



2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2020



the City OF OPPORTUNITY



Government Finance Officers Association

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Presented to

**City of Decatur
Alabama**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Decatur
 Comprehensive Annual Financial Report
 September 30, 2020

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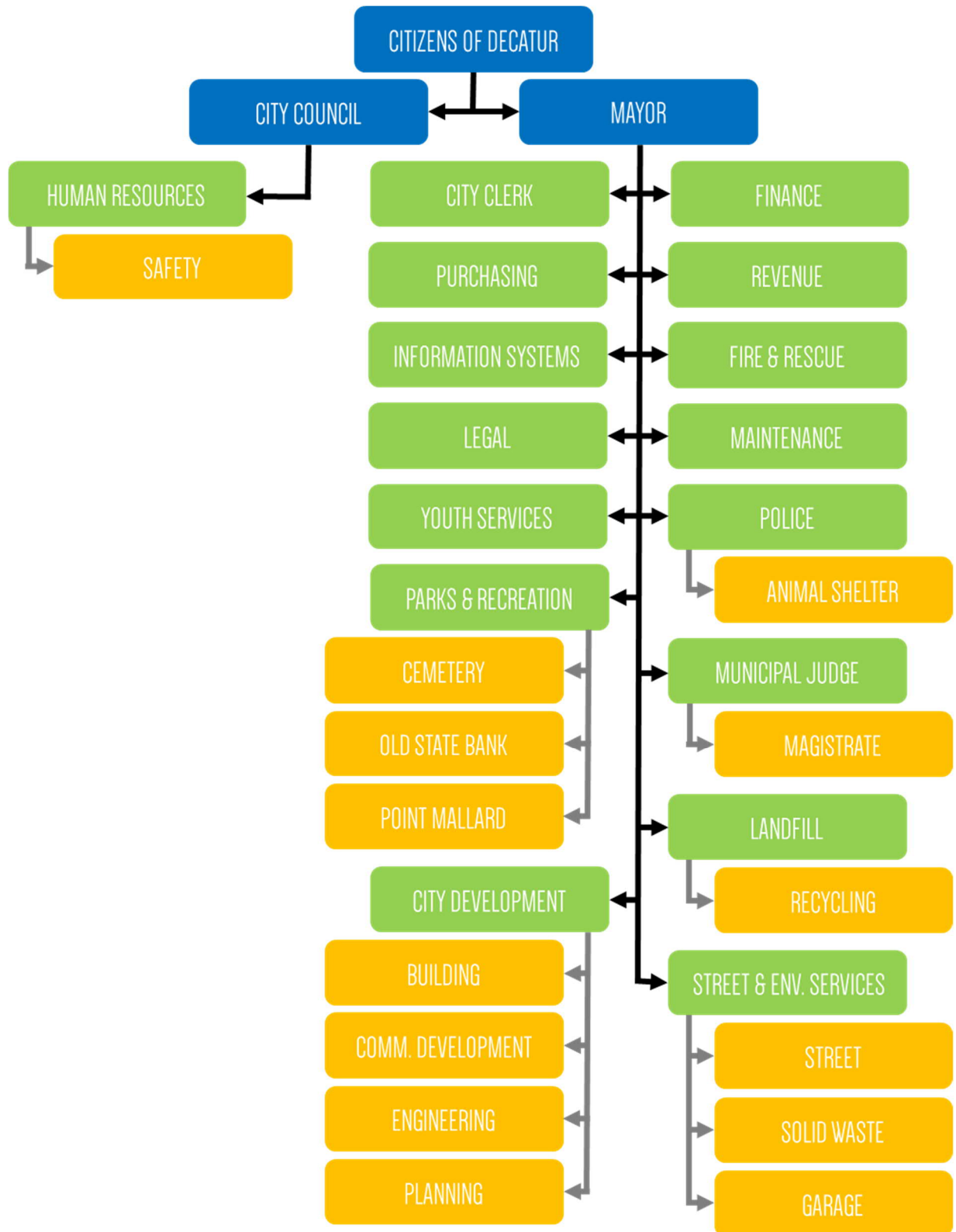
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City of Decatur

Organizational Structure

September 30, 2020



City of Decatur 2020

Boards and Commissions

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	

City / County Boards

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

Officials of the City of Decatur 2020

Mayor

Tab Bowling

City Council

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

Department Directors

Chief Financial Officer	John Andrzejewski
City Attorney	Herman Marks
Building	Wally Terry
Community Development & Planning	Wally Terry
Engineering	Wally Terry
Fire Chief	Anthony Grande
Information Systems	Brad Phillips
Municipal Judge	Bill Cook, Jr
Landfill	Rickey Terry
Parks & Recreation	Jason Lake
Personnel	Richelle Sandlin
Police Chief	Nathaniel Allen
Street & Environmental Services	Rickey Terry
Youth Services	Bruce Jones

City of Decatur
Other Key Personnel
September 30, 2020

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



March 31st, 2021

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, 2020 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, 2020 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, 4 recreation centers, 35 ball fields, 3 pools, 2 golf courses both public & private, 62 acres of soccer fields), cultural events, community services, and general administrative services. Utility services are provided through a separate Municipal Utilities Board, which is a major proprietary fund included in the City's financial statements.

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

The City maintains budgetary controls to ensure compliance with legal provisions in the annually appropriated budgets adopted by the City Council. Activities of the general fund and special revenue funds are included in the budget process. A formal budget is not adopted for the debt service funds because effective control is achieved through the related debt's indenture provisions. Although not legally required, the City Council also approves 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 12 Fortune 500 companies and 7 Global 500 companies. Despite changes brought forth from the COVID-19 global pandemic, the City of Decatur saw 17 expansion/equipment upgrades, totaling \$301,839,500 and 91 new jobs in FY 2020. Retail District expansion also continued with announcements of new restaurants, both local and national chains, as well as various shopping options for all citizens.

With all the challenges COVID-19 brought to the global economy, the City of Decatur was resilient. Overall revenues continued their historical increasing trend and City management really ensured all risk that came with a global pandemic was mitigated, from an expenditure standpoint. These overwhelming factors position the City of Decatur favorably.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the twenty-eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kyle Demeester", with a long horizontal flourish extending to the right.

Kyle Demeester
Chief Financial Officer
City of Decatur



FINANCIAL SECTION



Tucker, Scott & Wates, LLC

Certified Public Accountants | Full Service Tax and Accounting

David E. Scott, CPA • Darrell W. Wates, CPA, CGMA • Aaron J. Bell, CPA

Jami K. Freeman, CPA • Frederick T. Marthaler III, CPA • J.A. Tucker, CPA (1936-2013)

dwwates@tswcpa.com

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, 2020, 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 90.6 percent, 91.3 percent, and 93.4 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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, starting on page 3, the pension information starting on page 86, and the other post-employment information starting on page 90, 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 94, the combining and individual nonmajor governmental funds financial statements starting on page 103, the nonmajor governmental funds budgetary comparison schedules starting on page 107, and the combining and individual nonmajor proprietary funds financial statements starting on page 116, 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 31, 2021, 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 + Waters, LLC

Decatur, Alabama
March 31, 2021



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, 2020. 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.

2020 HIGHLIGHTS

Financial Highlights

- The total net position of the City is \$222.6 million. Of this amount, (\$112) million from governmental activities considered unrestricted appears in the deficit position and is the result of the overall liabilities for the City's Pension and Post-Employment Benefits (OPEB) obligations.
- The unrestricted net position of the business-type activities is a surplus of \$8.5 million which is likewise attributable to the reduction in long term debt.
- The City's net position increased by \$17.3 million. The governmental net position increased \$6.8 million and business-type net position increased by \$10.5 million.
- Governmental activities revenues decreased by \$431 thousand due in part to the COVID-19 pandemic restricting charges for services and a decrease in property tax revenue. Although sales tax revenues were up \$1.5 million, large reimbursements from capital projects was down.
- As of September 30, 2020, governmental funds reported a combined ending fund balance of \$44.8 million, an increase of \$2 million from the prior year. Of that ending fund balance, \$15.1 million is unassigned and available to finance the activities of the governmental funds and \$29.7 million is committed or assigned to meet existing obligations.
- General Fund reported a fund balance of \$43 million, \$15.2 million of this amount is available for general use. This reflects a \$1.4 million increase over the prior year ending balance available for general use.
- The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund Operating Expenses. \$17.6 million of the \$25.7 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 \$15.2 million.
- The City's total debt decreased by \$7.9 million during 2020. Debt of governmental activities decreased by \$3.8 million with reduction of debt through scheduled principal payments. Debt of business-type activities decreased by \$4.1 million through scheduled principal payments.

Management's Discussion and Analysis- Continued

City Highlights

Industrial Expansion

Decatur-Morgan County is home to approximately 145 Industries, including 12 Fortune 500 companies and 7 Global 500 companies. Despite uncertainty and industries being required to changing facility operation due to COVID-19, Morgan County continued to see industry expansion and/or upgrading of their local facilities this fiscal year. During 2020 there were 17 expansion/equipment upgrades, some of which remain confidential, for a total of \$301,839,500 in new capital investments and 91 new jobs. Below are some further details on some of the expansions and announcements which are not confidential in nature:

- GE Appliances, a Haier Company, announced its \$125M facility expansion of its refrigerator plant, adding 255 jobs. Transacting \$58 million in business with suppliers across Alabama, the plant allows for increased production of its top-freezer refrigerators by 25 percent and compliance with 2022 refrigerant changes, making the Decatur plant a super site for GE appliances.
- Polyplex USA plans a \$90.6 million capital investment to expand production of specialized polyester film. This shows the growing shift towards local supply in regional markets. The project will create 100 jobs.
- M&J Precision brought forth a plan for an expansion of \$3.6 million to add a precision machinery operation. Adding 25 new jobs, the new operation will add precision machinery operation next to its current building.
- Ascend Performance Materials finalized significant investment with a 175.7 million capital expansion. Bringing 10 high-end manufacturing jobs, the project is one of only four in the world that produce adiponitrile, or AND, on a large scale. By completion of the facility expansion, 150 skilled jobs will be created.
- Applegate Fibers South made a \$125 thousand capital investment.
- AFC Feed, a joint venture between the Alabama Farmers Cooperative and Purina Nutrition, announced plans to build a \$7.4 million animal feed and blending facility. A 60,000 square foot facility expansion, 9 jobs are expected to be created.
- Inland Port granted the Decatur-Morgan County Port Authority with \$2.1M in grant funding to increase waterway traffic, reduce highway traffic, and help industries dependent upon navigable water routes ship finished products and import raw materials effectively. The funding will assist in the construction of two new warehouses adding 70,000 square feet of indoor storage at the port. Total investment is expected to be \$3.3M.

Retail Districts Expansion

In addition to the industrial expansion noted above, the City's retail establishments have continued to thrive and expand, despite the impacts of a COVID-19 economy. Some of the more notable items during 2020 and continuing into 2021 are as follows:

- A new shopping district opened in 2020. Shoppes on 2nd is home to 39 unique local stores, housing homemade goods, fine art and home décor.
- Chipotle opened in the Decatur Shopping Plaza. This restaurant is a perfect addition to a fast growing development, joining the likes of Kroger, Hobby Lobby and most recently TJ Maxx. Chipotle is a sole owned/operated Mexican style restaurant. The 2,300 square foot Decatur restaurant was one of 19 announced openings in the quarter for the chain.
- Announcement of more food options for the city was made in 2020 - Cookout, Whataburger, Buenavista, Freddy's Frozen Custard & Steakhburgers
- A local family will open their second restaurant in the City, announcing Moody Crab. Cajun style seafood will be served in the Crossing shopping center, renovating an 8,000 sq. foot space.
- A rather healthy alternative was welcomed with the opening of 6th Avenue Nutrition. The smoothie/juice bar serves health shakes, energy teas and protein coffee.
- Tractor Supply Co. built a 19,000 square foot facility. The store sells products for home improvement, agriculture lawn/garden maintenance, livestock and pet care.

Management's Discussion and Analysis- Continued

- The development of Point Mallard Centre flourished, in 2019 the pre-zoning and/annexation phases continued as part of the city's investment to develop infrastructure to the need of this retail center. The 100 acres saw the start of residential construction of approximately 300 homes.
- Construction began on 60 upscale, riverfront lots entering Point Mallard.
- 40 acres off of Central Parkway is being developed for residential purposes. The initial stages of 50-60 entry level homes began construction.
- City council approved the ability for food trucks to operate in the city, without a special event permit. The first Friday of every month will see a food truck gathering, serving citizens of Decatur with a multitude of food truck option from across the region.
- Aldi made a site plan announcement of a 19,200 square foot grocery store on Beltline road.
- Downtown Decatur saw the addition of a bakery with the opening of Sweets by Jordan – home to a variety of custom desserts, birthday cakes, cupcakes and wedding cakes.
- Despite the challenges of a global pandemic, two more new restaurants had grand openings: Cheesecakes and More and Hard Hat Café.

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 serves as the guide for future city endeavors because of the efforts of many throughout the city. Some of the first step accomplishments include:

- Clarion updating the zoning ordinances – Module 1 has entered the public review phase. Module 2 has been reviewed and submitted to Clarion for further action.
- The finance committee taking part in preliminary discussion of a Capital Improvements Program (CIP).
- Beautification efforts on AL Highway 31 by members of the private sector is in the final design phase. There is an active, apparent and visible effort being made by many groups to the area around the Wheeler Wildlife Refuge.
- The beginning stages of residential development are apparent with 450 single-family dwelling homes to become available.
- The advisory council has recommended and is implementing a Decatur City Schools Summer Learning Academy at Austin Middle. This program targets 5th and 6th grade students for workforce development with their industry mentor curriculum.
- The continuation of multi-cultural local events like the Tour of Historic African American Churches and the Celebrating Early Old Town with ART (CEOTA) initiative, which hopes to build a museum centered on the Scottsboro Boys Trial and the paintings of Frances Tate. Fundraising still continues for museum efforts.
- The city's Historic Preservation Specialist has ignited economic/residential growth. The opportunity for historic preservation tax credits have developed under her leadership and future plans are to expand the zoning of the historic district.
- Downtown WIFI implemented and further expansion is planned.
- E-center currently incubating and mentoring 56 startup businesses. The start of a program known as the Best and Brightest began, designed to incentivize STEM graduates to live in the city. A nationally recognized program, the City contributed \$100 thousand and currently there are 18 members of the program.
- The State Route Highway 20/ Bibb Garrett Overpass is in the site prep phase of development in the Limestone County portion of the City.

Management's Discussion and Analysis- Continued

- The early stages of a 6th Avenue Corridor Improvement beautification project is in the preliminary phase and a \$175 million investment was made by city officials to make capital improvements to the city sewer system over a 10 year period.

USING THIS ANNUAL REPORT

Overview of the Financial Statements

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

Government-Wide Financial Statements

- The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.
- The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).
- Government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities of the City include general government, public safety, public works, public services, educational, community service, community development, and personnel board functions. The educational function relates to financial resources provided to the Decatur Board of Education for support of the city school system.
- Business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard. All of these activities are collectively referred to in the financial statements as those of the primary government.
- Financial information of the Board of Education is referred to in the financial statements as that of the discretely-presented component unit. This discussion and analysis focuses on the primary government. Complete financial statements (including MD&A) of the component unit may be obtained from the Finance Department of the City.
- The government-wide financial statements can be found beginning on page 17 of this report.
- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision.

Management's Discussion and Analysis- Continued

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 17 individual governmental funds. The General Fund and the School Fund are considered to be major funds, and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.
- The 15 other governmental funds are considered to be non-major governmental funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found beginning on page 19 of this report.

Proprietary Funds

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

The basic proprietary fund financial statements can be found beginning on page 24 of this report.

Notes to the Financial Statements

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

Other Information

- In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for most of its governmental funds, a comparison of budget to actual results is provided for these funds to demonstrate compliance with the budget. This information and the combining non-major funds statements referred to earlier can be found beginning on page 102 of this report.

Management's Discussion and Analysis- Continued

Government-Wide Financial Analysis

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

- The largest portion of the City's net position is reflected in its investment in capital assets (e.g. Land, buildings, improvements other than buildings, infrastructure, and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position 9.7% 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 \$(104) million, which consists of \$(112.6) million from governmental activities and \$6.8 million from business-type activities.
- Net position from governmental activities increased \$8.5 million in fiscal year 2020. This is mostly attributed to General Fund revenues exceeding budgeted revenue – \$1.9 million, in addition to General Fund expenditures not exceeding budgeted expenditures - \$13.9M. These results were created by using a conservative approach during a period where COVID-19 generated a lot of uncertainties and proper precautions to mitigate risks were implemented.
- Cash in General Fund increased \$1.2 million and General Fund's revenue, lease proceeds and transfers-in exceeded expenditures and transfers out by \$1.6 million.
- Sales tax revenues in governmental funds increased \$1.5 million.
- Net position from business-type activities increased \$10.5 million as long term liabilities decreased by \$10.8 million and Capital assets increased by \$2.0 million.
- Decatur Utilities continued to make upgrades and improvements to its Wastewater system and completed work on the Beltline Sewer Project contributing to the large increase in capital assets noted above.

Management's Discussion and Analysis- Continued

City of Decatur's Net Position

	Governmental Activities			Business-Type Activities			Total	
	September 30,	September 30,	Change	September 30,	September 30,	Change	September 30,	September 30,
	2020	2019		2020	2019		2020	2019
Assets								
Current and other asset	\$ 52,040,693	\$ 50,230,614	\$ 1,810,079	\$ 100,344,064	\$ 106,157,740	\$ (5,813,676)	\$ 152,384,757	\$ 156,388,354
Capital Assets	94,383,744	87,798,313	6,585,431	295,328,431	293,316,804	2,011,627	389,712,175	381,115,117
Total assets	146,424,437	138,028,927	8,395,510	395,672,495	399,474,544	(3,802,049)	542,096,932	537,503,471
Deferred outflows of Resources								
Losses on debt refundings	570,438	682,558	(112,120)	-	-	-	570,438	682,558
OPEB Contributions	20,282,693	2,657,264	17,625,429	1,415,708	168,966	1,246,742	21,698,401	2,826,230
Pension contributions subsequent to measurement date	8,763,742	7,856,123	907,619	4,154,060	3,317,985	836,075	12,917,802	11,174,108
Total deferred outflows of resources	29,616,873	11,195,945	18,420,928	5,569,768	3,486,951	2,082,817	35,186,641	14,682,896
Liabilities								
Long-term liabilities outstanding	207,749,133	181,040,518	26,708,615	95,710,807	106,583,548	(10,872,741)	303,459,940	287,624,066
Other liabilities	6,975,879	6,695,592	280,287	23,995,566	24,821,173	(825,607)	30,971,445	31,516,765
Total liabilities	214,725,012	187,736,110	26,988,902	119,706,373	131,404,721	(11,698,348)	334,431,385	319,140,831
DEFERRED INFLOWS OF RESOURCES								
Excess of actual earnings over projected earnings on OPEB plan investments	11,144,925	15,102,282	(3,957,357)	7,265,747	5,966,798	1,298,949	18,410,672	21,069,080
Excess of actual earnings over projected earnings on pension plan investments	776,369	3,930,407	(3,154,038)	903,879	2,702,559	(1,798,680)	1,680,248	6,632,966
Total deferred inflows of resources	11,921,294	19,032,689	(7,111,395)	8,169,626	8,669,357	(499,731)	20,090,920	27,702,046
Net position								
Net investment in capital assets	56,110,871	45,494,769	10,616,102	249,319,906	243,198,235	6,121,671	305,430,777	288,693,004
Restricted:								
Debt service	-	-	-	24,012,716	24,012,716	-	24,012,716	24,012,716
Capital Improvements	55,505	55,505	-	-	-	-	55,505	55,505
Other	3,645,840	3,515,092	130,748	-	-	-	3,645,840	3,515,092
Unrestricted (deficit)	(110,417,212)	(106,609,293)	(3,807,919)	33,642	(4,323,534)	4,357,176	(110,383,570)	(110,932,827)
Total net position	\$ (50,604,996)	\$ (57,543,927)	\$ 6,938,931	\$ 273,366,264	\$ 262,887,417	\$ 10,478,847	\$ 222,761,268	\$ 205,343,490

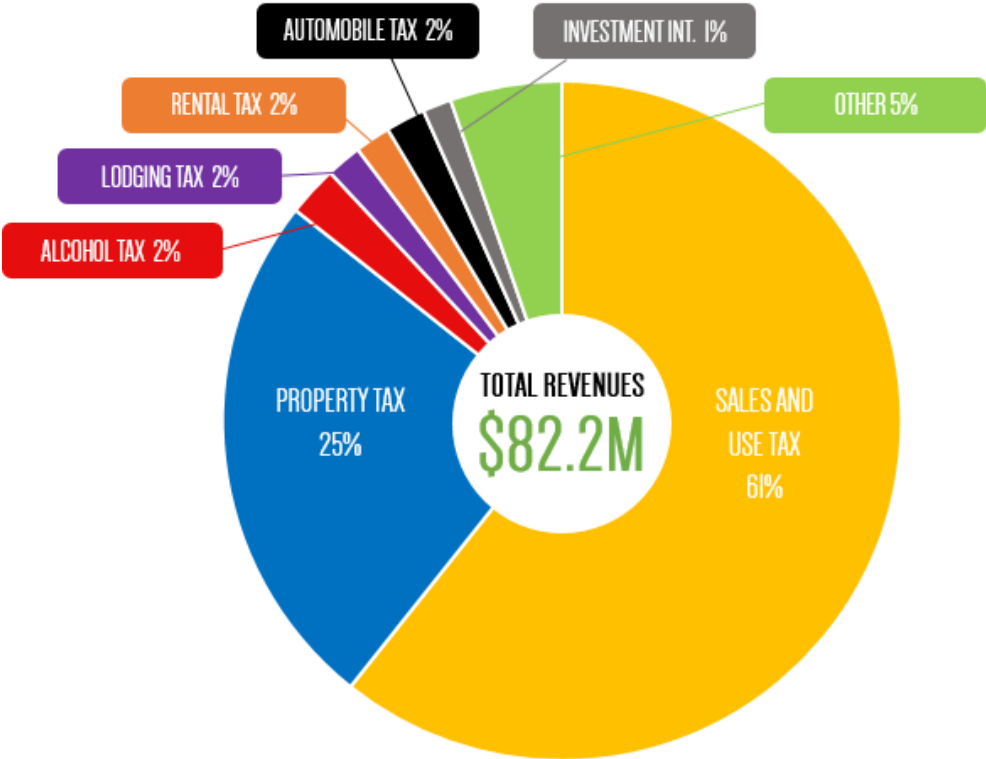
Management's Discussion and Analysis- Continued

	Governmental Activities			Business Type Activities			Total	
	September 30,	September 30,	Change	September 30,	September 30,	Change	September 30,	September 30,
	2020	2019		2020	2019		2020	2019
REVENUES								
Program revenues:								
Charges for services	\$ 13,576,237	\$ 13,922,847	\$ (346,610)	\$ 141,266,959	\$ 156,427,975	\$ (15,161,016)	\$ 154,843,196	\$ 170,350,822
Operating grants and contributions	2,472,564	1,673,621	798,943	-	-	-	2,472,564	1,673,621
Capital grants and contributions	4,318,927	6,750,266	(2,431,339)	1,246,220	3,907,937	(2,661,717)	5,565,147	10,658,203
General revenues							-	-
Sales taxes	49,930,964	48,372,767	1,558,197	-	-	-	49,930,964	48,372,767
Property taxes and payemnts in lieu of taxes	20,507,015	20,754,352	(247,337)	-	-	-	20,507,015	20,754,352
Other taxes	10,395,842	10,502,155	(106,313)	-	-	-	10,395,842	10,502,155
Interest on investments	1,125,044	1,032,167	92,877	1,081,704	1,883,254	-	2,206,748	2,915,421
Other revenue	287,769	37,239	250,530	66,343	583,010	(516,667)	354,112	620,249
Total revenues	<u>102,614,362</u>	<u>103,045,414</u>	<u>(431,052)</u>	<u>143,661,226</u>	<u>162,802,176</u>	<u>(18,339,400)</u>	<u>246,275,588</u>	<u>265,847,590</u>
EXPENSES								
General government	21,569,693	9,470,149	12,099,544	-	-	-	21,569,693	9,470,149
Public safety	26,646,533	26,386,902	259,631	-	-	-	26,646,533	26,386,902
Public works	7,784,652	8,228,481	(443,829)	-	-	-	7,784,652	8,228,481
Public services	9,483,645	11,193,931	(1,710,286)	-	-	-	9,483,645	11,193,931
Intergovernmental assistance	23,314,576	23,232,204	82,372	-	-	-	23,314,576	23,232,204
Community service contracts	2,690,067	2,794,596	(104,529)	-	-	-	2,690,067	2,794,596
Community development	1,489,956	1,293,569	196,387	-	-	-	1,489,956	1,293,569
Interest on long-term debt	1,292,456	1,417,048	(124,592)	-	-	-	1,292,456	1,417,048
Unallocated depreciation	1,801,728	1,985,191	(183,463)	-	-	-	1,801,728	1,985,191
Municipal Utilities Board	-	-	-	124,503,538	135,287,508	(10,783,970)	124,503,538	135,287,508
Point Mallard	-	-	-	3,715,716	5,718,591	(2,002,875)	3,715,716	5,718,591
Sanitary Landfill	-	-	-	4,566,388	5,665,053	(1,098,665)	4,566,388	5,665,053
Total expenses	<u>96,073,306</u>	<u>86,002,071</u>	<u>10,071,235</u>	<u>132,785,642</u>	<u>146,671,152</u>	<u>(13,885,510)</u>	<u>228,858,948</u>	<u>232,673,223</u>
Increase (decrease) in net position before transfer	6,541,056	17,043,343	(10,502,287)	10,875,584	16,131,024	(5,255,440)	17,416,640	33,174,367
Transfers	396,735	795,661	(398,926)	(396,737)	(795,661)	398,924	(2)	-
Increase (decrease) in net position	6,937,791	17,839,004	(10,901,213)	10,478,847	15,335,363	(4,856,516)	17,416,638	33,174,367
Net position - beginning of year, as restated	<u>(57,542,787)</u>	<u>(75,382,931)</u>	<u>17,840,144</u>	<u>262,887,417</u>	<u>247,552,054</u>	<u>15,335,363</u>	<u>205,344,630</u>	<u>172,169,123</u>
Net position - end of year	<u>\$ (50,604,996)</u>	<u>\$ (57,543,927)</u>	<u>\$ 6,938,931</u>	<u>\$ 273,366,264</u>	<u>\$ 262,887,417</u>	<u>\$ 10,478,847</u>	<u>\$ 222,761,268</u>	<u>\$ 205,343,490</u>

Management's Discussion and Analysis- Continued

Governmental Activities

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



- Revenues from governmental activities decreased \$431 thousand during 2020. Revenue from property taxes decreased \$247 thousand with sales taxes increasing \$1.6 million. Capital grants and contributions decreased in the current year by \$2.4 million due to the completion of a major Metropolitan Planning Organization project in Spring Avenue. Operating grants and contributions revenue increased \$800 thousand, in large part due to additional grants received (COVID-19 Cares Act and Decatur High School Transportation Alternative Program for sidewalks) and program income generated from the sale of CDBG land. All other taxes remained fairly consistent with increases in one area offsetting decreases in another.

SALES AND USE TAX REVENUE



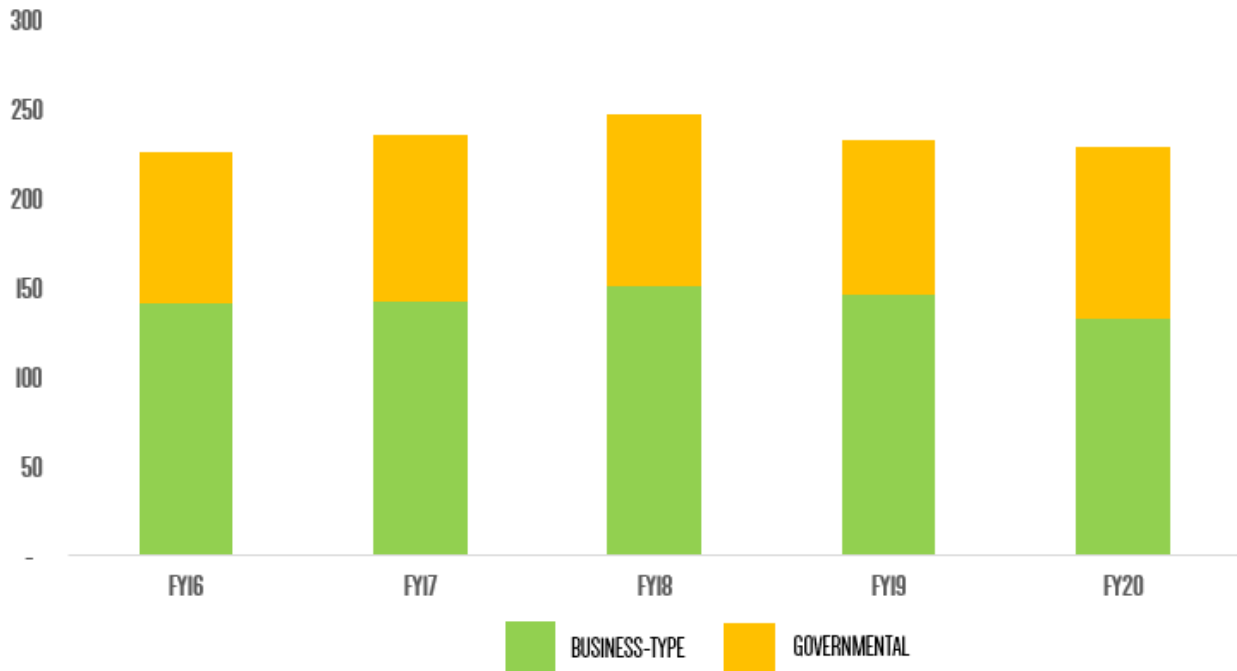
Management's Discussion and Analysis- Continued

- In the General Fund, total expenditures increased \$3.5 million. Public Works expenditures increased \$4.3 million because of the development of the Highway 20 Bibb Garrett Overpass. Public Services expenditures decreased \$2.2M due to operational changes made within the departments and conservatively holding capital spending, while navigating the repercussions of COVID-19.
- Sales and Use tax increased \$1.3 million, despite the effects of COVID-19, with a significant increase in the Simplified Sellers Use Tax.

Business-Type Activities

- The business-type activities total net position increased \$10.5 million from 2019. Total revenues decreased \$19.1 million in part due to COVID-19 restrictions not allowing Point Mallard's Waterpark to open for their summer season. The total net position increased primarily due to increased revenues in the Landfill fund and decreased expenses.
- From fiscal year 2019 to 2020, Electric System operating revenues decreased 8.54% due to a decrease in charges for sales and service in all customer classes. This was offset by a 10.13% increased in purchased power cost. Net position increased 4.16% from the prior year.
- From fiscal year 2019 to 2020, Gas System operating revenues decreased 20.83% from lower volumes in all customer classes. This was offset by a 27.53% decrease in purchased gas cost. Net position increased 1% from the prior year mainly from increased aid in construction.
- From fiscal year 2019 to 2020, operating revenues for the Water System decreased 2.40% as a result of volumetric increases from all customer classes, less residential. This was partly offset by a 4.09% decrease in treatment expense. Net position increased 4.24% from the prior year.
- Operating revenues for the Wastewater System decreased 3.76% due to decreased commercial and industrial volumes. Net position increased 3.54% over the prior year.

PRIMARY GOVERNMENT EXPENDITURES



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, 2020 were \$44.8 million, an increase of \$2 million from the 2019 fiscal year. Of this amount, \$15.2 million constitutes unassigned and \$28.1 assigned and committed fund balance, which is generally available for spending at the City's discretion, although it is subject to certain commitments made within each fund by the City Council.
- Fund balance of the General Fund increased \$1.6 million over 2019. Revenues increased \$284 thousand as sales taxes in general fund increased by \$1.3 million while other revenues collectively decreased \$1 million. General Fund expenditures increased \$3.5 million. Overall debt expenditures decreased due to no new debt being issued and normal principal payments continuing as scheduled. Public safety and general government expenditures increased to offset this primarily due to large budgeted capital expenditures. Further information on capital expenditures for the year have been discussed in detail on the following page.

Other Notes to Governmental Fund Expenses

- The School Fund has a zero fund balance as all funds are remitted directly to the Board of Education as their debt has been paid in full.
- The Room Occupancy Fund has a negative fund balance of \$202 thousand which is related to the internal loan balances to General Fund and the Landfill Fund to finance the construction of the Ingalls Harbor Pavilion. The loan is to be repaid by the Room Occupancy Fund over the course of fifteen years from its \$2 per room night charge through the Hospitality Association.
- Fund balance in the non-major capital project funds decreased by \$174 thousand due to continued capital projects. A significant portion of the funding in 2020 came from federal and state funded road projects.
- The General Fund is the primary operating fund of the City. The unassigned, assigned, and committed fund balance of the General Fund was \$38.6 million.

Proprietary Funds

- The focus of the City's proprietary funds (enterprise and internal service funds) is to provide the same type of information as found in the government-wide financial statements but in more detail.
- The net position of the enterprise funds increased \$10.5 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

General Fund

- The FY20 revenue budget was \$4.7 million above FY19 due primarily to taxes and payments in lieu of taxes revenues exceeding FY19 budget by \$2.0 million.
- Sales tax was \$1.9 million over budget due to increased expansion of commerce and conservative budgeting of revenue increases.
- Payments In lieu of taxes exceeded the budgeted amount by \$683 thousand for 2020. This was due primarily to an increase in taxes received from financial institutions and Tennessee Valley Authority.
- All expenses were lower than budgeted amounts by \$13.9 million in total. This was due to conservative budgeting of revenue and expenditures being monitored against the anticipated overall revenue.
- Overall, revenues for FY20 exceeded amended budget by \$2.0 million and also exceeded FY19 actual revenues by \$1.5 million.
- The 2020 actual expenditures of \$68.6 million fell short of the final amended revenue budget of \$82.6 million by \$13.9 million.

Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2020 totals \$389.7 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 \$8.6 million from 2019.
- Capital assets used by governmental activities increased \$6.5 million primarily attributable to various infrastructure improvements in progress.
- Capital assets used for business-type activities increased by \$2 million primarily due to normal expansions of the utility systems within the Municipal Utilities Board Fund.

Major Capital Events during the Fiscal Year

- \$991 thousand was spent on fleet vehicles for the police department.
- \$470 thousand was spent on police technology.
- \$1.9 million was spent on new fire trucks and rescue vehicles for the fire department.
- \$183 thousand was spent on fire technology.
- \$720 thousand was spent on heavy equipment and vehicles for the street department.
- \$282 thousand was spent on heavy equipment and vehicles for the landfill and recycling.
- \$346 thousand was spent on new parks & park improvements.
- \$354 thousand was spent on a new transportation alternatives multi-use trail.
- \$1.1 million was spent on city financial software and server upgrades.
- \$4.4 million was spent on rights of way acquisition and engineering for a major capital road project to expand land for residential and commercial usage.
- \$18.2 million was spent to complete another major road project to promote residential and commercial growth.

Management's Discussion and Analysis- Continued

	Governmental Activities			Business-Type Activities			Total	
	September 30,	September 30,	Change	September 30,	September 30,	Change	September 30,	September 30,
	2020	2019		2020	2019		2020	2019
Land	\$ 15,945,006	\$ 10,088,694	\$ 5,856,312	\$ 4,568,653	\$ 4,568,653	\$ -	\$ 20,513,659	\$ 14,657,347
Land improvements	9,778,688	10,353,892	(575,204)	-	-	-	9,778,688	10,353,892
Buildings and improvements	17,911,436	18,215,823	(304,387)	14,475,193	15,203,571	(728,378)	32,386,629	33,419,394
Infrastructure	35,889,126	17,271,140	18,617,986	-	-	-	35,889,126	17,271,140
Construction in progress	3,127,380	22,443,326	(19,315,946)	6,578,139	9,494,515	(2,916,376)	9,705,519	31,937,841
Machinery and equipment	11,732,108	9,425,438	2,306,670	3,146,996	3,728,906	(581,910)	14,879,104	13,154,344
Utility plant-in-service	-	-	-	266,559,450	260,321,159	6,238,291	266,559,450	260,321,159
	<u>\$ 94,383,744</u>	<u>\$ 87,798,313</u>	<u>\$ 6,585,431</u>	<u>\$ 295,328,431</u>	<u>\$ 293,316,804</u>	<u>\$ 2,011,627</u>	<u>\$ 389,712,175</u>	<u>\$ 381,115,117</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, 2020, the City had \$89.2 million in long-term debt outstanding. Of this amount, \$43.2 million is debt backed by the full faith and credit of the City and \$46 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 \$8.2 million. The overall decrease is primarily attributable to the overall principal reductions on existing debt during the year, no new debt and a warrant payoff.
- Long-term debt of Business-Type Activities is fully attributable to Decatur Utilities (the Municipal Utilities Board Fund). Decatur Utilities and the City issue revenue bonds primarily to finance improvements to the water and wastewater systems. These bonds are repaid from revenues derived by DU from operation of the Systems.
- Decatur City Board of Education's long-term debt as of September 30, 2020 amounted to \$ 343.7 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.

	Governmental Activities			Business-Type Activities			Total	
	September 30,	September 30,	Change	September 30,	September 30,	Change	September 30,	September 30,
	2020	2019		2020	2019		2020	2019
Governmental Activities								
General obligation warrants	\$ 42,782,594	\$ 46,567,245	\$ (3,784,651)	\$ -	\$ -	\$ -	\$ 42,782,594	\$ 46,567,245
Revenue warrants	-	-	-	46,050,000	50,175,000	(4,125,000)	46,050,000	50,175,000
Capital leases	459,932	769,029	(309,097)	-	-	-	459,932	769,029
	<u>\$ 43,242,526</u>	<u>\$ 47,336,274</u>	<u>\$ (4,093,748)</u>	<u>\$ 46,050,000</u>	<u>\$ 50,175,000</u>	<u>\$ (4,125,000)</u>	<u>\$ 89,292,526</u>	<u>\$ 97,511,274</u>

Management's Discussion and Analysis- Continued

Bond Ratings

The City's general obligation bond rating:

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

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

Other than debt paid from proprietary fund revenue sources (e.g. revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2020 the City's allocable debt outstanding was \$106.5 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.

2021 Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2021 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 decrease of 5%, 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, Chief Financial Officer, P.O. Box 488 Decatur, Alabama 35602, by calling (256) 341-4561, or by sending an email to kdemeester@decatur-al.gov.

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



BASIC FINANCIAL STATEMENTS

City of Decatur
Statement of Net Position
September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	\$ 44,910,128	\$ 68,075,298	\$ 112,985,426	\$ 41,424,978
Receivables (net of allowances)	5,930,369	13,533,846	19,464,215	-
Due from governmental entities	1,338,711	-	1,338,711	24,147,094
Inventories	56,643	2,136,433	2,193,076	212,878
Prepaid items	180,673	6,911	187,584	-
Other	137,608	150,169	287,777	-
Internal balances	(513,439)	513,439	-	-
Restricted assets				
Cash & investments, at cost	-	15,787,006	15,787,006	87,537,960
Capital assets				
Land, collections and construction in process	19,072,386	11,146,792	30,219,178	11,308,416
Other assets, net of accum. depreciation	75,311,358	284,181,639	359,492,997	155,630,075
TOTAL ASSETS	146,424,437	395,531,533	541,955,970	320,261,401
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	570,438	-	570,438	-
OPEB contributions subsequent to measurement date	20,185,558	1,415,708	21,601,266	11,149,665
Pension contributions subsequent to measurement date	8,763,742	4,154,060	12,917,802	19,464,206
TOTAL DEFERRED OUTFLOWS OF RESOURCES	29,519,738	5,569,768	35,089,506	30,613,871
LIABILITIES				
Accounts payable	2,373,693	10,243,580	12,617,273	1,031,121
Accrued liabilities	1,821,396	2,112,691	3,934,087	7,737,095
Contract retainages	-	-	-	-
Due to component units	2,156,398	-	2,156,398	-
Due to governmental entities	271,819	-	271,819	-
Customer deposits	327,775	8,349,028	8,676,803	-
Deferred revenue	24,580	49,305	73,885	51,927
Other	218	-	218	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	3,100,000	3,100,000	-
Noncurrent liabilities				
Due within one year	17,959,577	226,370	18,185,947	4,115,119
Due in more than one year	189,789,556	95,484,437	285,273,993	343,703,183
TOTAL LIABILITIES	214,725,012	119,565,411	334,290,423	356,638,445
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	17,310,000
Net difference between projected and actual earnings on OPEB plan investments				
Net difference between projected and actual earnings on OPEB plan investments	11,144,925	7,910,627	19,055,552	44,635,435
Net difference between projected and actual earnings on pension plan investments				
Net difference between projected and actual earnings on pension plan investments	776,369	258,999	1,035,368	3,197,000
TOTAL DEFERRED INFLOWS OF RESOURCES	11,921,294	8,169,626	20,090,920	65,142,435
NET POSITION				
Net investment in capital assets	55,707,351	249,319,906	305,027,257	38,682,309
Restricted for:				
Highways and Streets	185,424	-	185,424	-
Debt service	-	15,482,625	15,482,625	93,881,896
Other	4,689,965	-	4,689,965	5,964,868
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,331,312	-	1,331,312	-
Unrestricted	(112,616,183)	8,563,733	(104,052,450)	(209,434,681)
TOTAL NET POSITION	\$ (50,702,131)	\$ 273,366,264	\$ 222,664,133	\$ (70,905,608)

The accompanying notes are an integral part of this statement.

City of Decatur
Statement of Activities
For the Year Ended September 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 21,666,828	\$ 7,180,587	\$ -	\$ 537,881	\$ (13,948,360)	\$ -	\$ (13,948,360)	\$ -
Public safety	26,646,533	1,448,207	57,169	-	(25,141,157)	-	(25,141,157)	-
Public works	7,784,652	4,526,901	679,683	3,130,027	551,959	-	551,959	-
Public services	9,483,645	420,542	52,633	228,321	(8,782,149)	-	(8,782,149)	-
Educational assistance	23,314,576	-	-	-	(23,314,576)	-	(23,314,576)	-
Community development	1,489,956	-	1,683,079	422,698	615,821	-	615,821	-
Community service contracts	2,690,067	-	-	-	(2,690,067)	-	(2,690,067)	-
Interest on long-term debt	1,292,456	-	-	-	(1,292,456)	-	(1,292,456)	-
Unallocated depreciation	1,801,728	-	-	-	(1,801,728)	-	(1,801,728)	-
TOTAL GOVERNMENTAL ACTIVITIES	96,170,441	13,576,237	2,472,564	4,318,927	(75,802,713)	-	(75,802,713)	-
BUSINESS-TYPE ACTIVITIES								
Municipal Utilities Board	124,503,538	131,913,145	-	1,246,220	-	8,655,827	8,655,827	-
Point Mallard	3,715,716	1,846,806	-	-	-	(1,868,910)	(1,868,910)	-
Sanitary Landfill	4,566,388	7,507,008	-	-	-	2,940,620	2,940,620	-
TOTAL BUSINESS-TYPE ACTIVITIES	132,785,642	141,266,959	-	1,246,220	-	9,727,537	9,727,537	-
TOTAL PRIMARY GOVERNMENT	228,956,083	154,843,196	2,472,564	5,565,147	(75,802,713)	9,727,537	(66,075,176)	-
COMPONENT UNIT								
Decatur City Board of Education	116,723,653	5,816,885	62,432,300	2,762,201	-	-	-	(45,712,267)
TOTAL COMPONENT UNIT	\$ 116,723,653	\$ 5,816,885	\$ 62,432,300	\$ 2,762,201	-	-	-	(45,712,267)
GENERAL REVENUES								
Sales & use taxes					49,930,964	-	49,930,964	19,128,085
Property taxes and payments in lieu of taxes					20,507,015	-	20,507,015	18,951,222
Other taxes					10,395,842	-	10,395,842	1,040,965
Interest on investments					1,125,044	1,081,704	2,206,748	1,025,272
Other					287,769	66,341	354,110	4,212,424
Transfers					396,735	(396,735)	-	-
TOTAL GENERAL REVENUES & TRANSFERS					82,643,369	751,310	83,394,679	44,357,968
CHANGE IN NET POSITION					6,840,656	10,478,847	17,319,503	(1,354,299)
Net position, beginning					(57,542,787)	262,887,417	205,344,630	(69,551,309)
NET POSITION, ENDING					\$ (50,702,131)	\$ 273,366,264	\$ 222,664,133	\$ (70,905,608)

The accompanying notes are an integral part of this statement.

City of Decatur
 Governmental Funds
 Balance Sheet
 September 30, 2020

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash & investments	\$ 34,670,818	\$ 1,074,498	\$ 7,380,261	\$ 43,125,577
Cash with fiscal agents	1,514,787	-	269,764	1,784,551
Receivables (net of allowances)				
Accounts	624,294	529	51,700	676,523
Notes	-	-	-	-
Taxes	4,227,334	978,844	47,668	5,253,846
Due from other funds	1,171,041	18,706	61,530	1,251,277
Due from governmental entities	755,184	123,411	460,116	1,338,711
Deposits	71,405	-	66,203	137,608
Prepays	180,673	-	-	180,673
Inventories	56,643	-	-	56,643
Total assets	43,272,179	2,195,988	8,337,242	53,805,409
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Accounts payable	2,042,844	39,590	291,259	2,373,693
Accrued liabilities	1,229,961	-	38,142	1,268,103
Contract retainages	-	-	-	-
Due to other funds	486,733	-	1,277,983	1,764,716
Due to component units	-	2,156,398	-	2,156,398
Due to governmental entities	-	-	271,819	271,819
Customer deposits	327,775	-	-	327,775
Other	-	-	218	218
Total liabilities	4,087,313	2,195,988	1,879,421	8,162,722
Deferred Inflows of Resources	544,661	-	252,429	797,090
Fund Balances				
Nonspendable	237,316	-	1,331,312	1,568,628
Restricted	1,312	-	2,394,718	2,396,030
Committed	23,169,208	-	2,592,718	25,761,926
Unassigned	15,232,369	-	(113,356)	15,119,013
Total fund balance	38,640,205	-	6,205,392	44,845,597
Total liabilities, inflows and fund balance	\$ 43,272,179	\$ 2,195,988	\$ 8,337,242	

The accompanying notes are an integral part of this statement.

City of Decatur
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Position
 September 30, 2020

Total fund balance per Governmental Funds Balances Sheet \$ 44,845,597

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. 94,383,744

Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds. 772,510

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 (39,233,379)

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. (103,901,987)

Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds. (47,568,616)

Net position of governmental activities \$ (50,702,131)

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes In Fund Balance
For the Year Ended September 30, 2020

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Sales & use taxes	\$ 38,684,388	\$ 11,246,575	\$ -	\$ 49,930,963
Property taxes	4,087,353	10,207,037	-	14,294,390
Other taxes	7,847,310	1,259,652	496,516	9,603,478
Licenses & permits	7,245,608	-	-	7,245,608
Fines & forfeitures	336,025	-	302,602	638,627
Revenues from money & property	1,207,934	-	185,327	1,393,261
Charges for services	5,423,782	-	-	5,423,782
Intergovernmental	6,156,221	601,312	6,420,099	13,177,632
Gifts & donations	246,158	-	131,862	378,020
Other revenues	307,313	-	566,722	874,035
Total revenues	71,542,092	23,314,576	8,103,128	102,959,796
Expenditures				
Current				
General government	14,506,554	-	1,289,458	15,796,012
Public safety	26,951,142	-	325,161	27,276,303
Public works	12,043,871	-	4,634,329	16,678,200
Public services	7,571,276	-	113,870	7,685,146
Educational assistance	-	23,314,576	-	23,314,576
Community services contracts	2,690,067	-	-	2,690,067
Community development	322,070	-	2,235,643	2,557,713
Debt service				
Principal	3,585,952	-	507,798	4,093,750
Interest and fiscal charges	977,366	-	288,374	1,265,740
Total expenditures	68,648,298	23,314,576	9,394,633	101,357,507
Excess (deficiency) of revenues over expenditures	2,893,794	-	(1,291,505)	1,602,289
Other Financing Sources (Uses)				
Transfers in	46,848	-	1,771,399	1,818,247
Transfers (out)	(1,372,190)	-	(49,322)	(1,421,512)
Total other financing (uses) sources	(1,325,342)	-	1,722,077	396,735
Net change in fund balance	1,568,452	-	430,572	1,999,024
Fund balance, beginning	37,071,753	-	5,774,820	42,846,573
Fund balance, ending	\$ 38,640,205	\$ -	\$ 6,205,392	\$ 44,845,597

The accompanying notes are an integral part of this statement.

City of Decatur
 Reconciliation of the Statement of Revenue, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended September 30, 2020

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

Net change in fund balances - total governmental funds	\$ 1,999,024
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense.	6,601,038
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.	(15,612)
Revenues in the statement of activities that do not provide current financial resources	(383,223)
For governmental funds, the issuance of long-term debt (e.g. warrants and leases) provide current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,030,671
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>(5,391,242)</u>
Change In Net Position Of Governmental Activities	<u><u>\$ 6,840,656</u></u>

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget & Actual
For the Year Ended September 30, 2020

	General Fund				School Fund			
	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final						
Revenues								
Taxes and payments in lieu of taxes	\$ 48,319,500	\$ 48,641,500	\$ 50,619,051	\$ 1,977,551	\$ 22,130,460	\$ 22,130,460	\$ 23,314,576	\$ 1,184,116
Licenses and permits	7,165,325	7,165,325	7,245,608	80,283	-	-	-	-
Fines and forfeitures	462,350	462,350	336,025	(126,325)	-	-	-	-
Revenues from money and property	1,335,000	1,335,000	1,207,934	(127,066)	-	-	-	-
Charges for services	5,541,300	5,541,300	5,423,782	(117,518)	-	-	-	-
Intergovernmental	5,375,826	5,795,826	6,156,221	360,395	-	-	-	-
Gifts and donations	94,000	271,486	246,158	(25,328)	-	-	-	-
Other revenues	256,000	284,955	307,313	22,358	-	-	-	-
Total revenues	68,549,301	69,497,742	71,542,092	2,044,350	22,130,460	22,130,460	23,314,576	1,184,116
Expenditures								
Current								
General government	15,721,906	16,546,225	14,506,554	2,039,671	-	-	-	-
Public safety	28,133,810	32,045,685	26,951,142	5,094,543	-	-	-	-
Public works	7,608,975	14,401,477	12,043,871	2,357,606	-	-	-	-
Public services	9,278,942	11,719,797	7,571,276	4,148,521	-	-	-	-
Educational assistance	-	-	-	-	22,130,460	22,130,460	23,314,576	(1,184,116)
Community services contracts	2,758,330	2,767,751	2,690,067	77,684	-	-	-	-
Community development	530,236	535,503	322,070	213,433	-	-	-	-
Debt service								
Principal	3,599,545	3,592,645	3,585,952	6,693	-	-	-	-
Interest	970,005	976,905	977,366	(461)	-	-	-	-
Total expenditures	68,601,749	82,585,989	68,648,298	13,937,691	22,130,460	22,130,460	23,314,576	(1,184,116)
Excess of revenues over expenditures	(52,448)	(13,088,247)	2,893,794	15,982,041	-	-	-	-
Other Financing Sources (Uses)								
Capital lease proceeds	-	-	-	-	-	-	-	-
Long-term debt issued	-	-	-	-	-	-	-	-
Transfers in	23,092	-	46,848	46,848	-	-	-	-
Transfers out	(1,092,363)	(1,128,730)	(1,372,190)	(243,460)	-	-	-	-
Total other financing sources (uses)	(1,069,271)	(1,128,730)	(1,325,342)	(196,612)	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,121,719)	(14,216,977)	1,568,452	15,785,429	-	-	-	-
Fund balance, beginning	37,071,753	37,071,753	37,071,753	-	-	-	-	-
Fund balance, ending	\$ 35,950,034	\$ 22,854,777	\$ 38,640,205	\$ 15,785,429	\$ -	\$ -	\$ -	\$ -

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2020

	Municipal Utilities Board	Other Enterprise Funds	Totals
Assets			
Current assets			
Cash & cash equivalents	\$ 45,406,976	\$ 22,668,322	\$ 68,075,298
Receivables (net of allowance)			
Accounts	11,136,830	581,314	11,718,144
Other	1,815,702	-	1,815,702
Due from other funds	-	1,030,212	1,030,212
Inventories, at cost	2,062,343	74,090	2,136,433
Other	150,169	-	150,169
Total current assets	60,572,020	24,360,849	84,932,869
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	15,787,006	-	15,787,006
Capital assets:			
Land	3,071,923	1,496,730	4,568,653
Buildings	6,127,575	9,690,560	15,818,135
Improvements other than buildings	-	19,413,622	19,413,622
Furniture & equipment	-	9,768,466	9,768,466
Utility plant in service	453,355,479	-	453,355,479
Construction work in progress	6,578,139	-	6,578,139
Less accumulated depreciation	(186,796,029)	(27,378,034)	(214,174,063)
Total capital assets (net of accumulated depreciation)	282,337,087	12,991,344	295,328,431
TOTAL NONCURRENT ASSETS	298,124,093	12,991,344	311,115,437
Total assets	358,696,113	37,352,193	396,048,306
Deferred Outflows of Resources			
OPEB contribution	-	1,415,708	1,415,708
Pension contributions subsequent to measurement date	3,661,919	492,141	4,154,060
Total deferred outflows of resources	3,661,919	1,907,849	5,569,768

The accompanying notes are an integral part of this statement.

Liabilities			
Current liabilities			
Accounts payable	9,982,392	261,188	10,243,580
Accrued liabilities	2,007,906	104,785	2,112,691
Compensated absences	104,245	22,125	126,370
Claims payable	-	100,000	100,000
Customer deposits	8,349,028	-	8,349,028
Revenue warrants payable - current	3,100,000	-	3,100,000
Due to other funds	516,773	-	516,773
	<hr/>		
Total current liabilities	24,060,344	537,403	24,597,747
	<hr/>		
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,058,882	4,058,882
Revenue notes payable	42,908,525	-	42,908,525
Compensated absences	938,200	199,134	1,137,334
Claims payable	-	100,000	100,000
Net pension liability	19,568,130	2,576,689	22,144,819
Net other postemployment benefit liability	17,815,760	7,319,117	25,134,877
	<hr/>		
Total noncurrent liabilities	81,230,615	14,253,822	95,484,437
	<hr/>		
Total liabilities	105,290,959	14,791,225	120,082,184
	<hr/>		
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	7,226,738	683,889	7,910,627
Net difference between projected and actual earnings on pension plan investments	219,990	39,009	258,999
	<hr/>		
Total deferred inflows of resources	7,446,728	722,898	8,169,626
	<hr/>		
Net Position			
Net investment in capital assets	236,328,562	12,991,344	249,319,906
Restricted for debt service	15,482,625	-	15,482,625
Unrestricted	(2,190,842)	10,754,575	8,563,733
	<hr/>		
Total net position	\$ 249,620,345	\$ 23,745,919	\$ 273,366,264
	<hr/> <hr/>		

The accompanying notes are an integral part of this statement.

City of Decatur
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2020

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	\$ 131,913,145	\$ 9,353,814	\$ 141,266,959
Total operating revenue	131,913,145	9,353,814	141,266,959
Operating expenses			
Personnel, operations & maintenance	101,765,183	4,976,819	106,742,002
Closure and postclosure costs	-	384,359	384,359
Depreciation and amortization	12,832,054	2,140,668	14,972,722
Administrative costs	8,374,938	780,258	9,155,196
Total operating expenses	122,972,175	8,282,104	131,254,279
Operating income (loss)	8,940,970	1,071,710	10,012,680
Nonoperating revenue (expenses)			
Interest income	764,589	317,115	1,081,704
Interest expense	(1,531,363)	-	(1,531,363)
Bad debt recoveries (expense)	-	-	-
Gain (loss) on disposition of assets	-	33,821	33,821
Miscellaneous revenue (expense)	(10,691)	43,211	32,520
Total nonoperating revenue (expenses)	(777,465)	394,147	(383,318)
Income (loss) before contributions, transfers & special items	8,163,505	1,465,857	9,629,362
Capital contributions	1,246,220	-	1,246,220
Transfers in	-	416,320	416,320
Transfers (out)	(811,674)	(1,381)	(813,055)
Change in net position	8,598,051	1,880,796	10,478,847
Total net position, beginning	241,022,294	21,865,123	262,887,417
Total net position, ending	\$ 249,620,345	\$ 23,745,919	\$ 273,366,264

The accompanying notes are an integral part of this statement.

City of Decatur
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2020

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	\$135,629,552	\$ 9,622,838	\$ 145,252,390
Payments to suppliers	(97,753,390)	(5,593,003)	(103,346,393)
Payments to employees	(21,379,886)	(2,028,591)	(23,408,477)
Payments for interfund services	-	1,389	1,389
Net cash provided by operating activities	16,496,276	1,999,792	18,496,068
Noncapital financing activities			
Payments received from advances to other funds	-	143,695	143,695
Transfers in	-	416,320	416,320
Transfers (out)	(811,674)	(1,383)	(813,057)
Net cash provided by noncapital financing activities	(811,674)	558,632	(253,042)
Capital and related financing activities			
Acquisition and construction of capital assets	(16,389,789)	(584,071)	(16,973,860)
Proceeds from sale of capital assets	-	38,658	38,658
Proceeds from issuing warrants	9,465,000	-	9,465,000
Capital contributions	1,246,220	-	1,246,220
Principal payments on warrants	(13,590,000)	-	(13,590,000)
Interest paid on warrants	(1,514,695)	-	(1,514,695)
Interest paid on notes	-	-	-
Intergovernmental grants	-	-	-
Net cash (used) by capital and related financing activities	(20,783,264)	(545,413)	(21,328,677)
Investing activities			
Decrease (increase) in restricted assets	8,528,380	-	8,528,380
Miscellaneous non-operating income	(10,687)	-	(10,687)
Interest received	764,584	317,115	1,081,699
Net cash provided (used) by investing activities	9,282,277	317,115	9,599,392
Net increase (decrease) in cash and cash equivalents	4,183,615	2,330,126	6,513,741
Cash and cash equivalents, beginning	41,223,361	20,338,196	61,561,557
Cash and cash equivalents, ending	\$ 45,406,976	\$ 22,668,322	\$ 68,075,298

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating income (loss)	\$ 8,940,970	\$ 1,071,710	\$ 10,012,680
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	12,832,054	2,140,668	14,972,722
Landfill postclosure costs	-	(1,636,844)	(1,636,844)
Miscellaneous item	-	43,215	43,215
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	4,691,416	177,895	4,869,311
Accounts payable	(944,131)	(137,878)	(1,082,009)
Claims payable	-	-	-
Inventory	(36,472)	(35,204)	(71,676)
Prepaid items	(29,568)	-	(29,568)
Due to (from) other funds	212,580	-	212,580
Accrued liabilities	-	36,542	36,542
Net pension liability	420,552	(1,424,735)	(1,004,183)
Net OPEB obligation	(9,612,615)	1,771,334	(7,841,281)
Customer deposits	21,490	-	21,490
Net cash provided by operating activities	<u>\$ 16,496,276</u>	<u>\$ 1,999,792</u>	<u>\$ 18,496,068</u>



NOTES TO THE FINANCIAL STATEMENTS

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City of Decatur

Notes to the Financial Statements

September 30, 2020

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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies - Continued

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

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

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

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

Deposits and Investments

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

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

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

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

Receivables and Payables

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

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

Amounts receivable and payable from federal, state, county, and local governments are classified as "due from/to other governmental entities." The only individually significant amounts due from any single entity as of September 30, 2020, was \$575,032 due from Morgan County for various tax receivables.

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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

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 \$454,106.

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.

City of Decatur
Notes to the Financial Statements
 September 30, 2020

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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

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, 2020, which represent an encumbrance on resources at year-end, the most significant of which was \$1,243,744 within the General Fund.

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2020.

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 \$15 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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies - Continued

E. GASB Accounting Pronouncements

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

The City plans to adopt GASB No 84, *Fiduciary Activities*, in fiscal year 2021. The Statement establishes criteria for identifying fiduciary activities and will enhance comparability of financial statements through this added criteria and clarity of whether and how business-type activities should report fiduciary activities.

The City plans to adopt GASB Statement No. 87, *Leases*, required for fiscal periods beginning after December 15, 2020, in fiscal 2022. This Statement increases the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported, enhances comparability by requiring lessees and lessors to report leases under a single model, and enhances the usefulness of information by requiring notes to the financial statements regarding leasing arrangements.

The City plans to adopt GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, required for fiscal periods beginning after December 15, 2020, in fiscal 2022. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

The City plans to adopt GASB Statement No. 90, *Majority Equity Interests*, required for fiscal periods beginning after December 15, 2019, in fiscal 2021. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

The City plans to adopt GASB Statement No. 91, *Conduit Debt Obligations*, required for fiscal periods beginning after December 15, 2021, in fiscal 2023. This Statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

The City plans to adopt GASB Statement No. 93, *Replacement of Interbank Offered Rates*, required for fiscal periods beginning after December 15, 2021, in fiscal 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of Interbank Offered Rates (IBORs).

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

City of Decatur
Notes to the Financial Statements
September 30, 2020

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 \$47,568,616 difference are as follows:

Warrants Payable	\$ 42,721,066
Capital lease payable	459,932
Accrued interest payable	430,921
Compensated absences	2,664,853
Claims Payable	1,291,844
	<u>\$ 47,568,616</u>

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 \$6,601,038 difference are as follows:

Capital outlay	\$ 14,242,807
Capital contributions	53,401
Depreciation expense	(7,695,170)
	<u>\$ 6,601,038</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., warrants and leases) provides current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$4,030,671 difference are as follows:

General obligation debt	\$ 3,784,651
Capital lease	309,098
Amortization of premium, discounts, and refunding loss	(63,078)
	<u>\$ 4,030,671</u>

City of Decatur
Notes to the Financial Statements
September 30, 2020

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 \$5,294,107 difference is as follows:

Compensated absences	\$ (162,587)
Claims	114,725
Accrued interest	36,363
Net pension obligation	(1,787,837)
Other postemployment expenses	(3,591,906)
	<u>\$ (5,391,242)</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:

Annually-Budgeted Governmental Funds
General Fund

- Special Revenue Funds**
- 7 Cent Gas Tax Fund
 - 4&5 Cent Gas Tax Fund
 - 2019 Gas Tax Fund
 - School Fund
 - Personnel Board Fund
 - Heritage Trust Fund
 - Docket Fees Fund
 - Room Occupancy Fund
 - Corrections Fund
 - Drug Seizure Fund

Governmental Funds Not Annually-Budgeted
Special Revenue Funds

- Community Development Fund
- Municipal Court Fund

Capital Projects Funds

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

Permanent Fund

- Perpetual Care Fund

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

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

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

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 3 - Stewardship, Compliance and Accountability – Continued

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

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

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

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

B. Excess of Expenditures over Appropriations

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2020:

General Fund – Public Works Function

Director – Personnel Services	\$	14,678
Engineering – Personnel Services		1,555
Sanitation – Operating Expenses		5,583

Docket Fee Fund

Personnel services	\$	2,284
Capital Outlay		90,000

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

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds

A. Deposits and Investments

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

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

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

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

Cash and deposits	\$	105,844,630
Certificates of deposit		6,782,802
Money market mutual funds		<u>301,434</u>
Total cash & cash equivalents		112,928,866
US Government Guaranteed Small Business Investment Companies		5,739,693
US Government Guaranteed Small Business Administration Obligations		<u>10,103,873</u>
Total Fixed income investments		<u>15,843,566</u>
Total	\$	<u><u>128,772,432</u></u>
Per Governmental Funds Balance Sheet		
Cash and investments		43,125,577
Cash with fiscal agents		<u>1,784,551</u>
		<u>44,910,128</u>
Per Proprietary Funds Statement of Net Position		
Cash and investments		68,075,298
Restricted cash for debt service		<u>15,787,006</u>
		<u>83,862,304</u>
Total	\$	<u><u>128,772,432</u></u>

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

Component Unit

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

Investments

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

Interest rate risk

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

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

	<u>Fair Value</u>	<u>Percent of Total</u>
Less than five years	\$ 3,320,910	20.96%
Five to ten years	8,153,035	51.46%
Twenty to thirty years	<u>4,369,621</u>	<u>27.58%</u>
	<u>\$ 15,843,566</u>	<u>100.00%</u>

Credit risk

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

Custodial credit risk

The City requires all bank deposits, which includes USTO money market funds held by banks, be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE Program, which was the case for all bank deposits as of September 30, 2020, 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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

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

Fair Value Measurements

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

City of Decatur
Notes to the Financial Statements
 September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

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

As of September 30, 2020, the city had the following investments:

<u>Investment Vehicle</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Credit Quality</u>
US Government Debt:			
US Government Guaranteed Small Business Investment Companies	\$ 5,739,693	2	N/A
US Government Guaranteed Small Business Administration Obligations	<u>10,103,873</u>	2	N/A
	<u>\$ 15,843,566</u>		

Fair Value

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

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

B. Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2020 was as follows:

	Balance September 30, 2019	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2020
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 10,088,694	\$ 4,697,350	\$ -	\$ 1,158,962	\$ 15,945,006
Construction in progress	22,443,326	6,113,858	-	(25,429,804)	3,127,380
Total capital assets, not being depreciated	32,532,020	10,811,208	-	(24,270,842)	19,072,386
Capital assets, being depreciated:					
Building and improvements	47,081,363	304,567	-	615,527	48,001,457
Land improvements	28,489,983	9,320	-	810,108	29,309,411
Furniture, equipment, and other	33,552,800	2,889,935	(2,862,440)	1,931,203	35,511,498
Infrastructure	99,280,332	281,173	(13,954)	20,749,483	120,297,034
Total capital assets, being depreciated	208,404,478	3,484,995	(2,876,394)	24,106,321	233,119,400
Less accumulated depreciation for:					
Building and improvements	(28,865,540)	(1,224,481)	-	-	(30,090,021)
Land improvements	(18,136,091)	(1,285,439)	-	(109,193)	(19,530,723)
Furniture, equipment, and other	(24,127,362)	(2,786,533)	2,860,791	273,714	(23,779,390)
Infrastructure	(82,009,192)	(2,398,716)	-	-	(84,407,908)
Total accumulated depreciation	(153,138,185)	(7,695,169)	2,860,791	164,521	(157,808,042)
Total capital assets, being depreciated, net	55,266,293	(4,210,174)	(15,603)	24,270,842	75,311,358
Governmental activities capital assets, net	\$ 87,798,313	\$ 6,601,034	\$ (15,603)	\$ -	\$ 94,383,744

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

Capital asset activity for business-type activities for the year ended September 30, 2020 was as follows:

Business-Type Activities:	Balance			Transfers In/ (Transfers Out)	Balance
	September 30, 2019	Additions	Deletions		September 30 2020
Capital assets, not being depreciated:					
Land	\$ 4,568,653	\$ 48,887	\$ (48,887)	\$ -	\$ 4,568,653
Construction in progress	9,494,515	16,349,167	(19,265,543)	-	6,578,139
Total capital assets, not being depreciated	14,063,168	16,398,054	(19,314,430)	-	11,146,792
Capital assets, being depreciated:					
Buildings and improvements	34,708,864	808,336	(285,444)	-	35,231,756
Furniture, equipment and other	9,507,447	302,315	(205,814)	164,520	9,768,468
Utility plant-in-service	444,546,693	18,857,439	(10,048,653)	-	453,355,479
Total capital assets, being depreciated	488,763,004	19,968,090	(10,539,911)	164,520	498,355,703
Less accumulated depreciation for:					
Buildings and improvements	(19,505,293)	(1,256,443)	5,173	-	(20,756,563)
Furniture, equipment and other	(5,778,541)	(884,225)	205,814	(164,520)	(6,621,472)
Utility plant-in-service	(184,225,534)	(12,832,054)	10,261,559	-	(186,796,029)
Total accumulated depreciation	(209,509,368)	(14,972,722)	10,472,546	(164,520)	(214,174,064)
Total capital assets, being depreciated, net	279,253,636	4,995,368	(67,365)	-	284,181,639
Business-Type activities capital assets, net	\$ 293,316,804	\$ 21,393,422	\$ (19,381,795)	\$ -	\$ 295,328,431

Depreciation expense of \$1,801,728 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:

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

Governmental Activities:

General governmental	\$	1,150,857
Public Safety		1,666,495
Public Works		1,034,639
Public Services		<u>2,041,450</u>
Total allocated depreciation expense - governmental activities		5,893,441
Total unallocated depreciation expense - governmental activities		<u>1,801,728</u>
Total depreciation expense - governmental activities	\$	<u><u>7,695,169</u></u>

Business-type Activities:

Municipal Utilities Board Fund	\$	12,832,054
Sanitary Landfill Fund		1,402,870
Point Mallard Fund		<u>737,798</u>
Total depreciation expense - business-type activities	\$	<u><u>14,972,722</u></u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2020 was as follows:

	Balance				Balance
	September 30,	Additions	Deletions	Transfers In/ (Transfers Out)	September 30
	2019				2020
Capital assets, not being depreciated:					
Land	\$ 10,357,401	\$ 42,980	\$ -	\$ -	\$ 10,400,381
Construction in progress	97,765,980	5,428,005	-	(101,215,007)	1,978,978
Total capital assets, not being depreciated	108,123,381	5,470,985	-	(101,215,007)	12,379,359
Capital assets, being depreciated:					
Buildings and improvements	113,001,670	-	-	100,175,914	213,177,584
Furniture, equipment and other	12,099,446	2,024,699	(880,242)	1,039,093	14,282,996
Total capital assets, being depreciated	125,101,116	2,024,699	(880,242)	101,215,007	227,460,580
Less accumulated depreciation for:	(65,234,970)	(5,339,409)	878,593	-	(69,695,786)
Total capital assets, being depreciated, net	59,866,146	(3,314,710)	(1,649)	101,215,007	157,764,794
Component Unit capital assets, net	\$ 167,989,527	\$ 2,156,275	\$ (1,649)	\$ -	\$ 170,144,153

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2020 is as follows:

Due To/From Other Funds

Due To:	General Fund	School Fund	Non-major Government	Non-major Enterprise	Total In
Due From:					
General Fund	\$ -	\$ -	\$ -	\$ 486,733	\$ 486,733
Municipal Utilities Board	436,537	18,706	61,530	-	516,773
Non-Major Government	734,504	-	-	543,479	1,277,983
Total Out	<u>\$ 1,171,041</u>	<u>\$ 18,706</u>	<u>\$ 61,530</u>	<u>\$ 1,030,212</u>	<u>\$ 2,281,489</u>

\$679,348 of the balance due to the general fund and \$543,479 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.

\$486,733 of the balance due to the non-major proprietary funds from the general fund resulted from an advance made for turf at the Jack Allen Recreational Complex.

Transfers In/Out

Transfers To:	General Fund	Non-major Government	Non-major Enterprise	Total Out
Transfers From:				
General Fund		\$ 958,344	\$ 413,846	\$ 1,372,190
Municipal Utilities Board		811,674	-	811,674
Non-Major Government	46,848	-	2,474	49,322
Non-Major Proprietary		1,381	-	1,381
Total In	<u>\$ 46,848</u>	<u>\$ 1,771,399</u>	<u>\$ 416,320</u>	<u>\$ 2,234,567</u>

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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2021	\$ 178,467
2022	178,467
2023	<u>118,978</u>
Total minimum lease payments	475,912
Less: amount representing interest	<u>(15,980)</u>
Present value of minimum lease payments	<u>\$ 459,932</u>

The future debt service requirements of the governmental activities leases at September 30, 2020 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, 2020 are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2021	\$ 447,375
2022	264,683
2023	264,683
2024	264,683
2025	264,683
2026 - 2030	<u>897,733</u>
Total minimum lease payments	2,403,840
Less: amount representing interest	<u>(296,223)</u>
Present value of minimum lease payments	<u>\$ 2,107,617</u>

City of Decatur
Notes to the Financial Statements
 September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

E. Long-Term Debt

General Obligation Warrants

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

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

Source of Repayment of Long-Term Debt

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

Type of Debt	Paid From	Resources Provided By
<u>Governmental Activities:</u>		
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
<u>Business-Type Activities:</u>		
Revenue warrants	Municipal Utilities Board Fund	Municipal Utilities Board Fund

Outstanding Debt

The amount of debt outstanding at September 30, 2020 was as follows:

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

Series	Face Amount n thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
PRIMARY GOVERNMENT							
Governmental activities:							
G.O. Warrants - general purposes							
2011-Sewer	\$ 6,500	6/1/2011	6/1/2029	3.0% - 4.0%	330-480	\$ 3,685	\$ 350
2012 General Obligation	17,160	7/1/2012	7/1/2033	2.00% - 3.125%	745-1,145	12,110	775
2012-D	2,750	8/7/2012	8/7/2022	2.11%	127-1,645	1,778	132
2016-A	21,630	5/12/2016	10/1/2036	2.0-3.0%	305-2,765	20,715	1,270
2016-B	5,140	11/2/2016	10/1/2036	2.0-3.0%	215-320	4,495	225
Total Governmental Activities	\$ 53,180					\$ 42,783	\$ 2,752
Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
Business-Type activities:							
Water System Revenue Warrants							
2012 SRF	\$ 490	6/1/2012	8/15/2033	2.75%	25-30	\$ 350	\$ 25
2013	10,410	11/1/2013	5/1/2033	3.00% - 3.5%	625-905	9,805	625
	\$ 10,900					\$ 10,155	\$ 650
Wastewater System Revenue Warrants							
2012 SRF	\$ 855	6/1/2012	8/15/2033	2.75%	40-55	\$ 610	\$ 40
2013	37,125	8/15/2013	8/15/2033	2.0-3.5%	1,695-2,455	26,540	1,695
2019	9,465	8/15/2019	8/15/2033	2.0-3.5%	715 - 880	8,745	715
	\$ 47,445					\$ 35,895	\$ 2,450
Total Business-Type Activities	\$ 58,345					\$ 46,050	\$ 3,100
Total Primary Government	\$ 111,525					\$ 88,833	\$ 5,852

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

Discretely Presented Component Unit

Board of Education

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
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%	82-533	1,349	82
Series 2013	30,325	2013	2/1/2035	2.75-5.00%	1,260-9,230	24,775	1,260
Series 2015	87,750	2015	2/1/2045	2.00-5.00%	980-6,535	83,360	980
2017 QZAB	1,750	2018	12/15/2027	0.00%	1,750	1,750	-
Series 2018	1,450	2018	2/1/2025	2.71	204-216	1,050	204
Series 2019	5,995	2020	2/1/2045	1.69 - 4.00%	165-1,575	5,995	165
Series 2020	90,045	2020	2/1/2045	1.57 - 3.03%	800-1,360	90,045	800
	<u>\$ 225,195</u>					<u>\$214,374</u>	<u>\$ 3,491</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, 2020 are shown below. There is \$10,474,855 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 2012 Series SRF/ARRA Water Warrants were issued in the amount of \$855,000. Total bonds outstanding at September 30, 2018 were \$350,000 with final maturity in 2033.

The Alabama Water Pollution Control Authority also loaned \$955,000 to the Municipal Utilities Board Fund of which \$100,000 was previously forgiven pursuant to the ARRA and recorded as a capital contribution on the statement of activities and a special item on the proprietary statement of revenues, expenses and changes in fund net assets. The fund was required to issue water and sewer warrants, respectively, in the amount of the loans less the ARRA forgiveness portion. The 2012 Series SRF/ARRA Wastewater Warrants were issued in the amount of \$855,000. Total bonds outstanding at September 30, 2020 were \$610,000 with final maturity in 2033.

Governmental Activities:	Principal	Interest
2021	\$ 17,423	\$ 1,106
2022	3,660	559
2023	2,780	478
2024	2,840	419
2025	2,900	359
2026-2030	7,940	1,077
2031-2035	3,635	518
2036-2040	1,605	49
Total governmental activities	\$ 42,783	\$ 4,565

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

<u>Business-Type Activities:</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 3,100	\$ 1,361
2022	3,185	1,275
2023	3,270	1,187
2024	3,365	1,096
2025	3,460	1,003
2026-2030	18,795	3,501
2031-2035	10,875	717
2036-2040	-	-
Total business-type activities	\$ 46,050	\$ 10,141

<u>Governmental Activities: Board of Education</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 3,952	\$ 7,633
2022	3,931	7,473
2023	4,087	7,317
2024	4,236	7,163
2025	77,860	5,376
2026-2030	31,211	15,421
2031-2035	26,307	11,551
2036-2040	30,300	7,557
2041-2045	35,125	2,729
2046-2050	-	-
Total Governmental Activities - Comp. Unit	\$ 217,009	\$ 72,220

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows (in thousands):

Primary Government

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
General obligation warrants	\$ 46,567	\$ -	\$ (3,785)	\$ 42,782	\$ 17,423
Less amounts deferred for:					
Issue discounts & premiums	558	-	(48)	510	-
Total warrant, bonds, & notes	47,125	-	(3,833)	43,292	17,423
Capitalized Leases	769	-	(309)	460	169
Compensated absences	2,502	1,456	(1,294)	2,664	266
Claims Payable	1,406	744	(858)	1,292	102
Net pension obligation	41,372	5,849	-	47,221	-
Net OPEB Liability	87,865	24,955	-	112,820	-
Governmental Activities Long-Term Liabilities	\$ 181,039	\$ 33,004	\$ (6,294)	\$ 207,749	\$ 17,960

City of Decatur
Notes to the Financial Statements
September 30, 2020

Note 4 – Detailed Notes on All Funds – Continued

<u>Business-Type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Revenue warrants	\$ 50,175	\$ -	\$ (4,125)	\$ 46,050	\$ 3,100
Less amounts deferred for:					
Issue discounts & premiums	(56)	-	15	(41)	-
Total warrants	50,119	-	(4,110)	46,009	3,100
Landfill closure and postclosure	5,696	-	(1,637)	4,059	-
Compensated absences	1,152	225	(113)	1,264	126
Claims payable	200	-	-	200	100
Net pension obligation	19,247	2,898	-	22,145	-
Net OPEB Liability	34,296	-	(9,161)	25,135	-
Business-Type Activities Long-Term Liabilities	\$ 110,710	\$ 3,123	\$ (15,021)	\$ 98,812	\$ 3,326

Component Units – Board of Education

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities					
Revenue Warrants	\$ 121,364	\$ 96,040	\$ (2,501)	\$ 214,903	\$ 3,575
Issue discounts & premiums	3,575	101	(163)	3,513	163
Capitalized Leases	2,601	-	(494)	2,107	377
Net pension Liability	75,721	15,180	-	90,901	-
Net OPEB Liability	73,820	-	(37,426)	36,394	-
Governmental Activities Long-Term Liabilities	\$ 277,081	\$ 111,321	\$ (40,584)	\$ 347,818	\$ 4,115

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, 2020, 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.

City of Decatur
Notes to the Financial Statements
September 30, 2020

G. Fund Balance Constraints

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

	General Fund	Other Governmental Funds	Total
Fund Balances:			
Nonspendable			
Inventory	\$ 56,643	\$ -	\$ 56,643
Prepaid	180,673	-	180,673
Permanent Fund	-	1,331,312	1,331,312
Total Nonspendable	237,316	1,331,312	1,568,628
Restricted:			
Special Revenues	-	2,394,718	2,394,718
Tri-Centennial	1,312	-	1,312
Grant Funds	-	-	-
Total Restricted	1,312	2,394,718	2,396,030
Committed:			
OPEB Reserve	2,570,199	-	2,570,199
Reserve Policy	17,626,754	-	17,626,754
Water for Resale	438,285	-	438,285
Sanitation	108,696	-	108,696
Alley Fees	188,226	-	188,226
Ingalls Rental Fees	77,368	-	77,368
Room Occupancy Designation	679,348	-	679,348
Encumbrances	1,243,744	-	1,243,744
Capital Improvements	-	1,873,089	1,873,089
Personnel Board	-	224,250	224,250
Sewer Extension	-	697,256	697,256
Other	236,588	(201,877)	34,711
Total Committed	23,169,208	2,592,718	25,761,926
Unassigned:	15,232,369	(113,356)	15,119,013
Total Fund Balance:	\$ 38,640,205	\$ 6,205,392	\$ 44,845,597

Note 4 – Detailed Notes on All Funds – Continued

H. Tax Equivalents

The Municipal Utilities Board Fund is required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Municipal Utilities Board Fund during 2019 was \$1,888,937 by the Electric System, \$98,822 by the Gas System, \$600,905 by the Water System and \$895,998 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 \$4,058,882 reported for landfill closure and postclosure care liability at September 30, 2020 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 52 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$3,786,791 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, 2020. The City expects to close the landfill in the year 2043. 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, 2020, 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, 2020. 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 \$4,367,180 and the outstanding balance due to TVA for collection of the loans was also \$4,367,180.

Note 5 – Other Information - Continued

Occasionally, the Gas System enters into natural gas purchase commitments to purchase minimum volumes of gas at fixed prices for up to five years in advance. These futures can either be held for use in the contracted future month or cashed out at a profit and the proceeds used to reduce the cost of gas in future months. At September 30, 2020, contract commitments total \$2,207,500 for fiscal year 2021, \$1,787,100 for fiscal year 2022, \$1,424,200 for fiscal year 2023, \$639,000 for fiscal year 2024, and \$667,500 for fiscal year 2025. At September 30, 2020, no purchase commitments extended beyond March 2025 and additional outstanding commitments were \$436,500 for fiscal year 2023, \$558,000 for fiscal year 2024, and \$558,000 for fiscal year 2025.

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 \$650,000 and \$200,000. \$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, 2020. \$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 \$250,000 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, 2020.

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

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

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

Note 5 – Other Information - Continued

Jointly Governed

Decatur-Morgan County Emergency Management Agency provides measures for the mobilization, organization, and direction of the civilian population and necessary support agencies to prevent, or minimize, the effect of fire, flood, earthquake and epidemic. The officers and employees of the City and Morgan County comprise the agency. The City provided \$35,000 in appropriations during the fiscal year ending September 30, 2020.

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

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

Morgan County Emergency Management Commission District is commonly known as 911. This seven-member board, of which the City Council appoints three members, manages the emergency phone service 911 along with other duties. The City of Decatur provided \$407,155 in appropriations during the fiscal year.

North Central Alabama Mental Health Board provides mental health and general welfare services to the citizens of North Alabama. The Board is comprised of nine members of whom three are appointed by the City Council. The City of Decatur provided \$20,000 in appropriations during the fiscal year.

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

Pryor Field Airport Authority was organized in 1963 to oversee the Pryor Field Airport located within Limestone County. Its board is comprised of five members of whom one member is appointed by each of the following: Limestone County Commission, Decatur City Council, Morgan County Commission, and Athens City Council. The City contributed \$40,000 to the Authority during the fiscal year.

C. Related Organizations

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

D. Pension Plans

Plan Description

The Employees' Retirement System of Alabama (ERS), an agency multiple-employer plan, was established October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Note 5 – Other Information - Continued

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

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

Benefits provided

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

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

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

Note 5 – Other Information - Continued

City of Decatur
Notes to the Financial Statements
September 30, 2020

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

	City of Decatur	Municipal Utilities Board
Retired members of their beneficiaries currently receiving benefits	369	122
Vested inactive members	14	30
Non-vested inactive members	48	19
Active members	529	167
Post-DROP retired members still in active service	1	-
	961	338

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2020, 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, 2020, the Municipal Utility Board's active employee contribution rate was 5 percent of covered employee payroll for tier 1 employees and 6 percent of covered employee payroll for tier 2 employees, and the Municipal Utility Board's average contribution rate to fund the normal and accrued liability costs was 149.30 percent of pensionable payroll.

City's contractually required contribution rate for the year ended September 30, 2020 was 14.9% of pensionable pay for Tier 1 employees, and 12.02% of pensionable pay for Tier 2 employees. The Municipal Utility Board's contractually required contribution rate for the year ended September 30, 2020 was 14.19% of pensionable pay for Tier 1 employees, and 12.58% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, 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 \$3,780,285 and \$1,469,435, respectively, for the year ended September 30, 2020.

Note 5 – Other Information – Continued

Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a)-(b)
Balances at 09/30/2018	\$ 136,376,792	\$ 92,759,817	\$ 43,616,975
Changes for the year:			
Service cost	2,262,003	-	2,262,003
Interest	10,150,472	-	10,150,472
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,394,060	-	1,394,060
Contributions - employer	-	3,677,388	(3,677,388)
Contributions - employee	-	1,617,455	(1,617,455)
Net investment income	-	2,331,226	(2,331,226)
Benefit payments, including refunds of employee contributions	(9,104,968)	(9,104,968)	-
Administrative expense	-	-	-
Transfers among Employers	(135,985)	(135,985)	-
Net changes	\$ 4,565,582	\$ (1,614,884)	\$ 6,180,466
Balances at 9/30/2019	\$ 140,942,374	\$ 91,144,933	\$ 49,797,441

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a)-(b)
Balances at 09/30/2018	\$ 54,277,643	\$ 37,275,192	\$ 17,002,451
Changes for the year:			
Service cost	830,571	-	830,571
Interest	4,049,796	-	4,049,796
Changes of assumptions	-	-	-
Differences between expected and actual experience	675,369	-	675,369
Contributions - employer	-	1,457,804	(1,457,804)
Contributions - employee	-	291,191	(291,191)
Net investment income	-	941,061	(941,061)
Benefit payments, including refunds of employee contributions	(3,365,784)	(3,365,784)	-
Administrative expense	-	-	-
Transfers among employers	63,270	63,270	-
Net Changes	2,253,222	(612,458)	2,865,680
Balances at 09/30/2019	\$ 56,530,865	\$ 36,662,734	\$ 19,868,131

Note 5 – Other Information – Continued

Actuarial assumptions

The total pension liability in the September 30, 2019 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018. The key actuarial assumptions are summarized below:

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

**Net of pension plan investment expense*

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

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

** Includes assumed rate of inflation at 2.50%*

Note 5 – Other Information - Continued

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Benefits provided

Changes in Net Pension Liability - City of Decatur

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a)-(b)
Balances at 09/30/2018	\$ 136,376,792	\$ 92,759,817	\$ 43,616,975
Changes for the year:			
Service cost	2,262,003	-	2,262,003
Interest	10,150,472	-	10,150,472
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,394,060	-	1,394,060
Contributions - employer	-	3,677,388	(3,677,388)
Contributions - employee	-	1,617,455	(1,617,455)
Net investment income	-	2,331,226	(2,331,226)
Benefit payments, including refunds of employee contributions	(9,104,968)	(9,104,968)	-
Administrative expense	-	-	-
Transfers among Employers	(135,985)	(135,985)	-
Net changes	\$ 4,565,582	\$ (1,614,884)	\$ 6,180,466
Balances at 9/30/2019	\$ 140,942,374	\$ 91,144,933	\$ 49,797,441

Note 5 – Other Information - Continued

Benefits provided - Continued

Changes in Net Pension Liability - Municipal Utilities Board

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a)-(b)
Balances at 09/30/2018	\$ 54,277,643	\$ 37,275,192	\$ 17,002,451
Changes for the year:			
Service cost	830,571	-	830,571
Interest	4,049,796	-	4,049,796
Changes of assumptions	-	-	-
Differences between expected and actual experience	675,369	-	675,369
Contributions - employer	-	1,457,804	(1,457,804)
Contributions - employee	-	291,191	(291,191)
Net investment income	-	941,061	(941,061)
Benefit payments, including refunds of employee contributions	(3,365,784)	(3,365,784)	-
Administrative expense	-	-	-
Transfers among employers	63,270	63,270	-
Net Changes	2,253,222	(612,458)	2,865,680
Balances at 09/30/2019	\$ 56,530,865	\$ 36,662,734	\$ 19,868,131

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

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

	1% Decrease	Current Rate	1% Increases
	(6.70%)	(7.70%)	(8.70%)
City's net pension liability	\$ 65,970,533	\$ 49,797,441	\$ 36,142,568
Board's net pension liability	\$ 25,690,678	\$ 19,568,131	\$ 14,356,101

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018. The auditor's report dated August 17, 2019, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <https://www.rsa-al.gov/index.php/e,ployers/financial-reports/gasb-68-reports/>

Note 5 – Other Information - Continued

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

For the year ended September 30, 2020, the City and Board recognized pension expense of \$5,669,652 and \$1,942,884 respectively. At September 30, 2020, 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
	<hr/>	<hr/>
Differences between expected and actual experiences	\$ 1,990,902	\$ 815,378
Changes of assumption	2,469,181	-
Net difference between projected and actual earnings on pension plan investments	1,014,314	-
Employer contributions subsequent to the measurement date	3,780,285	-
	<hr/>	<hr/>
Total	\$ 9,254,682	\$ 815,378
	<hr/>	<hr/>

At September 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Differences between expected and actual experiences	\$ 1,172,000	\$ 219,990
Changes of assumption	436,065	-
Net difference between projected and actual earnings on pension plan investments	425,794	-
Employer contributions subsequent to the measurement date	1,469,435	-
	<hr/>	<hr/>
Total	\$ 3,503,294	\$ 219,990
	<hr/>	<hr/>

Note 5 – Other Information - Continued

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

Year ended September 30:	Municipal Utilities	
	City of Decatur	Board
2020	\$ 4,525,798	\$ 1,729,285
2021	1,003,482	302,391
2022	1,218,734	586,727
2023	1,430,223	614,872
2024	261,067	50,029
Thereafter	-	-

Component Unit

Plan Description

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

Benefits provided

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Note 5 – Other Information - Continued

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

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

Participating employers' contractually required contribution rate for the year ended September 30, 2020 was 12.43% of annual pay for Tier 1 members and 11.34% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$6,938,206 for the year ended September 30, 2020.

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

At September 30, 2020 the Board reported a liability of \$90,901,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2019 the Board's proportion was .822118%, which was an increase of .060539% from its proportion measured as of September 30, 2018.

Note 5 – Other Information - Continued

For the year ended September 30, 2020, the Board recognized pension expense of \$10,383,000. At September 30, 2020 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 1,344,000	\$ 3,015,000
Changes of assumption	2,801,000	-
Net difference between projected and actual earnings on pension plan investments	3,165,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributive	5,216,000	182,000
Employer contributions subsequent to the measurement date	6,938,206	-
Total	\$ 19,464,206	\$ 3,197,000

\$6,938,206 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources to the pension will be recognized in pension expense as follows:

Year ended September 30:

2020	\$ 1,325,000
2021	1,603,000
2022	3,103,000
2023	3,213,000
2024	85,000
Thereafter	-

Actuarial assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

**Net of pension plan investment expense*

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

Note 5 – Other Information - Continued

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

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stock	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation at 2.50%

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.70%)	Current Rate (7.70%)	1% Increases (8.70%)
Board's proportionate share of collective net pension liability	\$ 123,403,000	\$ 90,901,000	\$ 63,396,000

Note 5 – Other Information - Continued

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2018. The auditor’s report dated August 16, 2019 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2018 along with supporting schedules is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>

E. Other Post-Employment Benefit Plans

Plan Description

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

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

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

Plan Membership

At September 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	259
Inactive Members Entitles to But Not Yet Receiving Benefits	-
Active Employees	294
	<u>553</u>

Benefits Provided

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

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

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

Note 5 – Other Information - Continued

Funding Policy

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

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

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

Total OPEB Liability

The City's total OPEB liability of \$120,265,267 was measured as of September 30, 2019 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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Real wage growth	0.25%
Wage inflation	3.00%
Salary increases, including wage inflation	3.25% - 5.00%
Municipal Bond Index Rate	
Prior Measurement Date	4.18%
Measurement Date	2.66%
Health Care Cost Trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%
Vision	2.50%

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

Note 5 – Other Information - Continued

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

The demographic actuarial assumptions for retirements, disability incidence, withdrawal, and salary increase used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015 and were submitted to and adopted by the Board of Employees' Retirement System of Alabama on September 29, 2016.

Changes in the Total OPEB Liability

Balances at 09/30/2018	<u>\$ 93,412,846</u>
Changes for the year:	
Service cost	1,710,615
Interest	3,849,902
Changes in benefit terms	-
Differences between expected and actual experience	(13,870)
Changes of assumptions or other inputs	23,952,717
Benefit payments, including refunds of employee contributions	(2,646,943)
Administrative expense	-
Net changes	<u>\$ 26,852,421</u>
Balances at 9/30/2019	<u>\$ 120,265,267</u>

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 2.66%, 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 (1.66%) or 1-percentage-point higher (3.66%) than the current discount rate:

	1% Decrease	Current Rate	1% Increase
	(1.66%)	(2.66%)	(3.66%)
Total Other Post-Employment Benefit Liability	\$ 140,968,135	\$ 120,265,267	\$ 103,656,693

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

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

	1% Decrease	Current Rate	1% Increase
Total Other Post-Employment Benefit Liability	\$ 100,727,550	\$ 120,265,267	\$ 145,096,980

Note 5 – Other Information - Continued

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

For the year ended September 30, 2018, the City had an overall reduction in OPEB expense of \$6,327,046. At September 30, 2020, the City reported the following deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 41,978	\$ 2,098,798
Changes of assumption	19,043,006	9,729,459
Employer contributions subsequent to the measurement date	<u>2,641,139</u>	<u>-</u>
Total	<u>\$ 21,726,123</u>	<u>\$ 11,828,257</u>

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

Year ended September 30:

2020	\$ 3,559,223
2021	795,712
2022	1,720,760
2023	3,822,171
2024	-
Thereafter	-

\$2,641,139 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, 2021.

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, 2020 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the City. During the year ended September 30, 2020 there were no administrative expenses paid by the City.

Note 5 – Other Information - Continued

The Municipal Utilities Board Enterprise Fund

The Municipal Utilities Board Enterprise Fund provides post-employment benefits other than pension benefits to all full time employees who retire as an eligible participant in the qualified retirement plan, as described previously. These benefits are approved by the board of directors. Contribution funding is also approved by the board. Benefits provided retirees at September 30, 2020 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, 2020 are detailed in the following tables. Table 1A shows the net OPEB liability as of September 30, 2020, 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, 2020 in order to be in compliance with GASB Statement No. 75.

Balances at 09/30/2018	\$ 28,747,717
Changes for the year:	
Service cost	373,572
Interest	1,038,611
Differences between expected and actual experience	193,875
Contributions	(9,170,122)
Changes of assumptions or other inputs	(2,484,552)
Benefit payments, including refunds of employee contributions	(883,341)
Administrative expense	-
Net changes	\$ (10,931,957)
Balances at 9/30/2019	\$ 17,815,760

Actuarial Methods and Assumptions

The valuation was based on information provided by the Utility as of October 1, 2019 and only those not frozen in the defined benefit plan.

Note 5 – Other Information – Continued

Plan Membership

Actives (with medical coverage)	152
Actives (without medical coverage)	15
Retirees (with medical coverage)	92
Retirees (without medical coverage)	45
Total participants	304

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, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases, including wage inflation	2.50%
Health Care Cost Trends	Medical: 7.25% to grade uniformity to 6.50% over a 3 year period Dental: 5.0% per annum
Actuarial Cost Method	Entry age normal - level percent of pay

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

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

Discount rate

The discount rate used to measure the total OPEB liability was 4.55 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 3.55%	Current Rate 4.55%	1% Increase 5.55%
	3.55%	4.55%	5.55%
Total Other Post-Employment Benefit Liability	\$ 21,589,769	\$ 17,815,760	\$ 14,724,369

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 6.25% Decreasing to 3.00%	Current Rate 7.25% Decreasing to 4.00%	1% Increase 8.25% Decreasing to 5.00%
Total Other Post-Employment Benefit Liability	\$ 14,717,091	\$ 17,815,760	\$ 21,615,694

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

For the year ended September 30, 2020, the System recognized OPEB expense of \$441,848. At September 30, 2020, the System reported deferred outflows of related to OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 158,625	\$ 3,619,101
Changes of assumption	-	3,607,637
Post-measurement contribution	-	-
Total	\$ 158,625	\$ 7,226,738

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, 2020:

Year ended September 30:

2020	\$ (1,854,576)
2021	(1,854,576)
2022	(1,854,576)
2023	(1,215,837)
2024	(288,548)
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, 2020 no benefits were payable and not paid.

Note 5 – Other Information – Continued

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the year ended September 30, 2020 there were no administrative expenses paid by the Municipal Utilities Board.

Component Units

Plan Description

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

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

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.

Note 5 – Other Information – Continued

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

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

Contributions

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

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

At September 30, 2020, the Board reported a liability of \$36,394,005 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018. The Board's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2018, the Board's proportion was .964650 percent, which was a decrease of .066458% from its proportion measured as of September 30, 2018.

Note 5 – Other Information - Continued

For the year ended September 30, 2020, the Board recognized revenue from the OPEB plan of \$2,179,793 with no special funding situations. At September 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 1,205,038	\$ 27,905,350
Changes of assumption	1,739,852	15,074,611
Net differences between projected and actual earnings on OPEB plan investments	75,076	-
Changes in proportion and differences between employer contributions and proportionate share of contrib	6,391,551	1,655,474
Employer contributions reported subsequent to the measurement date	1,738,148	-
	<u>11,149,665</u>	<u>44,635,435</u>
Total	\$ 11,149,665	\$ 44,635,435

\$1,738,148 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, 2021.

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

Year ended September 30:	
2020	\$ (5,645,139)
2021	(7,383,287)
2022	(7,287,921)
2023	(5,763,331)
2024	(6,299,699)
Thereafter	(1,106,393)

Note 5 – Other Information - Continued

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:

Inflation	2.75%
Projected salary increases (1)	3.25% - 5.00%
Long-term investment rate of return (2)	7.25%
Municipal Bond Index Rate at the Measurement Date	3.00%
Municipal Bond Index Rate at the Prior Measurement Date	4.18%
Projected year for fiduciary net position (FNP) to be depleted	2055
Single equivalent interest rate at the measurement date	5.50%
Single equivalent interest rate at the prior measurement date	4.44%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.75% in 2026
Medicare Eligible	4.75% in 2024

(1): Includes 3.00% wage inflation.

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

**Initial Medicare claims are set based on scheduled increases through plan year 2022.

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

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

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

Note 5 – Other Information - Continued

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

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

*Geometric mean, Includes 2.50% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability at September 30, 2019 was 5.50%. The discount rate used to measure the total OPEB liability at the prior measurement date was 4.44%. 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, 24.245% of the employer contributions were used to assist in funding retiree benefit payments in 2018 and it is assumed that the amount will increase by 1.00% 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 2117. The long-term rate of return is used until the assets are expected to be depleted in 2029, after which the municipal bond rate is used.

Note 5 – Other Information - Continued

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

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

	1% Decrease 4.50%	Current Rate 5.50%	1% Increase 6.50%
Total Other Post-Employment Benefit Liability	\$ 43,990,591	\$ 36,394,005	\$ 30,190,101

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 4.50%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.75% Decreasing to 3.75% for pre- medicare, Known decreasing to 3.75% or Medicare	Current Rate 6.75% Decreasing to 4.75% for pre- medicare, Known decreasing to 4.75% or Medicare	1% Increase 7.75% Decreasing to 5.75% for pre- medicare, Known decreasing to 5.75% or Medicare
Total Other Post-Employment Benefit Liability	\$ 29,181,445	\$ 36,394,005	\$ 45,477,897

OPEB plan fiduciary net position

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

F. Risk Financing Programs

The City elected to retain risk related to the employees’ health and dental insurance for the first time beginning December 1, 1999. Then, on January 1, 2002 the City elected to no longer retain the health insurance risk and purchased health insurance. The City currently pays premiums to the State Employee Insurance Board. However, the City still retains the risk for the period under the health self-insurance. The amount of outstanding claims liability remaining as of September 30, 2020 is insignificant and immaterial to the City’s statements as a whole.

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

Note 5 – Other Information - Continued

Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to possibly be paid within the next fiscal year, even if not reported to the City until after September 30, 2020, 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, 2020 are as follows:

	<u>Workers Compensation</u>		<u>Legal Claims</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning of year	\$ 1,131,569	\$ 1,077,134	\$ 275,000	\$ 300,000	\$ 1,436,004	\$ 1,406,569
Incurred claims	715,578	413,795	157,913	265,550	873,491	679,345
Less claim payments	<u>(805,303)</u>	<u>(359,360)</u>	<u>(182,913)</u>	<u>(290,550)</u>	<u>(988,216)</u>	<u>(649,910)</u>
Unpaid claims, end of year	<u>\$ 1,041,844</u>	<u>\$ 1,131,569</u>	<u>\$ 250,000</u>	<u>\$ 275,000</u>	<u>\$ 1,321,279</u>	<u>\$ 1,436,004</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.

G. Tax Abatements

A tax abatement is a reduction in tax revenues resulting from an agreement between one or more governments and a participant whereby one or more governments forgoes tax revenues to which they are entitled with the qualifying participant promising to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or their residents. The City has various sales and use tax abatement and property tax abatement agreements with qualifying participants in which \$3,151,519 in sales and use tax and \$812,009 in property tax were abated during the fiscal year.

H. Subsequent Events

The City has evaluated subsequent events through March 31, 2021, the date on which the financial statements were available for issue.

In January 2021, the City issued General Obligation Taxable Refunding Warrants Series 2021 in the amount of \$17,660,000 to refund existing debt. This refunding will provide benefit to the City through net present value savings of \$1,076,207 with a slight increase of \$5,985 in total debt service over the remaining life of the debt.



REQUIRED SUPPLEMENTAL INFORMATION

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

	City of Decatur						Municipal Utilities Board					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Total pension liability												
Service cost	\$ 2,262,003	\$ 2,207,466	\$ 2,140,584	\$ 2,145,903	\$ 2,168,298	\$ 2,211,718	\$ 830,571	\$ 785,826	\$ 765,318	\$ 762,211	\$ 735,009	\$ 719,118
Interest	10,150,472	9,801,611	9,589,472	9,222,454	8,867,007	8,567,542	4,049,796	3,861,606	3,777,084	3,701,363	3,669,670	3,551,873
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	1,394,060	1,039,217	(1,290,531)	(436,981)	633,364	-	675,369	976,957	(414,798)	(37,776)	(1,104,264)	-
Changes of assumptions	-	712,513	-	5,451,626	-	-	-	272,995	-	1,011,888	-	-
Benefit payments, including refunds of employee contributions	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Transfers among employers	(135,985)	83,525	116,885	(231,427)	-	-	63,270	109,124	(41,676)	6,054	-	-
Net change in total pension liability	4,565,582	5,964,463	2,798,014	8,515,702	4,853,385	3,522,657	2,253,222	2,894,442	1,207,346	2,373,886	561,768	1,412,576
Total pension liability - beginning	136,376,792	130,412,329	127,614,315	119,098,613	114,245,228	110,722,571	54,277,643	51,383,201	50,175,855	47,801,969	47,240,201	45,827,625
Total pension liability - ending (a)	\$ 140,942,374	\$ 136,376,792	\$ 130,412,329	\$ 127,614,315	\$ 119,098,613	\$ 114,245,228	\$ 56,530,865	\$ 54,277,643	\$ 51,383,201	\$ 50,175,855	\$ 47,801,969	\$ 47,240,201
Plan fiduciary net position												
Contribution-employer	3,677,388	3,109,240	2,996,885	2,844,967	2,967,587	3,049,380	1,457,804	1,440,567	1,415,404	1,451,760	1,481,898	1,439,683
Contribution-employee	1,617,455	1,513,027	1,393,984	1,431,785	1,451,728	1,488,936	591,191	547,638	533,792	517,917	588,751	478,274
Net investment income	2,331,226	7,991,909	10,166,518	7,655,033	915,644	8,538,093	941,061	3,200,475	4,038,012	3,010,349	357,511	3,314,923
Benefit payments, including refunds of employee contributions	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Transfers among employers	(135,985)	83,525	116,885	(231,427)	127,694	(47,845)	63,270	109,124	(41,675)	6,054	(103,901)	96,722
Net change in plan fiduciary net position - beginning	(1,614,884)	4,817,832	6,915,876	4,064,485	(1,352,631)	5,771,961	(312,458)	2,185,738	3,066,951	1,916,226	(414,388)	2,471,187
Plan fiduciary net position - beginning	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255	72,542,294	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667	28,049,480
Plan fiduciary net position - ending (b)	91,144,933	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667
Net pension liability (asset) - ending (a)-(b)	49,797,441	43,616,975	42,470,344	46,588,206	42,136,989	35,930,973	19,568,129	17,002,449	16,293,745	18,153,350	17,695,690	16,719,534
Plan fiduciary net position as a percentage of total pension liability	64.67%	68.02%	67.43%	63.49%	64.62%	68.55%	65.39%	68.68%	68.29%	63.82%	62.98%	64.61%
Covered payroll	27,352,778	25,145,773	25,990,353	23,801,380	24,283,101	25,172,255	11,307,292	11,388,209	10,665,563	10,397,431	9,916,527	9,655,596
Net pension liability (asset) as a percentage of covered payroll	182.06%	173.46%	163.41%	195.74%	173.52%	142.74%	173.06%	149.30%	152.77%	174.59%	178.45%	173.16%

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

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

	City of Decatur						Municipal Utilities Board					
	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,780,285	\$ 3,745,335	\$ 3,176,065	\$ 3,058,616	\$ 2,967,587	\$ 3,049,380	\$ 1,469,435	\$ 1,409,907	\$ 1,391,790	\$ 1,481,898	\$ 1,481,898	\$ 1,439,683
Contributions in relation to the actuarially determined contribution	3,780,285	3,745,335	3,176,065	3,058,616	2,967,587	3,049,380	1,469,435	1,409,907	1,391,790	1,481,898	1,481,898	1,439,683
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 27,352,778	\$ 27,352,778	\$ 25,145,773	\$ 25,990,353	\$ 23,801,380	\$ 24,283,101	\$ 11,641,834	\$ 11,307,292	\$ 11,388,209	\$ 10,665,563	\$ 10,397,431	\$ 9,916,527
Contribution as percentage of covered payroll	13.82%	13.69%	12.63%	11.77%	12.47%	12.56%	12.62%	12.47%	13.05%	14.25%	14.94%	#REF!

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 2020 were based on the September 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2019 to September 30, 2020:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	28.8 years and 26.0 years, respectively
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
System's proportion of the net pension liability	0.822118%	0.761579%	0.758570%	0.757463%	0.761109%	0.785686%
System's proportionate share of the net pension liability	\$ 90,901,000	\$ 75,721,000	\$ 74,556,000	\$ 82,003,000	\$ 79,655,000	\$ 71,376,000
System's covered payroll	\$ 53,916,727	\$ 50,752,290	\$ 50,033,648	\$ 48,021,155	\$ 47,934,304	\$ 49,729,459
System's proportionate share of the net pension liability as a percentage of its covered payroll	168.60%	149.20%	149.01%	170.76%	166.18%	143.53%
Plan fiduciary net position as a percentage of the total pension liability	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,938,206	\$ 6,564,487	\$ 6,114,961	\$ 5,935,142	\$ 5,697,027	\$ 5,654,232
Contributions in relation to the contractually required contribution	<u>6,938,206</u>	<u>6,564,487</u>	<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>
System's covered payroll	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590	\$ 50,033,648	\$ 48,021,155	\$ 47,934,304
Contributions as a percentage of covered payroll	12.14%	12.18%	12.05%	11.86%	11.86%	11.80%

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

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

	City of Decatur			Municipal Utilities Board		
	2019	2018	2017	2020	2019	2018
Total OPEB liability						
Service cost	\$ 1,710,615	\$ 2,448,333	\$ 2,832,229	\$ 373,572	\$ 424,692	\$ 577,544
Interest	3,849,902	3,574,276	3,139,256	1,039,156	1,269,752	1,076,050
Changes in benefit terms	-	-	-	-	-	-
Differences between actual & expected experience	(13,870)	(3,600,770)	86,792	193,875	(5,687,159)	-
Changes of assumptions	23,952,717	(7,889,102)	(10,658,776)	(3,367,893)	(1,338,994)	-
Benefit payments, including refunds of employee contributions	(2,646,946)	(2,457,754)	(2,389,744)	(883,341)	(941,411)	(822,065)
Net change in OPEB liability	26,852,418	(7,925,017)	(6,990,243)	(2,644,631)	(6,273,120)	831,529
Total OPEB liability - beginning	93,412,846	101,337,863	108,328,106	28,747,717	35,020,837	34,189,308
Total OPEB liability - ending (a)	\$ 120,265,264	\$ 93,412,846	\$ 101,337,863	\$ 26,103,086	\$ 28,747,717	\$ 35,020,837
Plan fiduciary net position						
Contributions - employer	\$ 3,745,335	\$ 2,457,754	\$ 2,378,069	\$ 8,875,780	\$ 941,411	\$ 822,065
Contributions - employee	-	-	-	294,342	-	-
Net investment income	-	-	-	545	-	-
Benefit payments, including refunds of employee contributions	(3,745,335)	(2,457,754)	(2,378,069)	(883,341)	(941,411)	(822,065)
Administrative expenses	-	-	-	-	-	-
Net change in OPEB liability	-	-	-	8,287,326	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ 8,287,326	\$ -	\$ -
Net OPEB liability (asset) - ending (a) - (b)	120,265,264	93,412,846	101,337,863	17,815,760	28,747,717	35,020,837
Covered payroll	16,244,063	15,582,742	16,915,903	10,576,255	9,259,586	10,665,563
Net pension liability (asset) as a percentage of covered payroll	740.36%	599.46%	599.07%	168.45%	310.46%	328.35%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
System's proportion of the net OPEB liability	0.964650%	0.898192%	0.868568%
System's proportionate share of the net OPEB liability	\$ 36,394,005	\$ 73,819,943	\$ 64,512,270
System's covered payroll	\$ 53,916,727	\$ 50,752,590	\$ 50,033,648
System's proportionate share of the net pension liability as a percentage of its covered payroll	67.50%	145.45%	128.94%
Plan fiduciary net position as a percentage of the total pension liability	28.14%	14.81%	15.37%

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

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

	2020	2019	2018
Contractually required contribution	\$ 1,738,148	\$ 2,719,129	\$ 2,218,461
Contributions in relation to the contractually required contribution	1,738,148	2,719,129	2,218,461
Contribution deficiency (excess)	-	-	-
System's covered payroll	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590
Contributions as a percentage of covered payroll	3.04%	5.04%	4.37%

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

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

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

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

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

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	25 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.88%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate Trend Rate	2022 for Pre-Medicare Eligible 2018 Medicare Eligible
Investment Rate of Return	5.00%, including inflation



SUPPLEMENTAL INFORMATION

City of Decatur
 General Fund
 Balance Sheet
 September 30, 2020

Assets	
Cash & investments	\$ 34,670,818
Cash with fiscal agent	1,514,787
Receivables (net of allowances):	
Accounts	624,294
Taxes	4,227,334
Due from other funds	1,171,041
Due from other governmental entities	755,184
Deposits	71,405
Prepays	180,673
Inventories	56,643
	<hr/>
Total assets	\$ 43,272,179
	<hr/> <hr/>
Deferred Outflows of Resources	-
	<hr/>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	2,042,844
Accrued liabilities	1,229,961
Due to other funds	486,733
Due to other governmental entities	-
Customer deposits	327,775
Other	-
	<hr/>
Total liabilities	4,087,313
	<hr/>
Deferred Inflows of Resources	544,661
	<hr/>
Fund Balance	
Nonspendable	237,316
Restricted	1,312
Committed	23,169,208
Unassigned	15,232,369
	<hr/>
Total fund balance	38,640,205
	<hr/>
Total liabilities, deferred resources and fund balance	\$ 43,272,179
	<hr/> <hr/>

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Report & Actual
 For the Year Ended September 30, 2020

	Report		Actual	Variance with
	Original	Final		Final Report Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	\$ 48,319,500	\$ 48,641,500	\$ 50,619,051	\$ 1,977,551
Licenses and permits	7,165,325	7,165,325	7,245,608	80,283
Fines and forfeitures	462,350	462,350	336,025	(126,325)
Revenues from money and property	1,335,000	1,335,000	1,207,934	(127,066)
Charges for services	5,541,300	5,541,300	5,423,782	(117,518)
Intergovernmental	5,375,826	5,795,826	6,156,221	360,395
Gifts and donations	94,000	271,486	246,158	(25,328)
Other revenues	256,000	284,955	307,313	22,358
TOTAL REVENUES	68,549,301	69,497,742	71,542,092	2,044,350
EXPENDITURES				
Current				
General government	15,721,906	16,546,225	14,506,554	2,039,671
Public safety	28,133,810	32,045,685	26,951,142	5,094,543
Public works	7,608,975	14,401,477	12,043,871	2,357,606
Public services	9,278,942	11,719,797	7,571,276	4,148,521
Community services contracts	2,758,330	2,767,751	2,690,067	77,684
Community development	530,236	535,503	322,070	213,433
Debt service:				
Principal	3,599,545	3,592,645	3,585,952	6,693
Interest and fiscal charges	970,005	976,905	977,366	(461)
TOTAL EXPENDITURES	68,601,749	82,585,989	68,648,298	13,937,691
EXCESS OF REVENUES OVER EXPENDITURES	(52,448)	(13,088,247)	2,893,794	15,982,041
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Long-term debt issued	-	-	-	-
Operating transfers in	23,092	-	46,848	46,848
Operating transfers out	(1,092,363)	(1,128,730)	(1,372,190)	(243,460)
Total other financing sources (uses)	(1,069,271)	(1,128,730)	(1,325,342)	(196,612)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,121,719)	(14,216,977)	1,568,452	15,785,429
Fund balance, beginning	37,071,753	37,071,753	37,071,753	-
FUND BALANCE, ENDING	\$ 35,950,034	\$ 22,854,777	\$ 38,640,205	\$ 15,785,429

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Report & Actual - By Activity
 For the Year Ended September 30, 2020

Page 1 of 7

	Report		Actual	Variance with Final Report Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	36,450,000	36,772,000	38,684,388	1,912,388
Ad valorem	4,150,000	4,150,000	4,087,353	(62,647)
Other	7,719,500	7,719,500	7,847,310	127,810
Total	48,319,500	48,641,500	50,619,051	1,977,551
Licenses and permits				
Motor Vehicle	175,000	175,000	179,097	4,097
Business Licenses and Permits	6,455,325	6,455,325	6,408,160	(47,165)
Building Permits and Inspection Fees	535,000	535,000	658,351	123,351
Total	7,165,325	7,165,325	7,245,608	80,283
Fines and forfeitures				
	462,350	462,350	336,025	(126,325)
Revenues from money and property				
Interest	1,150,000	1,150,000	1,013,715	(136,285)
Other	185,000	185,000	194,219	9,219
Total	1,335,000	1,335,000	1,207,934	(127,066)
Charges for current services				
Recreation	466,700	466,700	239,576	(227,124)
Animal shelter	22,800	22,800	26,819	4,019
General government	455,700	455,700	453,385	(2,315)
Public safety	197,100	197,100	123,454	(73,646)
Public works	4,349,000	4,349,000	4,526,901	177,901
Cemetery	50,000	50,000	53,625	3,625
Old bank	-	-	-	-
Youth services	-	-	22	22
Total	5,541,300	5,541,300	5,423,782	(117,518)
Intergovernmental				
Tax equivalents	4,956,326	4,956,326	5,263,858	307,532
State Grants	-	420,000	100,000	(320,000)
State Shared Taxes	419,500	419,500	792,363	372,863
State contributions	-	-	-	-
Total	5,375,826	5,795,826	6,156,221	360,395
Gifts & donations				
	94,000	271,486	246,158	(25,328)
Other revenues				
	256,000	284,955	307,313	22,358
TOTAL REVENUES	68,549,301	69,497,742	71,542,092	2,044,350

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
CURRENT EXPENDITURES				
General Government				
Mayor and Council				
Personnel services	405,425	405,425	312,572	92,853
Operating expenses	333,084	47,436	39,884	7,552
Capital outlay	-	-	-	-
Total	738,509	452,861	352,456	100,405
Legal Services				
Personnel services	475,207	475,207	465,375	9,832
Operating expenses	131,463	71,023	34,697	36,326
Capital outlay	-	53,596	53,596	-
Total	606,670	599,826	553,668	46,158
Municipal Court				
Personnel services	751,307	751,307	746,295	5,012
Operating expenses	12,337	12,337	9,359	2,978
Capital outlay	-	-	-	-
Total	763,644	763,644	755,654	7,990
City Clerk				
Personnel services	483,731	483,731	476,106	7,625
Operating expenses	160,125	153,681	120,143	33,538
Capital outlay	-	-	-	-
Total	643,856	637,412	596,249	41,163
Revenue department				
Personnel services	236,191	220,037	208,422	11,615
Operating expenses	100,150	97,931	53,573	44,358
Capital outlay	-	-	-	-
Total	336,341	317,968	261,995	55,973
Finance department				
Personnel services	818,640	818,640	797,261	21,379
Operating expenses	15,755	80,180	7,181	72,999
Capital outlay	-	-	-	-
Total	834,395	898,820	804,442	94,378
Public building				
Personnel services	235,626	235,626	198,121	37,505
Operating expenses	307,534	334,168	321,230	12,938
Capital outlay	-	149,534	141,282	8,252
Total	543,160	719,328	660,633	58,695

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2020

Page 3 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community development				
Personnel services	1,002,050	962,050	827,860	134,190
Operating expenses	153,730	192,499	157,384	35,115
Capital outlay	-	-	-	-
Total	1,155,780	1,154,549	985,244	169,305
Garage				
Personnel services	381,914	381,914	381,120	794
Operating expenses	66,563	65,558	65,184	374
Capital outlay	-	40,000	31,582	8,418
Total	448,477	487,472	477,886	9,586
Purchasing				
Personnel services	290,433	290,433	285,329	5,104
Operating expenses	13,100	7,192	3,975	3,217
Capital outlay	-	-	-	-
Total	303,533	297,625	289,304	8,321
Information services				
Personnel services	1,038,040	1,038,040	1,015,722	22,318
Operating expenses	2,201,711	2,158,431	1,644,818	513,613
Capital outlay	164,000	164,000	70,043	93,957
Total	3,403,751	3,360,471	2,730,583	629,888
Miscellaneous				
Workman's compensation	800,000	800,000	786,951	13,049
Insurance	418,000	418,000	372,333	45,667
Other	4,593,826	5,519,252	4,768,473	750,779
Total	5,811,826	6,737,252	5,927,757	809,495
Safety				
Personnel services	84,049	84,049	84,603	(554)
Operating expenses	47,915	34,947	26,080	8,867
Capital outlay	0	0	-	-
Total	131,964	118,996	110,683	8,313
Total general government	15,721,906	16,546,225	14,506,554	2,039,671

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Fire				
Personnel services	10,199,384	10,199,384	9,937,912	261,472
Operating expenses	498,031	576,451	528,702	47,749
Capital outlay	486,400	4,302,708	1,202,235	3,100,473
Total	11,183,815	15,078,543	11,668,849	3,409,694
Inspection				
Personnel services	867,196	867,196	843,717	23,479
Operating expenses	35,709	32,664	27,807	4,857
Capital outlay	-	-	-	-
Total	902,905	899,860	871,524	28,336
Police				
Personnel services	11,986,775	11,986,775	10,907,978	1,078,797
Operating expenses	2,428,110	2,376,762	2,143,408	233,354
Capital outlay	1,088,433	1,158,433	1,054,008	104,425
Total	15,503,318	15,521,970	14,105,394	1,416,576
Sign Shop				
Personnel services	252,547	252,547	214,357	38,190
Operating expenses	131,225	128,092	86,345	41,747
Capital outlay	160,000	164,673	4,673	160,000
Total	543,772	545,312	305,375	239,937
Total public safety	28,133,810	32,045,685	26,951,142	5,094,543
Public Works				
Director				
Personnel services	215,628	215,628	230,306	(14,678)
Operating expenses	6,183	12,989	11,275	1,714
Capital outlay	-	-	-	-
Total	221,811	228,617	241,581	(12,964)
Streets				
Personnel services	1,678,440	1,678,440	1,591,629	86,811
Operating expenses	404,785	500,892	337,338	163,554
Capital outlay	138,000	178,729	178,728	1
Total	2,221,225	2,358,061	2,107,695	250,366

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2020

Page 5 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Projects				
Operating expenses	20,000	295,869	51,011	244,858
Capital outlay	1,044,500	1,149,656	886,626	263,030
Total	1,064,500	1,445,525	937,637	507,888
Engineering				
Personnel services	316,566	316,566	318,121	(1,555)
Operating expenses	250,750	214,750	210,555	4,195
Capital outlay	221,000	5,357,614	4,687,361	670,253
Total	788,316	5,888,930	5,216,037	672,893
Sanitation				
Personnel services	1,685,628	1,585,628	1,435,875	149,753
Operating expenses	1,489,495	1,589,365	1,594,948	(5,583)
Capital outlay	138,000	1,305,351	510,098	795,253
Total	3,313,123	4,480,344	3,540,921	939,423
Total public works	7,608,975	14,401,477	12,043,871	2,357,606
Public Services				
Animal Shelter				
Personnel services	494,920	494,920	449,444	45,476
Operating expenses	94,200	94,582	80,623	13,959
Capital outlay	19,600	19,600	-	19,600
Total	608,720	609,102	530,067	79,035
Parks and recreation				
Personnel services	4,627,698	4,627,698	3,641,576	986,122
Operating expenses	2,785,498	2,779,360	2,257,691	521,669
Capital outlay	49,650	352,005	154,251	197,754
Total	7,462,846	7,759,063	6,053,518	1,705,545
Cemetery				
Personnel services	111,879	111,879	108,594	3,285
Operating expenses	86,586	86,586	82,031	4,555
Capital outlay	-	-	-	-
Total	198,465	198,465	190,625	7,840
Youth services				
Personnel services	715,752	715,752	590,374	125,378
Operating expenses	180,459	165,815	99,201	66,614
Total	896,211	2,681,567	689,575	1,991,992

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture				
Old Bank	97,700	82,200	76,800	5,400
Train Depot	15,000	15,000	10,240	4,760
Princess	-	374,400	20,451	353,949
Total	112,700	471,600	107,491	364,109
Total public services	9,278,942	11,719,797	7,571,276	4,148,521
Community Service Contracts				
Wheeler Basin Regional Library Board	441,936	441,936	441,936	-
Morgan County Emergency Management Dist.	397,733	407,154	407,155	(1)
Decatur-Morgan County Emergency Mgt. Agency	35,000	35,000	35,000	-
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	935,250	935,250	862,065	73,185
Chamber of Commerce:				
Community Business Development Board	50,000	50,000	50,000	-
Morgan County Rescue Squad	15,000	15,000	15,000	-
Hudson Alpha Foundation	15,000	15,000	15,000	-
Pryor Field Airport Authority	40,000	40,000	40,000	-
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	80,000	80,000	80,000	-
American Cancer Society	50,000	50,000	50,000	-
Entrepreneurial Center	100,000	100,000	100,000	-
DMCCC One Vision, One Voice	-	-	-	-
Singing River Trail Study	-	-	-	-
Total Community Services Contract	2,758,330	2,767,751	2,690,067	77,684

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2020

Page 7 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development				
Planning department				
Personnel services	388,674	388,674	242,206	146,468
Operating expenses	141,562	146,829	79,864	66,965
Capital outlay	-	-	-	-
Total	530,236	535,503	322,070	213,433
Total community development	530,236	535,503	322,070	213,433
Debt Service Expenditures				
Principal	3,599,545	3,592,645	3,585,952	6,693
Interest and fiscal charges	970,005	976,905	977,366	(461)
Total Debt Service Expenditures	4,569,550	4,569,550	4,563,318	6,232
TOTAL EXPENDITURES	68,601,749	82,585,989	68,648,298	13,937,691
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURE	(52,448)	(13,088,247)	2,893,794	15,982,041
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Payment to escrow agent				
Operating transfers in	23,092	-	46,848	46,848
Operating transfers out	(1,092,363)	(1,128,730)	(1,372,190)	(243,460)
Total other financing sources (uses)	(1,069,271)	(1,128,730)	(1,325,342)	(196,612)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,121,719)	(14,216,977)	1,568,452	15,785,429
Fund balance, beginning	37,071,753	37,071,753	37,071,753	-
FUND BALANCE, ENDING	\$ 35,950,034	\$ 22,854,777	\$ 38,640,205	\$ 15,785,429

Other Governmental Funds

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

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

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

2019 Gas Tax Special Revenue Fund - to account for additional gas tax funds to be phased in over a three-yr period which are to be 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 State of

City of Decatur
 Non-Major Governmental Funds (by fund type)
 Combining Balance Sheet
 September 30, 2020

	Special Revenue Funds												Permanent Fund
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	2019 Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Perpetual Care	
Assets													
Cash & investments, at cost	\$ 40,021	\$ 71,623	\$ -	\$ -	\$ 258,960	\$ 40,313	\$ 1,383,021	\$ 226,760	\$ 387,976	\$ 253,997	\$ 973,282	\$ 177,957	
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments, at cost													1,153,355
Receivables (net of allowances)													
Accounts	-	-	-	4,273	-	-	-	6,086	1,922	-	-	-	2,133
Notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	47,668	-	-
Due from other funds													
Due from governmental entities	12,659	28,195	20,132	399,130	-	-	-	-	-	-	-	-	-
Deposits	10,182	6,823	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 62,862	\$ 106,641	\$ 20,132	\$ 403,403	\$ 258,960	\$ 40,313	\$ 1,383,021	\$ 232,846	\$ 389,898	\$ 253,997	\$ 1,020,950	\$ 1,333,445	
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities													
Accounts payable	172	-	-	197,321	19,424	23,768	42,892	2,724	21	-	-	-	-
Accrued liabilities	-	-	-	18,026	15,286	-	-	2,546	2,284	-	-	-	-
Due to other funds	-	-	4,040	48,983	-	-	-	-	-	-	1,222,827	2,133	-
Due to other governmental entities	-	-	-	-	-	16,327	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	218	-	-	-	-	-	-	-
Total liabilities	172	-	4,040	264,330	34,710	40,313	42,892	5,270	2,305	-	1,222,827	2,133	
Deferred Inflows of Resources	-	-	-	252,429	-	-	-	-	-	-	-	-	-
Fund Balances													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	1,331,312
Restricted	62,690	106,641	16,092	-	-	-	1,340,129	227,576	387,593	253,997	-	-	-
Committed	-	-	-	-	224,250	-	-	-	-	-	(201,877)	-	-
Unassigned	-	-	-	(113,356)	-	-	-	-	-	-	-	Nonmaj	-
Total fund balance (deficit)	62,690	106,641	16,092	(113,356)	224,250	-	1,340,129	227,576	387,593	253,997	(201,877)	1,331,312	
Total liabilities, deferred inflows and fund balance	\$ 62,862	\$ 106,641	\$ 20,132	\$ 403,403	\$ 258,960	\$ 40,313	\$ 1,383,021	\$ 232,846	\$ 389,898	\$ 253,997	\$ 1,020,950	\$ 1,333,445	

City of Decatur
 Non-Major Governmental Funds (by fund type)
 Combining Balance Sheet - Continued
 September 30, 2020

Capital Projects Funds				Total Nonmajor Governmental Funds
2016 Capital Improvements Fund	Sewer Fund	Capital Improvements Fund		
\$ 1,887,570	\$ 365,962	\$ 159,464	\$	6,226,906
-	269,764	-		269,764
-				1,153,355
37,286	-	-		51,700
-	-	-		-
-	-	-		47,668
	61,530			61,530
-	-	-		460,116
49,198	-	-		66,203
<u>\$ 1,974,054</u>	<u>\$ 697,256</u>	<u>\$ 159,464</u>	<u>\$</u>	<u>8,337,242</u>
-	-	-		-
4,937	-	-		291,259
-	-	-		38,142
-	-	-		1,277,983
255,492	-	-		271,819
-	-	-		-
-	-	-		218
<u>260,429</u>	<u>-</u>	<u>-</u>		<u>1,879,421</u>
-	-	-		252,429
-	-	-		1,331,312
-	-	-		2,394,718
1,713,625	697,256	159,464		2,592,718
-	-	-		(113,356)
<u>1,713,625</u>	<u>697,256</u>	<u>159,464</u>		<u>6,205,392</u>
<u>\$ 1,974,054</u>	<u>\$ 697,256</u>	<u>\$ 159,464</u>	<u>\$</u>	<u>8,337,242</u>

City of Decatur
 Non-major Governmental Funds (by fund type)
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended September 30, 2020

	Special Revenue Funds											Permanent Fund
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	2019 Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	
Revenue												
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,516	\$ -
Fines & forfeitures	-	-	-	-	-	-	-	229,431	73,171	-	-	-
Revenues from money & property	685	1,629	1,128	-	-	-	-	4,929	-	4,585	-	135,266
Intergovernmental	140,274	312,782	226,626	1,552,096	-	-	537,881	-	-	34,639	-	-
Gifts & donations	-	-	-	131,862	-	-	-	-	-	-	-	-
Other revenues	-	-	-	566,722	-	-	-	-	-	-	-	-
Total revenues	140,959	314,411	227,754	2,250,680	-	-	537,881	234,360	73,171	39,224	496,516	135,266
Expenditures												
Current												
General government	-	-	-	-	692,590	-	266,982	296,295	16,441	-	17,150	-
Public safety	-	-	-	-	-	-	-	200,063	-	125,098	-	-
Public works	88,902	252,642	211,662	-	-	-	105,140	-	-	-	-	-
Public services	-	-	-	-	-	-	113,870	-	-	-	-	-
Educational assistance	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	2,235,643	-	-	-	-	-	-	-	-
Debt service												
Principal	-	-	-	-	-	-	-	-	-	-	85,000	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	48,094	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	88,902	252,642	211,662	2,235,643	692,590	-	485,992	496,358	16,441	125,098	150,244	-
Excess (deficiency) of revenues over expenditures	52,057	61,769	16,092	15,037	(692,590)	-	51,889	(261,998)	56,730	(85,874)	346,272	135,266
Other Financing Sources (Uses)												
Transfers in	-	-	-	46,177	913,548	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(39,238)	-	-	-	-	-	-	(5,566)	(4,518)
Total other financing sources (uses)	-	-	-	6,939	913,548	-	-	-	-	-	(5,566)	(4,518)
Net change in fund balance	52,057	61,769	16,092	21,976	220,958	-	51,889	(261,998)	56,730	(85,874)	340,706	130,748
Fund balance (deficit), beginning	10,633	44,872	-	(135,332)	3,292	-	1,288,240	489,574	330,863	339,871	(542,583)	1,200,564
Fund balance (deficit), ending	\$ 62,690	\$ 106,641	\$ 16,092	\$ (113,356)	\$ 224,250	\$ -	\$ 1,340,129	\$ 227,576	\$ 387,593	\$ 253,997	\$ (201,877)	\$ 1,331,312

City of Decatur

Non-major Governmental Funds (by fund type)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued

For the Year Ended September 30, 2020

Capital Projects Fund				Total Nonmajor Governmental Funds
2016 Capital Improvements Fund	Sewer Fund	Capital Improvements Fund		
\$ -	\$ -	\$ -	\$ -	496,516
-	-	-	-	302,602
25,166	7,894	4,045	-	185,327
3,268,346	-	347,455	-	6,420,099
-	-	-	-	131,862
-	-	-	-	566,722
3,293,512	7,894	351,500	-	8,103,128
-	-	-	-	1,289,458
-	-	-	-	325,161
3,673,112	-	302,871	-	4,634,329
-	-	-	-	113,870
-	-	-	-	-
-	-	-	-	2,235,643
-	422,798	-	-	507,798
-	240,280	-	-	288,374
-	-	-	-	-
3,673,112	663,078	302,871	-	9,394,633
(379,600)	(655,184)	48,629	-	(1,291,505)
-	811,674	-	-	1,771,399
-	-	-	-	(49,322)
-	811,674	-	-	1,722,077
(379,600)	156,490	48,629	-	430,572
2,093,225	540,766	110,835	-	5,774,820
\$ 1,713,625	\$ 697,256	\$ 159,464	\$ -	\$ 6,205,392

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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 151,000	\$ 151,000	\$ 140,274	\$ (10,726)
Revenues from money and property	200	200	685	485
Total revenues	151,200	151,200	140,959	(10,241)
EXPENDITURES				
Operating expenses	134,000	149,000	88,902	60,098
Total expenditures	134,000	149,000	88,902	60,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,200	2,200	52,057	49,857
NET CHANGE IN FUND BALANCE	17,200	2,200	52,057	49,857
Fund balance, beginning	10,633	10,633	10,633	-
FUND BALANCE, ENDING	\$ 27,833	\$ 12,833	\$ 62,690	\$ 49,857

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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 334,000	\$ 334,000	\$ 312,782	\$ (21,218)
Revenues from money and property	500	500	1,629	1,129
Total revenues	334,500	334,500	314,411	(20,089)
EXPENDITURES				
Operating expenses	387,500	372,500	252,642	119,858
Total expenditures	387,500	372,500	252,642	119,858
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(53,000)	(38,000)	61,769	99,769
NET CHANGE IN FUND BALANCE	(53,000)	(38,000)	61,769	99,769
Fund balance, beginning	44,872	44,872	44,872	-
FUND BALANCE, ENDING	\$ (8,128)	\$ 6,872	\$ 106,641	\$ 99,769

City of Decatur
 2019 Gas Tax Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 333,000	\$ 333,000	\$ 226,626	\$ (106,374)
Revenues from money and property	-	-	1,128	1,128
Other revenue	-	-	-	-
Total revenues	333,000	333,000	227,754	(105,246)
EXPENDITURES				
Operating expenses	333,000	333,000	211,662	121,338
Total expenditures	333,000	333,000	211,662	121,338
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	16,092	16,092
Other financing sources (uses)				
Operating transfers (out)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	16,092	16,092
Fund balance, beginning	-	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ 16,092	\$ 16,092

City of Decatur
 Personnel Board Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Other revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Personnel services	631,798	631,798	534,311	97,487
Operating expenses	281,750	281,750	158,279	123,471
Total expenditures	913,548	913,548	692,590	220,958
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(913,548)	(913,548)	(692,590)	220,958
OTHER FINANCING SOURCES				
Operating transfers in	913,548	913,548	913,548	-
Total other financing sources (uses)	913,548	913,548	913,548	-
NET CHANGE IN FUND BALANCE	-	-	220,958	220,958
Fund balance, beginning	3,292	3,292	3,292	-
FUND BALANCE, ENDING	\$ 3,292	\$ 3,292	\$ 224,250	\$ 220,958

City of Decatur
Heritage Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 537,881	\$ 37,881
Total revenues	500,000	500,000	537,881	37,881
EXPENDITURES				
Operating expenses	100,000	103,153	102,581	572
Capital outlay	1,138,000	1,419,717	383,411	1,036,306
Total expenditures	1,238,000	1,522,870	485,992	1,036,878
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(738,000)	(1,022,870)	51,889	1,074,759
NET CHANGE IN FUND BALANCE	(738,000)	(1,022,870)	51,889	1,074,759
Fund balance, beginning	1,288,240	1,288,240	1,288,240	-
FUND BALANCE, ENDING	\$ 550,240	\$ 265,370	\$ 1,340,129	\$ 1,074,759

City of Decatur
 Corrections Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 461,000	\$ 461,000	\$ 229,431	\$ (231,569)
Revenues from money and property	3,000	3,000	4,929	1,929
Total revenues	464,000	464,000	234,360	(229,640)
EXPENDITURES				
Personnel services	353,505	353,505	287,582	65,923
Operating expenses	266,894	266,894	164,573	102,321
Capital outlay	56,000	56,000	44,203	11,797
Total expenditures	676,399	676,399	496,358	180,041
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(212,399)	(212,399)	(261,998)	(49,599)
NET CHANGE IN FUND BALANCE	(212,399)	(212,399)	(261,998)	(49,599)
Fund balance, beginning	489,574	489,574	489,574	-
FUND BALANCE, ENDING	\$ 277,175	\$ 277,175	\$ 227,576	\$ (49,599)

City of Decatur
Docket Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 111,700	\$ 111,700	\$ 73,171	\$ (38,529)
Total revenues	111,700	111,700	73,171	(38,529)
EXPENDITURES				
Personnel services	-	-	2,284	(2,284)
Operating expenses	46,200	46,200	14,157	32,043
Capital outlay	90,000	90,000	-	(90,000)
Total expenditures	136,200	136,200	16,441	119,759
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,500)	(24,500)	56,730	81,230
NET CHANGE IN FUND BALANCE	(24,500)	(24,500)	56,730	81,230
Fund balance, beginning	330,863	330,863	330,863	-
FUND BALANCE, ENDING	\$ 306,363	\$ 306,363	\$ 387,593	\$ 81,230

City of Decatur
Drug Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 52,000	\$ 52,000	\$ 34,639	\$ (17,361)
Revenues from money and property	2,000	2,000	4,585	2,585
Total revenues	54,000	54,000	39,224	(14,776)
EXPENDITURES				
Personal services	5,000	5,000	-	5,000
Operating expenses	52,000	39,584	27,357	12,227
Capital outlay	143,000	155,416	97,741	57,675
Total expenditures	200,000	200,000	125,098	74,902
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(146,000)	(146,000)	(85,874)	60,126
NET CHANGE IN FUND BALANCE	(146,000)	(146,000)	(85,874)	60,126
Fund balance, beginning	339,871	339,871	339,871	-
FUND BALANCE, ENDING	\$ 193,871	\$ 193,871	\$ 253,997	\$ 60,126

City of Decatur
Room Occupancy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes and Payments in lieu of taxes	\$ 515,000	\$ 515,000	\$ 496,516	\$ (18,484)
Total revenues	515,000	515,000	496,516	(18,484)
EXPENDITURES				
Operating expenses	-	17,180	17,150	30
Debt service				
Principal	85,000	85,000	85,000	-
Interest	48,094	48,094	48,094	-
Operating expenses	-	-	-	-
Total expenditures	133,094	150,274	150,244	30
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	381,906	364,726	346,272	(18,454)
OTHER FINANCING USES				
Operating transfers (out)	(5,566)	(5,566)	(5,566)	-
Total other financing sources	(5,566)	(5,566)	(5,566)	-
NET CHANGE IN FUND BALANCE	376,340	359,160	340,706	(18,454)
Fund balance, beginning	(542,583)	(542,583)	(542,583)	-
FUND BALANCE, ENDING	\$ (166,243)	\$ (183,423)	\$ (201,877)	\$ (18,454)

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Net Position
 September 30, 2020

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash & investments, at cost	\$ 114,443	\$ 22,553,879	\$22,668,322
Receivables (net of allowance)			
Accounts	2,002	579,312	581,314
Due from other funds	-	1,030,212	1,030,212
Prepaid items	6,911	-	6,911
Inventories, at cost	74,090	-	74,090
TOTAL CURRENT ASSETS	197,446	24,163,403	24,360,849
NONCURRENT ASSETS			
Capital assets:			
Land	254,931	1,241,799	1,496,730
Buildings	7,325,164	2,365,396	9,690,560
Improvements other than buildings	10,807,326	8,606,296	19,413,622
Furniture & equipment	1,332,446	8,436,020	9,768,466
Less accumulated depreciation	(14,941,068)	(12,436,966)	(27,378,034)
Total capital assets (net of accumulated depreciation)	4,778,799	8,212,545	12,991,344
TOTAL NONCURRENT ASSETS	4,778,799	8,212,545	12,991,344
TOTAL ASSETS	4,976,245	32,375,948	37,352,193
DEFERRED OUTFLOWS OF RESOURCES			
OPEB contribution	535,078	880,630	1,415,708
Pension contributions subsequent to measurement date	152,759	339,382	492,141
TOTAL DEFERRED OUTFLOWS OF RESOURCES	687,837	1,220,012	1,907,849

LIABILITIES

CURRENT LIABILITIES

Accounts payable	91,591	169,597	261,188
Accrued liabilities	19,123	85,662	104,785
Compensated absences	11,457	10,668	22,125
Deferred revenue	49,305	-	49,305
Claims payable	-	100,000	100,000

TOTAL CURRENT LIABILITIES

171,476 365,927 537,403

NONCURRENT LIABILITIES

Landfill closure and post-closure care costs	-	4,058,882	4,058,882
Compensated absences	103,121	96,013	199,134
Claims payable	-	100,000	100,000
Net pension liability	823,012	1,753,677	2,576,689
Net other postemployment benefit liability	3,190,352	4,128,765	7,319,117

TOTAL NONCURRENT LIABILITIES

4,116,485 10,137,337 14,253,822

TOTAL LIABILITIES

4,287,961 10,503,264 14,791,225

DEFERRED INFLOWS OF RESOURCES

Net difference between projected and actual earnings on OPEB plan investments	328,819	355,070	683,889
Net difference between projected and actual earnings on pension plan investments	14,587	24,422	39,009

TOTAL DEFERRED INFLOWS OF RESOURCES

343,406 379,492 722,898

NET POSITION

Net investment in capital assets	4,778,799	8,212,545	12,991,344
Unrestricted	(3,746,084)	14,500,659	10,754,575

TOTAL NET POSITION

\$ 1,032,715 \$ 22,713,204 \$ 23,745,919

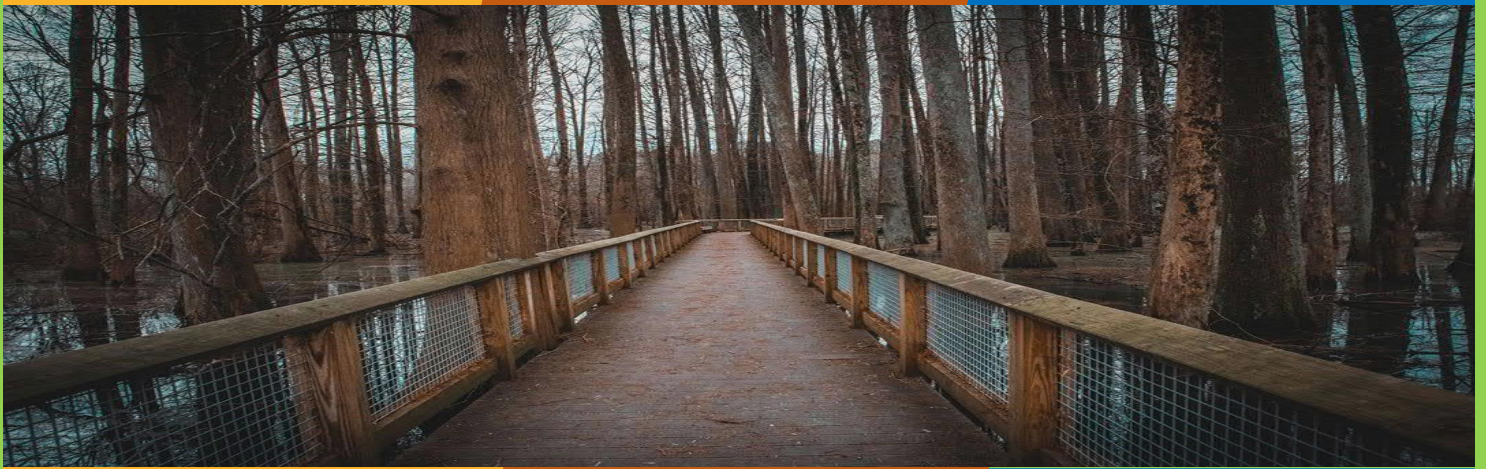
City of Decatur
 Non-major Proprietary Funds
 Combining Schedule of Revenue, Expenses and Changes in Fund Net Position
 For the Year Ended September 30, 2020

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for services	\$ 1,846,806	\$ 7,507,008	\$ 9,353,814
TOTAL OPERATING REVENUE	1,846,806	7,507,008	9,353,814
OPERATING EXPENSES			
Personnel, operations & maintenance	2,717,710	2,259,109	4,976,819
Closure and postclosure costs	-	384,359	384,359
Depreciation and amortization	737,798	1,402,870	2,140,668
Administrative costs	260,208	520,050	780,258
TOTAL OPERATING EXPENSES	3,715,716	4,566,388	8,282,104
OPERATING INCOME (LOSS)	(1,868,910)	2,940,620	1,071,710
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	317,115	317,115
Gain on disposition of assets	-	33,821	33,821
Miscellaneous revenue	1,387	41,824	43,211
Total nonoperating revenue	1,387	392,760	394,147
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS & SPECIAL ITEMS	(1,867,523)	3,333,380	1,465,857
Transfers in	413,846	2,474	416,320
Transfers (out)	(1,381)	-	(1,381)
CHANGE IN NET POSITION	(1,455,058)	3,335,854	1,880,796
Total net position, beginning	2,487,773	19,377,350	21,865,123
TOTAL NET POSITION, ENDING	\$ 1,032,715	\$ 22,713,204	\$ 23,745,919

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Cash Flows
 For the Year Ended September 30, 2020

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,990,408	\$ 7,632,430	\$ 9,622,838
Payments to suppliers	(1,728,916)	(3,864,087)	(5,593,003)
Payments to employees	(1,239,595)	(788,996)	(2,028,591)
Payments for interfund services	1,389	-	1,389
NET CASH PROVIDED BY OPERATING ACTIVITIES	(979,555)	2,979,347	1,999,792
NONCAPITAL FINANCING ACTIVITIES			
Payments received from advances to other funds	-	143,695	143,695
Operating transfers in	413,846	2,474	416,320
Operating transfers (out)	(1,383)	-	(1,383)
NET CASH (USED) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	412,463	146,169	558,632
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(274,341)	(309,730)	(584,071)
Proceeds from sale of capital assets	-	38,658	38,658
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(274,341)	(271,072)	(545,413)
INVESTING ACTIVITIES			
Interest received	-	317,115	317,115
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	317,115	317,115
NET DECREASE IN CASH AND CASH EQUIVALENTS	(841,433)	3,171,559	2,330,126
Cash and cash equivalents, beginning	955,876	19,382,320	20,338,196
CASH AND CASH EQUIVALENTS, ENDING	\$ 114,443	\$ 22,553,879	\$ 22,668,322

OPERATING INCOME (LOSS)	\$	(1,868,910)	\$	2,940,620	\$	1,071,710
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Depreciation and amortization		737,798		1,402,870		2,140,668
Landfill postclose costs		-		(1,636,844)		(1,636,844)
Miscellaneous items		1,391		41,824		43,215
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:						
Change in assets and liabilities:						
Receivables		94,297		83,598		177,895
Accounts payable		(74,402)		(63,476)		(137,878)
Claims payable		-		-		-
Inventory		(35,204)		-		(35,204)
Accrued liabilities		52,095		(15,553)		36,542
Net pension liability		(531,650)		(893,085)		(1,424,735)
Net OPEB obligation		651,941		1,119,393		1,771,334
Deferred revenue		(6,911)		-		(6,911)
Other items		-		-		-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	(979,555)	\$	2,979,347	\$	1,999,792



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>
Financial Trends 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
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the sales tax.	C-1
Debt Capacity 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
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	E-1
Operating Information 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.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 55,707,351	\$ 45,494,769	\$ 34,773,577	\$ 37,209,341	\$ 31,327,171	\$ 29,561,806	\$ 30,447,007	\$ 33,080,019	\$ 33,975,719	\$ 35,365,812
Restricted	6,206,701	3,570,597	3,509,162	3,682,814	3,788,357	4,318,971	3,885,349	3,145,307	5,659,061	2,382,802
Unrestricted	(112,616,183)	(106,609,293)	(113,665,669)	(43,961,640)	(38,088,919)	(35,016,581)	(2,825,187)	(2,232,953)	(2,153,233)	2,372,206
Total governmental activities net assets	(50,702,131)	(57,543,927)	(75,382,930)	(3,069,485)	(2,973,391)	(1,135,804)	31,507,169	33,992,373	37,481,547	40,120,820
Business-type activities										
Invested in capital assets, net of related debt	249,319,906	243,198,235	226,886,818	201,146,976	188,974,450	168,779,187	123,170,516	141,972,809	187,342,637	174,056,977
Restricted	15,482,625	24,012,716	23,603,852	23,056,896	28,639,263	40,071,044	47,773,019	58,288,930	8,838,606	5,667,314
Unrestricted	8,563,733	(4,323,534)	(2,938,616)	37,772,340	35,861,212	33,133,776	82,333,175	47,187,185	44,934,480	41,638,502
Total business-type activities net assets	273,366,264	262,887,417	247,552,054	261,976,212	253,474,925	241,984,007	253,276,710	247,448,924	241,115,723	221,362,793
Primary government										
Invested in capital assets, net of related debt	305,027,257	288,693,004	261,660,395	238,356,317	220,301,621	198,340,993	153,617,523	175,052,828	221,318,356	209,422,789
Restricted	21,689,326	27,583,313	27,113,014	26,739,710	32,427,620	44,390,015	51,658,368	61,434,237	14,497,667	8,050,116
Unrestricted	(104,052,450)	(110,932,827)	(116,604,285)	(6,189,300)	(2,227,707)	(1,882,805)	79,507,988	44,954,232	42,781,247	44,010,708
Total primary government net assets	\$ 222,664,133	\$ 205,343,490	\$ 172,169,124	\$ 258,906,727	\$ 250,501,534	\$ 240,848,203	\$ 284,783,879	\$ 281,441,297	\$ 278,597,270	\$ 261,483,613

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

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General Government	\$ 21,666,828	\$ 9,470,149	\$23,144,821	\$18,363,409	\$ 16,044,080	\$ 13,957,454	\$ 14,264,188	\$ 14,103,141	\$ 12,601,325	\$ 12,956,021
Public safety	26,646,533	26,386,902	25,480,437	25,332,134	23,111,083	23,949,879	22,981,334	22,958,877	21,943,955	21,414,691
Public works	7,784,652	8,228,481	7,741,903	9,539,842	6,950,859	8,129,042	10,452,310	8,129,190	7,609,409	8,522,763
Public services	9,483,645	11,193,931	10,568,698	10,272,836	10,196,003	9,805,856	8,795,026	10,164,983	10,437,085	9,555,143
Educational assistance	23,314,576	23,232,204	21,974,908	21,097,369	20,423,095	20,133,524	19,647,186	18,294,568	18,025,953	17,097,083
Community development	1,489,956	2,794,596	1,260,539	1,310,902	1,218,223	1,026,451	2,121,523	1,294,167	2,007,260	2,005,936
Community service contracts	2,690,067	1,293,569	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354	2,401,418	2,739,907	3,083,825
Personnel board	-	-	-	801,764	611,900	620,764	580,781	573,625	594,999	534,424
Interest on long-term debt	1,292,456	1,417,048	1,529,897	1,625,845	1,586,551	1,774,419	1,837,110	1,910,582	2,147,487	2,342,822
Unallocated depreciation	1,801,728	1,985,191	2,093,773	2,173,814	2,320,990	2,366,814	2,449,953	2,507,112	2,575,465	2,735,488
Total governmental activities expense	96,170,441	86,002,071	96,488,136	92,992,480	84,819,997	84,003,232	85,478,765	82,337,663	80,682,845	80,248,196
Business-type activities:										
Municipal Utilities Board	124,503,538	135,287,508	134,675,442	130,290,772	129,940,544	134,707,491	141,507,769	134,132,114	132,446,082	138,399,838
Point Mallard	3,715,716	5,718,591	5,885,957	5,587,125	5,591,696	5,614,318	5,382,914	5,311,189	4,674,328	4,317,541
Sanitary Landfill	4,566,388	5,665,053	10,265,722	6,676,493	5,946,289	5,579,541	5,593,042	5,582,815	5,600,555	5,114,326
Total business-type activities expenses	132,785,642	146,671,152	150,827,121	142,554,390	141,478,529	145,901,350	152,483,725	145,026,118	142,720,965	147,831,705
Total primary government expenses	228,956,083	232,673,223	247,315,257	235,546,870	226,298,526	229,904,582	237,962,490	227,363,781	223,403,810	228,079,901
Program Revenues										
Governmental activities:										
Charges for services:										
General government	7,180,587	7,032,271	6,903,145	6,495,047	6,101,001	6,642,236	6,546,578	6,118,428	6,356,657	5,713,461
Public safety	1,448,207	1,784,133	2,003,560	1,959,213	2,008,137	2,245,642	2,213,545	2,279,815	2,544,045	2,392,923
Public works	4,526,901	4,438,798	4,286,515	3,930,481	3,918,168	3,920,619	3,358,806	3,295,403	3,221,422	3,126,217
Public services	420,542	667,645	684,203	704,558	692,853	703,562	714,905	777,107	683,828	532,171
Intergovernmental assistance	-	-	-	-	-	-	264,600	288,963	217,231	96,792
Educational assistance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	1,944	2,911	7,716	15,068	-	-	-
Operating grants and contributions	2,472,564	1,673,621	1,246,909	3,930,964	2,191,970	1,322,425	2,837,884	1,571,696	1,603,384	2,041,789
Capital grants and contributions	4,318,927	6,750,266	6,397,687	3,436,810	2,011,637	2,205,732	1,060,037	1,413,023	2,529,386	529,706
Total governmental activities program revenues	20,367,728	22,346,734	21,522,019	20,459,017	16,926,677	17,047,932	17,011,423	15,744,435	17,155,953	14,433,059
Business-type activities:										
Charges for services:										
Municipal Utilities Board	131,913,145	144,243,694	145,366,327	139,081,130	137,016,266	141,001,444	146,862,667	138,618,004	139,093,646	141,928,757
Point Mallard	1,846,806	5,155,091	5,375,310	5,076,812	5,016,486	5,154,135	4,760,368	4,658,432	4,106,134	3,632,355
Sanitary Landfill	7,507,008	7,029,190	6,900,730	6,040,839	6,022,126	6,094,943	5,926,274	5,853,244	6,178,169	5,858,038
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,246,220	3,907,937	359,349	1,195,833	2,539,845	1,205,802	405,913	740,348	985,813	414,573
Total business-type activities program revenues	142,513,179	160,335,912	158,001,716	151,394,614	150,594,723	153,456,324	157,955,222	149,870,028	150,363,762	151,833,723
Total primary government program revenues	162,880,907	182,682,646	179,523,735	171,853,631	167,521,400	170,504,256	174,966,645	165,614,463	167,519,715	166,266,782
Net (Expense)/Revenue										
Governmental activities	(75,802,713)	(63,655,337)	(74,966,117)	(72,533,463)	(67,893,320)	(66,955,300)	(68,467,342)	(66,593,228)	(63,526,892)	(65,815,137)
Business-type activities	9,727,537	13,664,760	7,174,595	8,840,224	9,116,194	7,554,974	5,471,497	4,843,910	7,642,797	4,002,018
Total primary government net expense	(66,075,176)	(49,990,577)	(67,791,522)	(63,693,239)	(58,777,126)	(59,400,326)	(62,995,845)	(61,749,318)	(55,884,095)	(61,813,119)

Notes:

Implementation of GASB 65 created adjustments from previous years presentations.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	49,930,964	48,372,767	44,540,749	42,306,443	39,102,654	37,490,197	36,975,155	36,227,828	35,761,817	34,578,700
Property taxes	20,507,015	20,754,352	19,733,997	19,644,780	18,863,532	19,300,964	19,453,927	18,203,180	18,203,215	18,339,161
Alcoholic beverage taxes*	1,972,204	1,836,545	1,807,517	1,867,412	1,848,981	1,768,182	1,750,197	1,785,189	1,815,900	1,889,725
Gasoline taxes*	770,700	806,139	753,123	790,070	813,437	762,676	762,635	841,873	849,450	826,571
Automobile taxes*	1,530,617	1,470,708	1,416,741	1,439,929	1,468,633	1,393,212	1,385,352	1,397,678	1,335,785	1,258,968
Lodging taxes*	1,882,644	1,661,859	1,473,513	1,707,366	1,502,491	1,290,241	1,298,503	1,494,547	1,564,045	1,469,788
Rental taxes*	1,396,080	1,526,752	1,259,248	1,174,924	1,160,898	1,075,881	1,061,858	1,016,323	1,121,628	1,085,585
Other taxes*	2,843,597	3,200,153	3,162,870	2,270,700	2,640,531	2,603,581	2,433,363	2,473,382	2,315,731	2,082,928
Interest on investments	1,125,044	1,032,167	216,775	163,743	85,679	75,454	99,328	134,835	125,155	220,673
Other	287,769	37,239	383,589	206,279	711,482	953,234	766,711	748,981	905,614	930,989
Transfers	396,735	795,661	(9,188,159)	865,723	(2,142,585)	930,600	(4,891)	(1,219,764)	(3,091,348)	(332,725)
Total governmental activities	82,643,369	81,494,341	65,559,963	72,437,369	66,055,733	67,644,222	65,982,138	63,104,052	60,906,992	62,350,363
Business-type activities:										
Interest on investments	1,081,704	1,883,254	1,329,049	438,987	182,828	173,935	212,843	208,518	221,019	229,545
Forgiveness of Long-term debt			-	-			-	-	8,797,766	-
Other	66,343	583,010	(145,266)	87,779	49,311	46,454	138,555	61,011	-	-
Transfers	(396,737)	(795,661)	9,188,159	(865,723)	2,142,585	(930,600)	4,891	1,219,764	3,091,348	332,725
Total business-type activities	751,310	1,670,603	10,371,942	(338,957)	2,374,724	(710,211)	356,289	1,489,293	12,110,133	562,270
Total primary government	83,394,679	83,164,944	75,931,905	72,098,412	68,430,457	66,934,011	66,338,427	64,593,345	73,017,125	62,912,633
Change in Net Position										
Governmental activities	6,840,656	17,839,004	(9,406,154)	(96,094)	(1,837,587)	688,922	(2,485,204)	(3,489,176)	(2,619,900)	(3,464,774)
Business-type activities	10,478,847	15,335,363	17,546,537	8,501,267	11,490,918	6,844,763	5,827,786	6,333,203	19,752,930	4,564,288
Total primary government	\$ 17,319,503	\$ 33,174,367	\$ 8,140,383	\$ 8,405,173	\$ 9,653,331	\$ 7,533,685	\$ 3,342,582	\$ 2,844,027	\$ 17,133,030	\$ 1,099,514

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 237,316	\$ 185,036	\$ 53,403	\$ 25,204	\$ 19,543	\$ 21,299	\$ 21,549	\$ 13,545	\$ 33,486	\$ 24,092
Restricted	1,312	1,312	1,312	1,312	1,312	1,312	1,311	0	0	0
Committed	23,169,208	21,781,925	22,040,347	21,062,702	21,230,959	17,809,129	17,009,274	10,871,653	14,444,242	16,427,815
Assigned	-	-	-	-	-	-	-	751,791	653,402	778,556
Unassigned	15,232,369	15,103,480	10,942,972	10,304,555	9,831,764	9,031,061	6,153,212	9,365,011	4,929,105	3,707,793
Total general fund	<u>38,640,205</u>	<u>37,071,753</u>	<u>33,038,034</u>	<u>31,393,773</u>	<u>31,083,578</u>	<u>26,862,801</u>	<u>23,185,346</u>	<u>21,002,000</u>	<u>20,060,235</u>	<u>20,938,256</u>
All Other Governmental Funds										
Nonspendable	1,331,312	1,200,564	1,108,622	1,035,972	1,114,186	1,068,386	1,021,886	985,086	940,236	886,196
Restricted	2,281,362	2,368,721	2,399,228	2,645,530	2,672,858	3,249,271	2,862,151	827,177	2,089,301	66,004
Committed	2,592,718	2,205,535	3,080,921	5,903,693	2,705,450	4,289,409	4,283,113	7,369,361	10,340,213	2,368,053
Assigned	-	-	-	-	-	-	-	-	1,090,523	6,186,691
Unassigned	-	-	-	-	(403,248)	(284,827)	(631,842)	(531,029)	(3,226,317)	(591,464)
Total all other governmental funds	<u>\$ 6,205,392</u>	<u>\$ 5,774,820</u>	<u>\$ 6,588,771</u>	<u>\$ 9,585,195</u>	<u>\$6,089,246</u>	<u>\$ 8,322,239</u>	<u>\$ 7,535,308</u>	<u>\$ 8,650,595</u>	<u>\$11,233,956</u>	<u>\$ 8,915,480</u>

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Sales & use taxes	\$ 38,684,388	\$ 37,337,193	\$ 44,579,344	\$ 42,306,443	\$ 39,102,654	\$ 37,490,198	\$ 36,975,156	\$ 36,227,829	\$ 35,761,817	\$ 34,578,700
Property taxes	4,087,353	4,189,494	13,515,186	13,076,829	12,771,314	12,804,007	12,449,851	11,568,399	11,426,462	11,686,642
Other taxes	7,847,310	8,193,182	9,421,115	8,901,979	8,930,750	8,439,412	8,194,022	8,491,566	8,511,059	8,179,629
Licenses & permits	7,245,608	7,079,882	7,009,021	6,419,707	6,500,840	6,874,042	6,332,105	6,395,655	6,452,426	5,930,213
Fines & forfeitures	336,025	421,345	1,003,660	1,084,515	1,123,993	1,277,650	1,483,398	1,294,427	1,158,209	1,397,745
Revenues from money & property	1,207,934	1,149,615	476,857	395,853	305,821	278,241	295,724	331,552	335,715	437,777
Charges for services	5,423,782	5,686,552	5,604,473	5,341,448	5,321,168	5,350,291	4,791,185	4,746,517	4,648,317	4,378,276
Intergovernmental	6,156,221	5,756,359	14,008,548	12,372,847	10,373,846	10,236,944	11,472,765	10,122,422	10,950,800	9,751,238
Gifts & donations	246,158	79,680	165,000	280,405	226,081	155,629	108,180	79,115	190,764	7,600
Other revenues	307,313	186,283	375,268	1,268,944	1,050,811	825,963	640,298	762,753	772,327	940,355
Total revenues	71,542,092	70,079,585	96,158,472	91,448,970	85,707,278	83,732,377	82,742,684	80,020,235	80,207,896	77,288,175
Expenditures										
General Government	14,506,554	12,177,261	5,697,269	4,929,165	5,606,753	4,511,312	4,456,127	4,354,201	4,207,598	4,032,711
Public safety	26,951,142	27,562,204	25,210,014	27,468,639	23,356,634	23,406,958	22,038,762	22,665,964	22,262,093	20,700,647
Public works	12,043,871	7,798,019	16,845,093	22,133,489	7,967,892	8,326,936	11,542,923	10,146,277	8,301,676	9,143,890
Public services	7,571,276	9,777,417	10,414,073	9,835,207	9,704,966	9,362,391	8,948,313	9,743,971	10,443,037	12,280,657
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
Community service contracts	2,690,067	2,794,596	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354	2,401,419	2,739,907	3,083,825
Community development	322,070	358,078	1,317,398	973,435	2,123,977	2,311,183	1,841,519	1,465,521	3,399,597	1,734,467
Personnel board	-	-	-	801,764	611,900	620,764	580,781	573,625	594,999	534,424
Debt Service: Principal	3,585,952	3,648,741	6,445,261	3,344,319	3,227,479	3,576,260	3,469,657	4,250,001	6,498,052	4,741,306
Interest and fiscal charges	977,366	1,071,133	1,485,229	1,440,280	1,645,140	1,734,540	1,797,817	1,856,179	2,194,321	2,259,325
Debt issuance costs	-	-	15	86,803	354,892	-	-	-	157,790	124,206
Capital projects construction and outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	68,648,298	65,187,449	98,965,285	101,643,474	83,888,796	81,576,829	81,724,334	80,442,069	83,097,562	80,243,908
Excess (deficiency) of revenues over expenditures	2,893,794	4,892,136	(2,806,813)	(10,194,504)	1,818,482	2,155,548	1,018,350	(421,834)	(2,889,666)	(2,955,733)
Other Financing Sources (Uses)										
Long-term debt issued	-	-	-	5,140,000	21,630,000	2,500,000	-	-	23,101,500	6,500,000
Premium on debt issue	-	-	-	97,594	316,632	-	-	-	261,492	46,149
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	837,996	422,596	-	-	54,600	-	-	-
Payment to escrow agent	-	-	-	-	(14,105,614)	-	-	-	(15,941,523)	-
Transfers in	46,848	25,322	1,551,014	5,996,202	2,858,215	749,409	849,219	752,865	3,480,350	1,332,003
Transfers (out)	(1,372,190)	(883,739)	(934,360)	(5,130,479)	(3,055,196)	(940,571)	(854,110)	(1,972,629)	(6,571,698)	(1,664,728)
Total other financing sources (uses)	(1,325,342)	(858,417)	1,454,650	6,525,913	7,644,037	2,308,838	49,709	(1,219,764)	4,330,121	6,213,424
Net change in fund balance	\$ 1,568,452	\$ 4,033,719	\$ (1,352,163)	\$ (3,668,591)	\$ 9,462,519	\$ 4,464,386	\$ 1,068,059	\$ (1,641,598)	\$ 1,440,455	\$ 3,257,691
Debt service as a percentage of noncapital expenditures	8.4%	9.1%	9.2%	5.8%	6.7%	6.8%	6.7%	8.1%	11.5%	9.6%

** 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	Historical and Residential Property	Commercial and Industrial Property	Public Utility Property	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate	**Estimated Actual Taxable Value	Net Assessed Value as a Percentage of Actual Taxable Value
2011	203,965,920	548,823,220	9,374,540	220,558,700	541,604,980	18.6 Mills	3,586,547,067	15.10%
2012	201,541,160	555,002,400	9,316,980	204,461,620	561,398,920	18.6 Mills	3,676,450,300	15.27%
2013	200,898,580	605,860,720	9,258,020	190,522,460	625,494,860	18.6 Mills	3,991,799,167	15.67%
2014	199,699,520	627,784,140	9,382,520	210,588,960	626,277,220	18.6 Mills	3,981,836,067	15.73%
2015	198,796,920	645,795,960	9,039,260	230,243,280	623,388,860	18.6 Mills	3,961,013,167	15.74%
2016	199,647,480	654,237,080	7,172,520	221,571,380	639,485,700	18.6 Mills	4,055,584,500	15.77%
2017	201,551,340	678,834,860	6,880,340	235,556,020	651,710,520	18.6 Mills	4,118,475,267	15.82%
2018	219,332,940	736,725,140	6,338,340	236,229,400	726,167,020	18.6 Mills	4,563,462,800	15.91%
2019	219,575,960	718,256,240	5,887,520	238,074,460	705,645,260	18.6 Mills	4,461,462,967	15.82%
2020	218,689,160	755,474,260	6,252,720	231,706,760	748,709,380	18.6 Mills	4,673,523,200	16.02%

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)

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	City Schools	County Schools	Morgan County	State of Alabama
2011	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2012	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2013	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2014	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2015	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2016	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2017	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2018	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2019	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2020	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	2011			2012			2013			2014			2015		
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Bunge Corporation	10,583,820	3	1.95%	11,674,840	3	2.08%	22,273,940	3	3.56%	18,185,860	3	2.90%	19,230,040	4	3.08%
BellSouth	7,337,600	4	1.35%	6,949,400	4	1.24%	6,721,200	6	1.07%	6,867,200	6	1.10%	6,918,000	7	1.11%
Hexel Corporation	35,580,040	2	6.57%	39,485,680	2	7.03%	58,219,400	2	9.31%	73,919,400	2	11.80%	80,968,860	2	12.99%
General Electric/Haier	6,044,220	5	1.12%	6,468,900	5	1.15%	8,286,840	5	1.32%	9,210,420	5	1.47%	17,694,600	5	2.84%
National Healthcare	3,830,960	9	0.71%	*	*	*	*	*	*	*	*	*	*	*	*
Nucor Steel	135,048,680	1	24.93%	125,141,860	1	22.29%	119,504,540	1	19.11%	110,906,620	1	17.71%	108,511,480	1	17.41%
O.C.I. Chemical Corp	*	*	*	4,872,960	8	0.87%	5,116,740	10	0.82%	4,392,840	10	0.70%	4,248,060	9	0.68%
Meow Mix	8,784,220	6	1.62%	8,356,000	6	1.49%	7,018,020	7	1.12%	6,151,880	7	0.98%	5,960,260	8	0.96%
Charter Communciations	*	*	*	2,949,640	10	0.53%	*	*	*	*	*	*	*	*	*
Hyosung USA, Inc.	3,430,800	10	0.63%	*	*	*	*	*	*	*	*	*	*	*	*
First Republic Group Realty	4,780,840	7	0.88%	*	*	*	*	*	*	*	*	*	*	*	*
ITC-AL LLC	7,321,540	8	1.35%	*	*	*	9,713,600	8	1.55%	9,109,400	8	1.45%	8,646,880	6	1.39%
Ardent Mills, LLC (Conagra)	*	*	*	5,054,000	7	0.90%	4,992,080	9	0.80%	5,769,920	9	0.92%	*	*	*
Coyote Garrison Decatur LLC	*	*	*	3,693,320	9	0.66%	*	*	*	*	*	*	3,571,720	10	0.57%
Polyplex USA, LLC	*	*	*	*	*	*	11,052,460	4	1.77%	20,117,180	4	3.21%	19,955,600	3	3.20%
Total	\$ 222,742,720		41.13%	\$ 214,646,600		38.23%	\$ 252,898,820		40.43%	\$ 264,630,720		42.25%	\$ 275,705,500		44.23%
Net City Taxable Assessed Value			541,604,980			561,398,920			625,494,860			626,277,220			623,388,860

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

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

Source:
Revenue Commissioner of Morgan County

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

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	18,613,467	18,346,672	98.6%	15,654	18,362,326	98.7%
2011	18,214,808	18,047,311	99.1%	15,610	18,062,921	99.2%
2012	18,382,932	18,311,608	99.6%	16,305	18,327,913	99.7%
2013	19,709,515	19,414,409	98.5%	14,206	19,428,615	98.6%
2014	20,014,092	19,942,029	99.6%	17,899	19,959,928	99.7%
2015	20,345,222	20,228,986	99.4%	14,334	20,243,320	99.5%
2016	20,759,796	20,673,012	99.6%	17,650	20,690,662	99.7%
2017	21,301,129	21,241,167	99.7%	286	21,241,453	99.7%
2018	24,887,687	24,825,911	99.8%	3,572	24,829,483	99.8%
2019**	26,713,891	26,252,347	98.3%	**	26,252,347	98.3%
2020*	26,992,758					

Source:

Morgan County Revenue Commissioner

* FY 20 revenue collected amounts will not be available until mid-July 2021

** FY 19 collections in subsequent years will not be available until mid-July 2021

Notes:

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

Collected includes remittance, assessment commissions, collection commissions, and expenses.

Expenses include reappraisal, supernumerary, and salary.

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

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

Category Description	Calendar Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Apparel	\$ 35,960	\$ 44,021	\$ 53,625	\$ 41,401	\$ 72,483	\$ 62,724	\$ 61,670	\$ 61,993	\$ 57,589	\$ 52,534
Multi-Line Retail	\$ 471,528	\$ 442,566	\$ 337,965	\$ 148,859	\$ 210,809	\$ 170,418	169,766	173,710	173,354	150,440
Restaurants	\$ 127,136	\$ 148,127	\$ 137,321	\$ 201,243	\$ 154,769	\$ 138,512	129,213	124,740	128,813	95,124
Grocery Stores	\$ 103,391	\$ 101,114	\$ 85,501	\$ 89,777	\$ 80,136	\$ 78,899	74,277	75,415	78,959	67,321
Building Materials	\$ 14,922	\$ 16,971	\$ 67,453	\$ 78,528	\$ 77,028	\$ 63,561	60,476	58,530	59,790	46,877
Automobile Dealers	\$ 232,836	\$ 269,234	\$ 269,605	\$ 317,935	\$ 294,061	\$ 230,500	217,491	201,947	189,072	115,422
Household Furnishings	\$ 7,362	\$ 7,538	\$ 7,763	\$ 27,439	\$ 28,083	\$ 26,665	24,961	18,203	16,654	14,205
Convenience Stores	\$ 39,219	\$ 40,102	\$ 38,199	\$ 31,931	\$ 35,557	\$ 33,510	32,371	28,268	31,453	29,235
All other outlets	\$ 479,546	\$ 395,346	\$ 346,622	\$ 381,769	\$ 558,504	\$ 477,803	494,117	440,491	447,227	381,307
Total	\$ 1,511,899	\$ 1,465,019	\$ 1,344,054	\$ 1,318,882	\$ 1,511,430	\$ 1,282,591	\$ 1,264,342	\$ 1,183,297	\$ 1,182,911	\$ 952,465

Source:
City Revenue Department

Notes:
City direct sales tax rate is 4%

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

Fiscal Year	City Direct Rate	Morgan County	State of Alabama
2011	4.00%	1.00%	4.00%
2012	4.00%	1.00%	4.00%
2013	4.00%	1.00%	4.00%
2014	4.00%	1.00%	4.00%
2015	4.00%	1.00%	4.00%
2016	4.00%	1.00%	4.00%
2017	4.00%	1.00%	4.00%
2018	4.00%	1.00%	4.00%
2019	4.00%	1.00%	4.00%
2020	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 2020			Calendar Year 2019			Calendar Year 2018		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 4,211,233	1	8.43%	\$ 4,207,375	1	8.70%	\$ 3,951,670	1	8.86%
Manufacturer	2,386,185	2	4.78%	1,939,906	2	4.01%	2,260,719	2	5.07%
Grocery store	1,968,702	3	3.94%	1,605,699	3	3.32%	1,361,800	3	3.05%
Multi-line retailer	1,041,981	6	2.09%	937,366	5	1.94%	951,878	5	2.14%
Building materials /hard line	1,478,592	4	2.96%	1,205,364	4	2.49%	1,161,078	4	2.60%
Multi-line retailer	*			*			585,560	9	1.31%
Grocery store	994,615	7	1.99%	839,337	7	1.74%	843,166	6	1.89%
Apparel Store	617,979	9	1.24%	577,001	9	1.19%	535,169	10	1.20%
Building materials /hard line	1,077,781	5	2.16%	868,700	6	1.80%	784,960	7	1.76%
Automobile dealer	784,985	8	1.57%	773,297	8	1.60%	741,860	8	1.66%
Apparel Store	*			*					
Multi-line retailer	*			*					
Manufacturer	*			*					
Automobile dealer	574,038	10	1.15%	523,929	10	1.08%			
Total	\$ 15,136,090		30.31%	\$ 13,477,974		27.86%	\$ 13,177,860		29.56%

Tax Remitter Description	Calendar Year 2017			Calendar Year 2016			Calendar Year 2015		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,890,428	1	9.20%	\$ 3,842,685	1	9.83%	\$ 3,708,054	1	9.89%
Manufacturer	2,108,019	2	4.98%	1,627,433	2	4.16%	1,880,011	2	5.01%
Grocery store	1,065,203	4	2.52%	1,002,354	4	2.56%	1,224,425	3	3.27%
Multi-line retailer	900,660	5	2.13%	849,926	6	2.17%	875,168	5	2.33%
Building materials /hard line	1,169,429	3	2.76%	1,138,342	3	2.91%	1,040,212	4	2.77%
Multi-line retailer	603,855	9	1.43%	590,507	10	1.51%	698,811	7	1.86%
Grocery store	887,086	6	2.10%	858,139	5	2.19%	832,716	6	2.22%
Apparel Store	555,165	10	1.31%	607,759	9	1.55%	638,815	10	1.70%
Building materials /hard line	756,826	7	1.79%	741,728	7	1.90%	693,029	8	1.85%
Automobile dealer	739,811	8	1.75%	725,808	8	1.86%	639,662	9	1.71%
Apparel Store									
Multi-line retailer									
Manufacturer									
Total	\$ 12,676,482		29.96%	\$ 11,984,680		30.65%	\$ 12,230,903		32.62%

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**

Tax Remitter Description	Calendar Year 2014			Calendar Year 2013			Calendar Year 2012		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,587,180	1	9.70%	\$ 3,413,220	1	9.42%	\$ 3,143,958	1	9.47%
Manufacturer	2,100,098	2	5.68%	1,375,066	2	3.80%	1,657,104	2	4.99%
Grocery store	1,136,174	3	3.07%	1,112,742	3	3.07%	1,113,659	3	3.35%
Multi-line retailer	867,320	5	2.35%	909,758	5	2.51%	960,704	4	2.89%
Building materials /hard line	994,952	4	2.69%	954,004	4	2.63%	946,466	5	2.85%
Multi-line retailer	689,663	7	1.87%	730,711	7	2.02%	800,484	6	2.41%
Grocery store	754,482	6	2.04%	765,625	6	2.11%	727,061	7	2.19%
Apparel Store	661,069	8	1.79%	692,994	8	1.91%	664,751	8	2.00%
Building materials /hard line	660,209	9	1.79%	635,330	9	1.75%	600,205	9	1.81%
Automobile dealer	577,733	10	1.56%	*			532,527	10	1.60%
Apparel Store				*			*		
Multi-line retailer				*			*		
Manufacturer				615,354	10	1.70%	*		
				*			*		
Total	\$ 12,028,879		32.53%	\$ 11,204,804		30.93%	\$ 11,146,919		33.56%

Tax Remitter Description	Calendar Year 2011		
	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,155,015	1	9.12%
Manufacturer	1,593,683	2	4.61%
Grocery store	1,087,599	3	3.15%
Multi-line retailer	963,404	4	2.79%
Building materials /hard line	892,307	5	2.58%
Multi-line retailer	740,366	6	2.14%
Grocery store	686,460	7	1.99%
Apparel Store	598,786	9	1.73%
Building materials /hard line	610,317	8	1.77%
Automobile dealer	560,643	10	1.62%
Apparel Store	*		
Multi-line retailer	*		
Manufacturer	*		
	*		
Total	\$ 10,888,581		31.49%

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)

<u>Fiscal Year</u>	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
2011	97,869,957	19,456,250	10,260,760	14,341,790	141,928,757
2012	96,544,683	15,701,341	11,512,382	15,335,240	139,093,646
2013	94,768,138	17,835,792	10,935,251	15,078,823	138,618,004
2014	98,306,039	20,956,097	11,841,254	15,759,277	146,862,667
2015	95,544,700	16,663,591	12,489,561	16,303,592	141,001,444
2016	92,196,471	13,333,262	14,795,250	16,691,283	137,016,266
2017	91,740,396	14,198,279	15,875,358	17,267,097	139,081,130
2018	97,006,626	15,237,050	15,510,793	17,611,859	145,366,328
2019	95,442,625	15,004,171	15,933,461	17,863,437	144,243,694
2020	87,291,974	11,878,699	15,550,350	17,192,122	131,913,145

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				
2011	57,498	-	191	14,630	11,810	6,877	15,665	-	**	106,671	8.24%	1,881
2012	59,028	-	-	16,080	19,915	-	-	-		95,023	6.82%	1,693
2013	54,778	-	-	25,175	55,370	-	-	-		135,323	9.87%	2,402
2014	51,318	-	45	23,300	52,495	-	-	-		127,158	9.37%	2,254
2015	50,253	-	34	21,370	49,530	-	-	-		121,187	8.80%	2,161
2016	54,841	-	24	19,380	46,475	-	-	-		120,720	8.74%	2,157
2017	56,648	-	435	17,320	43,320	-	-	-		117,723	8.29%	2,099
2018	50,404	-	1071	15,185	40,265	-	-	-		106,925	7.58%	1,950
2019	46,567	-	769	10,780	39,395	-	-	-		97,511	6.98%	1,797
2020	42,782	-	460	10,155	35,895	-	-	-		89,292	5.85%	1,639

Sources:

Estimates from the Morgan County Economic Development Association
See Schedule (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)**

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2011	57,366,976	1.60%	1,012
2012	59,028,296	1.61%	1,052
2013	54,778,295	1.37%	972
2014	51,318,049	1.29%	910
2015	50,252,354	1.27%	896
2016	54,840,756	1.35%	980
2017	56,647,650	1.38%	1,010
2018	50,403,999	1.10%	919
2019	46,567,244	1.04%	858
2020	42,782,593	0.92%	785

Sources:

Morgan County Economic Development Association provided demographics

**City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2020 (Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percent Applicable to City</u>	<u>City's Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
City of Decatur general obligation bonds/warrants & capital leases	\$ 43,242,593	100.00%	<u>\$ 43,242,593</u>
Total Direct Debt			43,242,593
* City of Decatur Board of Education	\$ 217,009,938	100.00%	217,009,938
Morgan County	21,934,127	46.05%	10,100,665
Morgan County Board of Education	74,920,963	46.05%	<u>34,501,103</u>
Total Overlapping Debt			261,611,707
Total direct and overlapping debt			<u>\$ 304,854,300</u>

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2020 net assessed valuation of all taxable property in the City (\$748,709,380 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$1,625,811,520).

*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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 108,320,996	\$ 112,279,784	\$ 125,098,972	\$ 125,255,444	\$ 124,677,772	\$ 127,897,140	\$ 130,342,104	\$ 145,233,404	\$ 141,129,052	\$ 149,741,876
Total net debt applicable to limit	52,377,645	53,520,534	48,868,295	45,708,049	44,947,354	49,845,756	51,967,650	46,048,999	46,567,244	43,242,593
Legal debt margin	49,443,351	52,554,250	70,320,677	73,937,395	74,425,418	\$ 82,591,384	\$ 81,084,453	\$ 99,184,405	\$ 94,561,808	\$ 106,499,283
Total net debt applicable to the limit as a percentage of debt limit	48.35%	47.67%	39.06%	36.49%	36.05%	38.97%	39.87%	31.71%	33.00%	28.88%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 980,416,140
Less tax exempt property	(231,706,760)
Net Assessed Value	748,709,380
Debt limit (20% of net assessed value)	149,741,876
Debt applicable to limit:	
General obligation bonds/capital leases	43,242,593
Less: School	-
Total net debt applicable to limit	43,242,593
Legal debt margin	<u>\$ 106,499,283</u>

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

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service	Coverage
2011	142,061,998	128,939,530	13,122,468	4,579,979	2.87%
2012	139,253,683	122,587,716	16,665,967	5,523,435	3.02%
2013	138,764,202	123,584,281	15,179,921	6,570,620	2.31%
2014	147,026,063	129,276,053	17,750,010	7,398,849	2.40%
2015	141,138,101	123,318,615	17,819,486	7,548,849	2.36%
2016	137,016,266	117,453,066	19,563,200	7,461,046	2.62%
2017	139,081,130	117,854,008	21,227,122	7,283,843	2.91%
2018	145,366,327	121,342,506	24,023,821	7,305,475	3.29%
2019	145,962,003	121,341,186	24,620,817	5,859,361	4.20%
2020	132,677,734	110,140,121	22,537,613	4,616,407	4.88%

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

Fiscal Year	Population	Personal Income <i>Thousands of dollars</i>	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
2011	56,696	1,293,803	22,820	40.4	500	8,545	9.9%
2012	56,114	1,392,918	24,823	37.0	605	8,516	6.8%
2013	56,342	1,371,195	24,337	37.3	499	8,312	6.4%
2014	56,416	1,356,861	24,051	37.4	557	8,476	6.1%
2015	56,068	1,376,638	24,553	37.8	546	8,693	5.7%
2016	55,974	1,380,711	24,667	38.0	534	8,484	5.6%
2017	56,077	1,419,253	25,309	38.2	506	8,814	3.2%
2018	54,844	1,411,520	25,737	39.6	577	8,756	3.5%
2019	54,264	1,396,593	25,737	40.0	577	8,910	2.2%
2020	54,478	1,525,275	27,998	39.9	555	8,781	5.0%

Sources:

Morgan County Economic Development Association
Decatur City Schools

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

Employer	2020			2019			2018		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,458	2	4.54%	1,500	1	4.47%	1,365	1	4.19%
General Electric/Haier	1,681	1	5.23%	1,381	2	4.12%	1,325	2	4.07%
Decatur City Schools	1,337	3	4.16%	1,172	3	3.49%	1,172	3	3.60%
Decatur General Hospital	*			*			*		
United Launch Alliance	665	9	2.07%	620	9	1.85%	620	9	1.90%
3M Company	956	5	2.98%	960	5	2.86%	961	5	2.95%
Wayne Farms Fresh	750	6	2.33%	750	6	2.24%	881	6	2.71%
Nucor Steel	720	7	2.24%	720	7	2.15%	728	7	2.24%
City of Decatur	682	8	2.12%	670	8	2.00%	665	8	2.04%
Wayne Farms Prepared Foods	1,151	4	3.58%	1,151	4	3.43%	1,033	4	3.17%
Parkway Medical Center	*			*			*		
BP America	*			*			*		
Gemstone Foods, LLC	486	10	1.51%	486	10	1.45%			
Total	9,886		30.77%	9,410		28.05%	8,750		26.87%

Employer	2017			2016			2015		
	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	5.02%	1,365	1	4.58%	1,449	1	5.24%
General Electric	1,325	2	4.88%	1,295	2	4.35%	1,338	2	4.84%
Decatur City Schools	1,133	3	4.17%	1,133	3	3.80%	1,200	3	4.34%
Decatur General Hospital	*			*			*		
United Launch Alliance	607	10	2.23%	820	7	2.75%	808	7	2.92%
3M Company	850	6	3.13%	850	6	2.85%	850	6	3.07%
Wayne Farms Fresh	881	5	3.24%	871	5	2.92%	871	5	3.15%
Nucor Steel	709	8	2.61%	721	8	2.42%	721	8	2.61%
City of Decatur	662	9	2.44%	658	10	2.21%	665	10	2.40%
Wayne Farms Prepared Foods	1,002	4	3.69%	942	4	3.16%	942	4	3.41%
Parkway Medical Center	*			*			*		
BP America	*			*			*		
Gemstone Foods, LLC									
Total	8,534		31.41%	8,655		29.05%	8,844		31.98%

Source:
Morgan County Economic Development Association

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

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

Employer	2014			2013			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	4.32%	1,449	1	4.62%	1,449	1	4.30%
General Electric	1,300	2	3.88%	1,298	2	4.14%	1,250	2	3.71%
Decatur City Schools	1,200	3	3.58%	1,200	3	3.83%	1,200	3	3.56%
Decatur General Hospital	*			*			*		
United Launch Alliance	849	5	2.53%	849	5	2.71%	854	4	2.53%
3M Company	850	4	2.53%	887	4	2.83%	815	5	2.42%
Wayne Farms Fresh	795	6	2.37%	795	6	2.54%	800	6	2.37%
Nucor Steel	715	7	2.13%	710	7	2.26%	710	7	2.11%
City of Decatur	670	9	2.00%	693	9	2.21%	693	8	2.06%
Wayne Farms East/West	696	8	2.08%	696	8	2.22%	568	9	1.68%
Parkway Medical Center	*			*			*		
BP America	444	10	1.32%	467	10	1.49%	457	10	1.36%
Gemstone Foods, LLC									
Total	8,968		26.74%	9,044		28.85%	8,796		26.09%

Employer	2011		
	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	*		
General Electric	1,250	1	4.07%
Decatur City Schools	1,205	2	3.92%
Decatur General Hospital	1,000	3	3.25%
United Launch Alliance	760	6	2.47%
3M Company	880	4	2.86%
Wayne Farms Fresh	826	5	2.69%
Nucor Steel	719	7	2.34%
City of Decatur	680	8	2.21%
Wayne Farms East/West	568	9	1.85%
Parkway Medical Center	414	10	1.35%
BP America	*		
Gemstone Foods, LLC			
Total	8,302		27.00%

Source:
Morgan County Economic Development Association

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

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

Function/Program	Full-Time-Equivalent Employees as of September 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	69	68	65	61	54	53	53	51	49	46
Public Safety	267	270	268	274	269	275	276	282	288	284
Public Works	59	51	55	54	55	64	74	81	79	76
Public Services	66	72	67	68	68	63	63	72	71	71
Community Development	15	15	16	14	15	14	15	15	13	12
Municipal Utilities Board	179	165	166	163	168	166	162	163	163	164
Point Mallard	10	10	7	8	8	9	8	10	10	9
Sanitary Landfill	17	19	21	20	21	21	19	19	20	18
Total	<u>682</u>	<u>670</u>	<u>665</u>	<u>662</u>	<u>658</u>	<u>665</u>	<u>670</u>	<u>693</u>	<u>693</u>	<u>680</u>

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Building permits issued	3,426	3,503	3,496	3,051	3,325	3,039	5,319	3,090	3,225	3,132
Building inspections conducted	4,983	5,496	5,296	5,340	5,863	5,476	8,758	5,084	4,026	6,096
Police										
Adult arrests	3,896	4,142	4,422	3,881	3,930	4,635	5,325	4,770	5,264	5,594
Traffic citations	6,375	11,247	11,483	14,020	15,692	14,133	16,943	16,462	11,490	15,204
Fire										
Inspections	243	192	478	410	210	172	108	101	168	93
Emergency medical responses	4,034	3,295	5,003	4,758	5,354	5,709	5,937	4,183	3800	3872
Fire and/or Hazmat responses	2,306	1,959	2,151	1,988	1,838	1,558	1,479	901	857	930
Refuse collections										
Recyclables collected in tons	1,500	2,204	2,296	2,049	2,223	2,926	2,563	2,180	2,052	1,301
Garbage and trash collected	41,039	37,085	36,889	35,368	34,397	33,755	36,042	34,142	34,108	37,287
Municipal Utilities Board										
Electrical connections	26,734	26,644	26,531	26,599	26,582	26,525	26,487	26,515	26,618	26,513
Water connections	25,585	25,496	25,385	25,375	25,362	25,340	25,295	25,260	25,194	25,244
Wastewater connections	20,692	20,588	20,474	20,448	20,416	20,388	20,319	20,297	20,245	20,327
Gas connections	13,506	13,596	13,575	13,561	13,637	13,661	13,613	13,690	13,640	13,691

Source:
 Various city departments

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Stations	4	4	5	5	5	3	4	3	3	3
Vehicles	202	188	165	162	160	166	166	167	161	153
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	10	9	9	9	10	9	10	10	12	10
Special Response Vehicle	5	5	5	5	5	5	5	5	3	3
Sanitation										
Garbage collection trucks	16	20	17	17	17	17	16	16	17	17
Other public works										
Paved streets (miles)	336	336	336	336	336	336	336	336	335	335
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	49	49	49	48	48	48	48	48	48	48
Storm drainage conduits (miles)	145	145	145	145	145	145	145	144	143	143
Parks and Recreation										
Number of parks*	26	26	26	26	26	26	26	26	26	26
Acres of Parks	1278	1278	1278	1278	1278	1278	1278	1278	1,278	1,278
Golf courses (public & private)	2	2	4	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	46
Recreations centers	4	4	4	4	4	5	5	5	5	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)	492	492	491	490	487	487	484	484	484	481
Gas mains (miles)	423	421	421	421	420	420	418	418	415	414
Electric lines (miles)	596	596	594	594	593	593	593	593	593	592
Sanitary sewers (miles)	375	374	374	358	350	348	342	342	341	340
Fire hydrants in service	2065	2060	2060	2048	2039	2032	2028	2026	2,019	2,011

Sources:

Various city departments and capital assets records

SINGLE AUDIT REPORTS

Issued in Accordance with the Uniform Guidance

For the Year Ended September 30, 2020



City of Decatur
Single Audit Reporting Package
September 30, 2020

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Decatur's basic financial statements and have issued our report thereon dated March 31, 2021.

Internal Control over Financial Reporting

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

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

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



David E. Scott, CPA • Darrell W. Wates, CPA, CGMA • Aaron J. Bell, CPA

Jami K. Freeman, CPA • Frederick T. Marthaler III, CPA • J.A. Tucker, CPA (1936-2013)

Compliance and Other Matters

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

Purpose of this Report

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

Tucker, Scott + Wates, LLC

Decatur, Alabama

June 30, 2021



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Decatur, Alabama's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Decatur's major federal programs for the year ended September 30, 2020. City of Decatur's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Decatur's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Decatur's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Decatur, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

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



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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Decatur's basic financial statements. We issued our report thereon dated March 31, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Tucker, Scott & Wates, LLC

Decatur, Alabama
June 30, 2021

City of Decatur
 Schedule of Expenditures of Federal Awards
 For the year ended September 30, 2020

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grantor or Pass- Through Grantor's Number	Grant Expenditures
<u>U.S. Department of Commerce</u>			
Passed Through Alabama Department of Economic and Community Affairs:			
Statistical, Research, and Methodology Assistance (Decatur Counts/US Census)	11.016	AL-CG-20-014	\$ 5,488
			5,488
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/Entitlement Grants Cluster			
Direct Programs:			
Community Development Block Grant	14.218	B-17-MC-01-0011	36,421
		B-18-MC-01-0011	38,202
		B-19-MC-01-0011	474,159
		B-20-MC-01-0011	480,300
			1,029,082
Total Community Development Block Grants/Entitlement Grants Cluster			1,029,082
Total U.S. Department of Housing and Urban Development			1,029,082
<u>U.S. Department of Interior National Park Service</u>			
Passed Through Alabama Historical Commission:			
Historic Preservation Fund Grants-in-aid	15.904	AL-19-10029	850
			850
<u>U.S. Department of Justice</u>			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	2018BUBX17085766	1,305
		2019BUBX17085766	4,402
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2017-DJ-BX-0648	7,800
		2019-DJ-BX-0133	13,219
			26,726
Passed Through Alabama Department of Economic and Community Affairs:			
Juvenile Justice and Delinquency Prevention [Strengthening Families Program (SFP)]	16.540	18-JF-C1-007	17,938
			17,938
Total U.S. Department of Justice			44,664

City of Decatur
 Schedule of Expenditures of Federal Awards
 For the year ended September 30, 2020

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grantor or Pass- Through Grantor's Number	Grant Expenditures
<u>U.S. Department of Transportation</u>			
Highway Planning and Construction Cluster			
Passed Through Alabama Department of Transportation:			
Highway Planning and Construction - Metropolitan Planning Organization	20.205	PL-0011(032)	301,730
Highway Planning and Construction - Federal Aid Highway Program	20.205	STPOA-9215(600)	2,124,248
Highway Planning and Construction - Federal Aid Highway Program	20.205	ACOA59677-ATRP(013)	1,479
Highway Planning and Construction - Federal Aid Highway Program	20.205	ST-052-999-013	89,145
Highway Planning and Construction - Federal Aid Highway Program	20.205	TAPAA-TA19(902)	300,870
			2,817,472
Highway Safety Cluster			
Passed Through North Alabama Highway Safety Office:			
State and Community Highway Safety -402 Step GHSP	20.600	20-FP-PT-003	11,784
National Priority Safety Programs - Drive Sober Grant	20.616	20-ID-M5-003	715
Total Highway Safety Cluster			12,499
Total U.S. Department of Transportation			2,829,971
<u>U.S. Department of the Treasury</u>			
Passed Through Alabama Department of Finance:			
CARES Act due to COVID-19 Pandemic	21.019	N/A	108,697
Total Department of the Treasury			108,697
<u>Executive Office of the President</u>			
Passed Through Gulf Coast HIDTA:			
ONDCP Gulf Coast High Intensity Drug Trafficking Area Program	95.001	G20GC0006A	6,958
Total Executive Office of the President			6,958

City of Decatur
 Schedule of Expenditures of Federal Awards
 For the year ended September 30, 2020

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grantor or Pass- Through Grantor's Number	Grant Expenditures
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Assistance to Firefighters Grant Program	97.044	EMW-2018-FO-01817	41,727
Disaster Grants	97.036	FEMA 4426-DR-AL FEMA 4503-DR	8,296 3,447
			53,470
Passed Through Alabama Emergency Management Agency:			
Disaster Grants	97.036	FEMA 4426-DR-AL	1,383
			1,383
Total U.S. Department of Homeland Security			54,853
Total Federal Awards			\$ 4,080,563

City of Decatur
Notes to Schedule of Expenditures of Federal Awards
For the year ended September 30, 2020

Note 1 - Entity Definition

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

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

Note 2 - Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Decatur under programs of the federal government for the year ended September 30, 2020 presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related Fund liability is incurred.

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

Note 3 - Payments to Subrecipients

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development under the Community Development Block Grant to not-for-profit agencies (subrecipients). The City reports expenditures of Federal awards to subrecipients when paid in cash. Payments to subrecipients totaled \$393,364 under this award for the year ended September 30, 2020.

The City also passes certain federal awards received from the U.S. Department of Justice under the Edward Byrne Memorial Justice Assistance Grant Program to not-for-profit agencies (subrecipients). The City reports expenditures of Federal awards to subrecipients when paid in cash. Payments to subrecipients totaled \$13,000 under this award for the year ended September 30, 2020.

City of Decatur
 Schedule of Findings and Questioned Costs
 For the year ended September 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ yes ✓ no
 Significant deficiency(ies) identified not
 considered to be material weaknesses _____ yes ✓ none reported

Noncompliance material to the financial statements
 noted? _____ yes ✓ no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? _____ yes ✓ no
 Significant deficiency(ies) identified not
 considered to be material weaknesses _____ yes ✓ none reported

Type of auditor's report issued on compliance:
 for major programs Unmodified

Any audit findings disclosed that are required to
 be reported in accordance with the Uniform Guidance _____ yes ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
20.205	Metropolitan Planning Organization
20.205	Highway Planning and Construction - Federal Aid Highway Program

Dollar threshold used to distinguish between Type A
 and Type B Programs \$750,000

Auditee qualified as low-risk auditee? _____ yes ✓ no

City of Decatur
Schedule of Findings and Questioned Costs - Continued
For the year ended September 30, 2020

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

City of Decatur
Summary Schedule of Prior Year Audit Findings
For the year ended September 30, 2020

Financial Statement Findings

None noted.

Federal Award Findings and Questioned Costs

None noted.