9	536	8,812	10.6%
2010	55,588	1,335,335	24,022	39.4	498	8,723	9.0%
2011	56,696	1,293,803	22,820	40.4	500	8,545	9.9%
2012	56,114	1,392,918	24,823	37.0	605	8,516	6.8%
2013	56,342	1,371,195	24,337	37.3	499	8,312	6.4%
2014	56,416	1,356,861	24,051	37.4	557	8,476	6.1%
2015	56,068	1,376,638	24,553	37.8	546	8,693	5.7%
2016	55,974	1,380,711	24,667	38.0	534	8,484	5.6%
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%

**Sources:**

Morgan County Economic Development Association  
 Decatur City Schools

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

Employer	2018			2017			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,365	1	4.19%	1,365	1	5.02%	1,365	1	4.58%
General Electric/Haier	1,325	2	4.07%	1,325	2	4.88%	1,295	2	4.35%
Decatur City Schools	1,172	3	3.60%	1,133	3	4.17%	1,133	3	3.80%
Decatur General Hospital	*			*			*		
United Launch Alliance	620	9	1.90%	607	10	2.23%	820	7	2.75%
3M Company	961	5	2.95%	850	6	3.13%	850	6	2.85%
Wayne Farms Fresh	881	6	2.71%	881	5	3.24%	871	5	2.92%
Nucor Steel	728	7	2.24%	709	8	2.61%	721	8	2.42%
City of Decatur	665	8	2.04%	662	9	2.44%	658	10	2.21%
Wayne Farms East/West	1,033	4	3.17%	1,002	4	3.69%	942	4	3.16%
Parkway Medical Center	*			*			*		
BP America	*			*			*		
Gemstone Foods, LLC	530	10	1.63%	711	7	2.62%	711	9	2.39%
<b>Total</b>	<b>9,280</b>		<b>28.50%</b>	<b>9,245</b>		<b>34.03%</b>	<b>9,366</b>		<b>31.44%</b>

Employer	2015			2014			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	5.24%	1,449	1	4.32%	1,449	1	4.62%
General Electric	1,338	2	4.84%	1,300	2	3.88%	1,298	2	4.14%
Decatur City Schools	1,200	3	4.34%	1,200	3	3.58%	1,200	3	3.83%
Decatur General Hospital	*			*			*		
United Launch Alliance	808	7	2.92%	849	5	2.53%	849	5	2.71%
3M Company	850	6	3.07%	850	4	2.53%	887	4	2.83%
Wayne Farms Fresh	871	5	3.15%	795	6	2.37%	795	6	2.54%
Nucor Steel	721	8	2.61%	715	7	2.13%	710	7	2.26%
City of Decatur	665	10	2.40%	670	9	2.00%	693	9	2.21%
Wayne Farms East/West	942	4	3.41%	696	8	2.08%	696	8	2.22%
Parkway Medical Center	*			*			*		
BP America	*			444	10	1.32%	467	10	1.49%
Gemstone Foods, LLC	570	9	2.06%						
<b>Total</b>	<b>9,414</b>		<b>34.04%</b>	<b>8,968</b>		<b>26.74%</b>	<b>9,044</b>		<b>28.85%</b>

**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**

<b>Employer</b>	<b>2012</b>			<b>2011</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Decatur Morgan Hospital	1,449	1	4.30%	*			*		
General Electric	1,250	2	3.71%	1,250	1	4.07%	1,250	1	3.98%
Decatur City Schools	1,200	3	3.56%	1,205	2	3.92%	1,205	2	3.84%
Decatur General Hospital	*			1,000	3	3.25%	1,000	3	3.19%
United Launch Alliance	854	4	2.53%	760	6	2.47%	654	7	2.08%
3M Company	815	5	2.42%	880	4	2.86%	760	5	2.42%
Wayne Farms Fresh	800	6	2.37%	826	5	2.69%	858	4	2.73%
Nucor Steel	710	7	2.11%	719	7	2.34%	713	6	2.27%
City of Decatur	693	8	2.06%	680	8	2.21%	675	8	2.15%
Wayne Farms East/West	568	9	1.68%	568	9	1.85%	444	9	1.41%
Parkway Medical Center	*			414	10	1.35%	414	10	1.32%
BP America	457	10	1.36%	*			*		
Wolverine Tube									
Goodyear Tire & Rubber									
<b>Total</b>	<b><u>8,796</u></b>		<b><u>26.09%</u></b>	<b><u>8,302</u></b>		<b><u>27.00%</u></b>	<b><u>7,973</u></b>		<b><u>25.39%</u></b>

<b>Employer</b>	<b>2009</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Decatur Morgan Hospital	*		
General Electric	1,250	1	3.65%
Decatur City Schools	1,205	2	3.52%
Decatur General Hospital	1,000	3	2.92%
United Launch Alliance	654	6	1.91%
3M Company	760	4	2.22%
Wayne Farms Fresh	858	5	2.51%
Nucor Steel	700	8	2.05%
City of Decatur	675	7	1.97%
Wayne Farms East/West	444	10	1.30%
Parkway Medical Center	*		
BP America	446	9	1.30%
Wolverine Tube			
Goodyear Tire & Rubber			
<b>Total</b>	<b><u>7,992</u></b>		<b><u>23.36%</u></b>

**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)**

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Function/Program	Full-Time-Equivalent Employees as of September 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	58	52	47	46	45	46	44	42	43	41
Public Safety	268	274	269	275	276	282	288	284	275	272
Public Works	55	54	55	64	74	81	79	76	76	81
Public Services	67	68	68	63	63	72	71	71	77	72
Intergovernmental Assistance	23	23	22	21	23	20	18 **	16	18	19
Municipal Utilities Board	166	163	168	166	162	163	163	164	163	165
Point Mallard	7	8	8	9	8	10	10	9	9	11
Sanitary Landfill	21	20	21	21	19	19	20	18	14	14
<b>Total</b>	<b>665</b>	<b>662</b>	<b>658</b>	<b>665</b>	<b>670</b>	<b>693</b>	<b>693</b>	<b>680</b>	<b>675</b>	<b>675</b>

**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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government										
Building permits issued	3,496	3,051	3,325	3,039	5,319	3,090	3,225	3,132	2,910	3,703
Building inspections conducted	5,296	5,340	5,863	5,476	8,758	5,084	4,026	6,096	6,751	5,487
Police										
Adult arrests	4,422	3,881	3,930	4,635	5,325	4,770	5,264	5,594	5,428	6,291
Traffic citations	11,483	14,020	15,692	14,133	16,943	16,462	11,490	15,204	15,948	16,022
Fire										
Inspections	478	410	210	172	108	101	168	93	182	154
Emergency medical responses	5,003	4,758	5,354	5,709	5,937	4,183	3800	3872	5281	3917
Fire and/or Hazmat responses	2,151	1,988	1,838	1,558	1,479	901	857	930	1,467	1,291
Refuse collections										
Recyclables collected in tons	2,296	2,049	2,223	2,926	2,563	2,180	2,052	1,301	1,416	1,381
Garbage and trash collected	36,889	35,368	34,397	33,755	36,042	34,142	34,108	37,287	38,164	39,608
Municipal Utilities Board										
Electrical connections	26,531	26,599	26,582	26,525	26,487	26,515	26,618	26,513	26,453	26,403
Water connections	25,385	25,375	25,362	25,340	25,295	25,260	25,194	25,244	25,144	25,155
Wastewater connections	20,474	20,448	20,416	20,388	20,319	20,297	20,245	20,327	20,293	20,308
Gas connections	13,575	13,561	13,637	13,661	13,613	13,690	13,640	13,691	13,793	13,785

**Source:**  
Various city departments

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	5	5	5	3	4	3	3	3	3	3
Vehicles	165	162	160	166	166	167	161	153	135	135
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	9	9	10	9	10	10	12	10	10	13
Special Response Vehicle	5	5	5	5	5	5	3	3	3	4
Sanitation										
Garbage collection trucks	17	17	17	17	16	16	17	17	17	17
Other public works										
Paved streets (miles)	336	336	336	336	336	336	335	335	335	334
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	49	48	48	48	48	48	48	48	48	48
Storm drainage conduits (miles)	145	145	145	145	145	144	143	143	143	143
Parks and Recreation										
Number of parks*	26	26	26	26	26	26	26	26	26	26
Acres of Parks	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278
Golf courses (public & private)	4	4	4	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	46
Recreations centers	4	4	4	5	5	5	5	4	4	4
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	35	35	35	35	35	35	35	35	35	35
Enclosed swimming pool	1	1	1	1	1	1	1	1	1	1
Open air swimming pools	2	2	2	2	2	2	2	2	2	2
Soccer facilities (acres)	62	62	62	62	62	62	62	62	62	62
Ice rinks	1	1	1	1	1	1	1	1	1	1
Marina/boat launch	2	2	2	2	2	2	2	2	2	2
Campgrounds	1	1	1	1	1	1	1	1	1	1
Municipal Utilities Board										
Water mains (miles)	491	490	487	487	484	484	484	481	480	480
Gas mains (miles)	421	421	420	420	418	418	415	414	414	413
Electric lines (miles)	594	594	593	593	593	593	593	592	592	592
Sanitary sewers (miles)	374	358	350	348	342	342	341	340	340	340
Fire hydrants in service	2,060	2,048	2,039	2,032	2,028	2,026	2,019	2,011	2,009	2,019

**Sources:**

Various city departments and capital assets records