

2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021



The City OF OPPORTUNITY





Government Finance Officers Association

Certificate of
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Presented to

**City of Decatur
Alabama**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Decatur
 Comprehensive Annual Financial Report
 September 30, 2021

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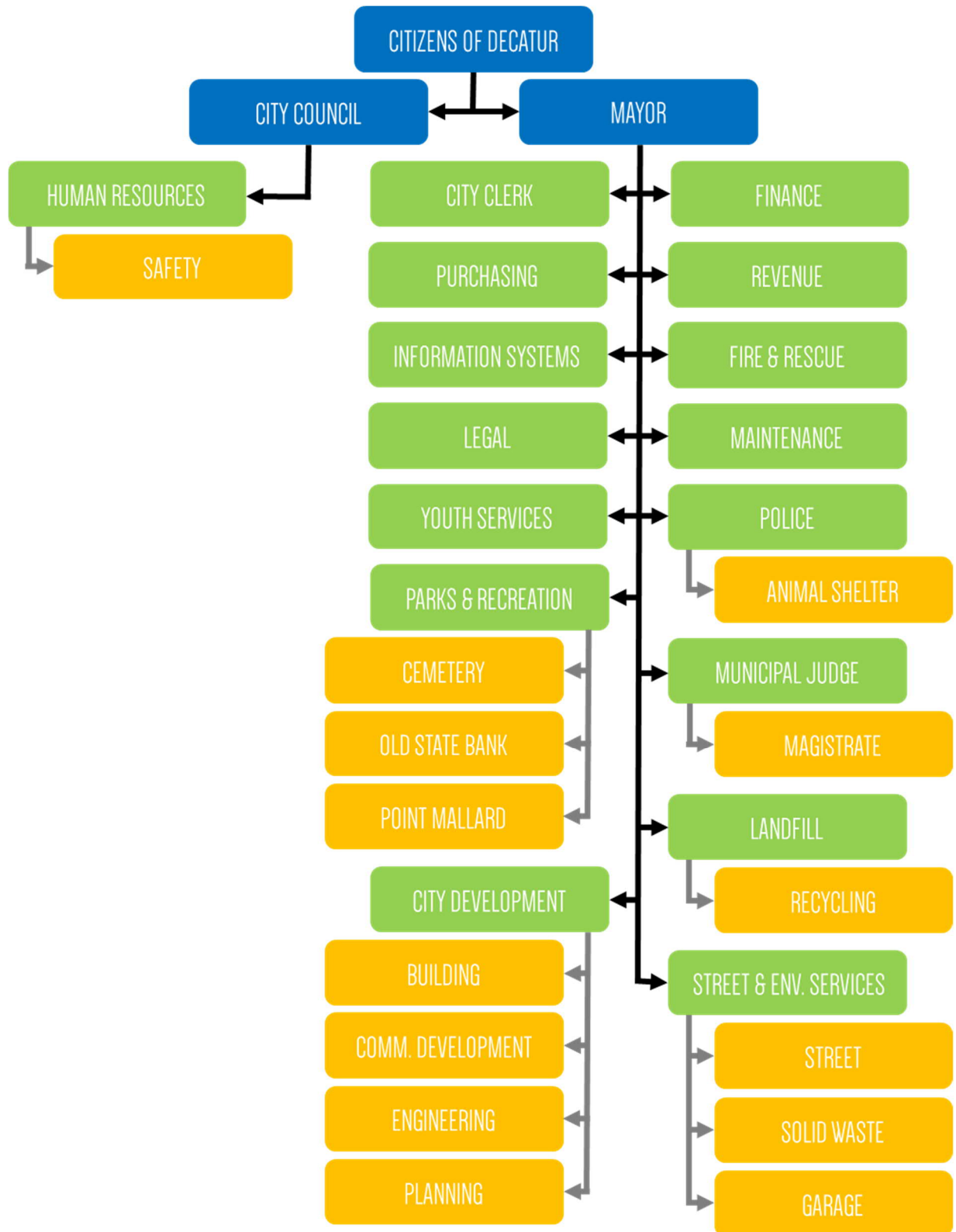
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City of Decatur

Organizational Structure

September 30, 2021



City of Decatur 2021

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 2021

Mayor

Tab Bowling

City Council

District 1	Billy Jackson
District 2	Kyle Pike
District 3	Carlton McMasters, President Pro Tempore
District 4	Hunter Pepper
District 5	Jacob Ladner, President

Department Directors

Chief Financial Officer	Kyle Demeester
City Attorney	Herman Marks
City Clerk	Stephanie Simon
Building	Dane Shaw
Community Development & Planning	Dane Shaw
Engineering	Dane Shaw
Fire Chief	Tracy Thornton
Information Systems	Brad Phillips
Municipal Judge	Bill Cook, Jr
Landfill	Wanda Tyler
Parks & Recreation	Jason Lake
Personnel	Richelle Sandlin
Police Chief	Nathaniel Allen
Street & Environmental Services	Rickey Terry
Youth Services	Brandon Watkins

City of Decatur
Other Key Personnel
September 30, 2021

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



March 31st, 2022

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

The Annual Comprehensive Financial Report of the City of Decatur, Alabama, for the fiscal year ending September 30, 2021 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 Talley, Mauldin & Peete PC, Certified Public Accountants, for the fiscal year ended September 30, 2021 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, Talley, Mauldin & Peete PC, 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, 3 recreation centers, 35 ball fields, 3 pools, 2 golf courses both public & private, 62 acres of soccer fields), cultural events, community services, and general administrative services. Utility services are provided through a separate Municipal Utilities Board, which is a major proprietary fund included in the City's financial statements.

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

The City maintains budgetary controls to ensure compliance with legal provisions in the annually appropriated budgets adopted by the City Council. Activities of the general fund and special revenue funds are included in the budget process. A formal budget is not adopted for the debt service funds because effective control is achieved through the related debt's indenture provisions. Although not legally required, the City Council also approves 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 recovery, the City of Decatur saw 25 expansion/equipment upgrades, totaling \$227,792,010 and 416 new jobs in FY 2021. Retail District expansion also continued with announcements of new restaurants, both local and national chains, as well as various shopping options for all citizens.

As the challenges of COVID-19 brought to the global economy dwindled, it is worth noting the City of Decatur was resilient throughout the entire time period. Overall revenues continued their historical increasing trend and City management began to return back to normalcy, from an expenditure stand point. 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the twenty-ninth 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirement, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is possible because of the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to our independent auditors, Talley, Mauldin & Peete PC. 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,

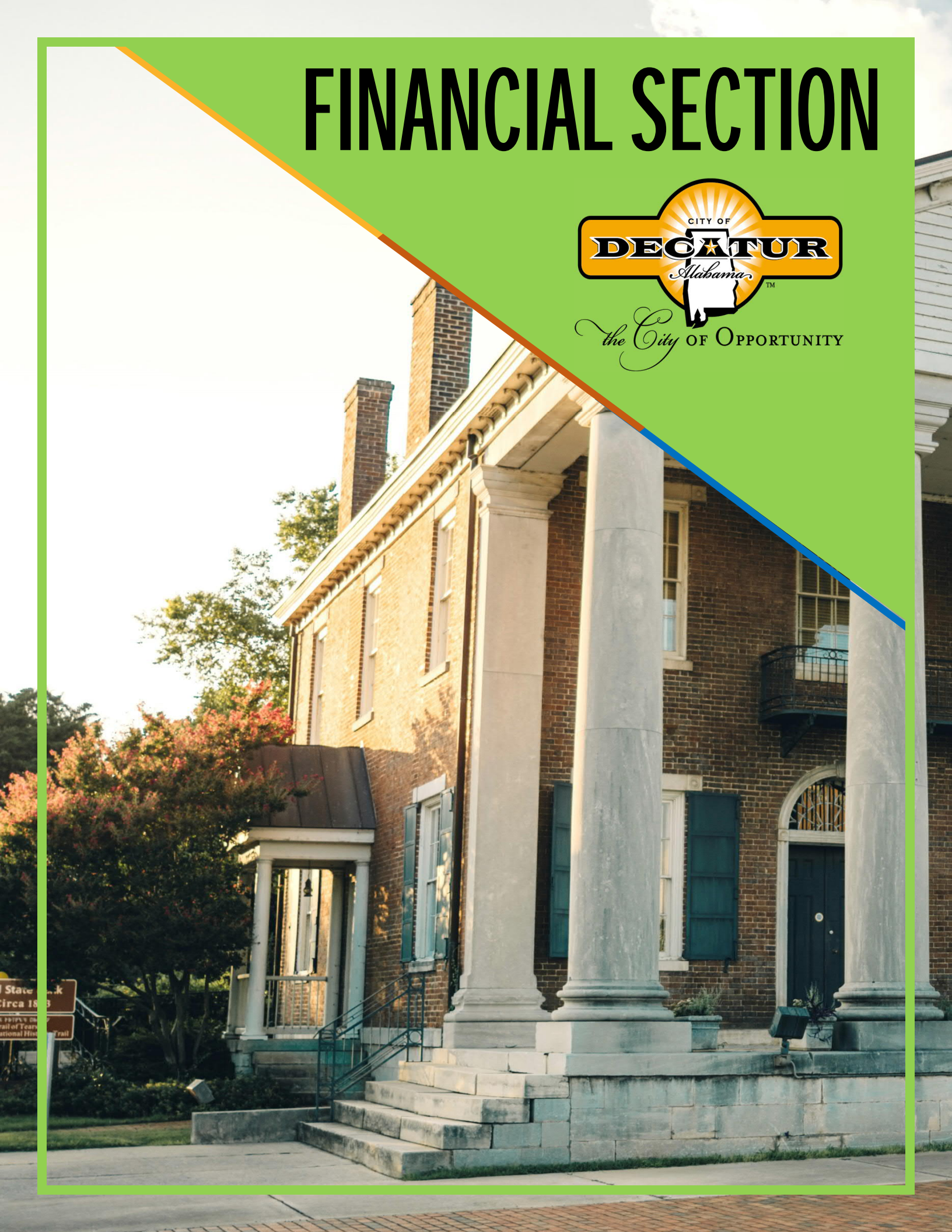
A handwritten signature in black ink, appearing to read "Kyle Demeester", with a long horizontal flourish extending to the right.

Kyle Demeester
Chief Financial Officer
City of Decatur

FINANCIAL SECTION



the City OF OPPORTUNITY



State Bank
Circa 1833
Trail of Tears
National Historical
Trail

TALLEY, MAULDIN, PEETE & WATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021, 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 93.2 percent, 90.9 percent, and 91.7 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

TALLEY, MAULDIN, PEETE & WATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

information of the City of Decatur, as of September 30, 2021, 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, 2022, 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.

Talley, Mauldin, Peete & Wates, P.C.

Decatur, Alabama
March 31, 2022



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, 2021. 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.

2021 HIGHLIGHTS

Financial Highlights

- The total net position of the City is \$249.1 million. Of this amount, \$97.3 million from governmental activities considered unrestricted appears in the deficit position and is primarily the result of the overall liabilities for the City's Pension and Post-Employment Benefits (OPEB) obligations.
- The change in net position of \$9.2 million for business-type activities is primarily due to an increase in charges for services resulting in revenues over expenditures.
- The City's net position increased by \$26.4 million. The governmental net position increased \$17.2 million and business-type net position increased by \$9.3 million.
- Governmental activities revenues increased by \$10.8 million due in part to the large grant-funded projects underway and a \$5.9 million increase in sales & use tax revenue.
- As of September 30, 2021, governmental funds reported a combined ending fund balance of \$54 million, an increase of \$9.1 million from the prior year. Of that ending fund balance, \$20.1 million is unassigned and available to finance the activities of the governmental funds and \$34 million is committed or assigned to meet existing obligations.
- General Fund reported a fund balance of \$48.6 million, \$22.3 million of this amount is available for general use. This reflects a \$9.9 million increase over the prior year ending balance.
- The policy of the City is at all times to maintain a minimum reserve of 3 months (90 days) General Fund Operating Expenses. \$17.9 million of the \$26 million committed fund balance is related to this reserve.
- The City's total debt increased by \$152.1 million during 2021. Debt of governmental activities decreased by \$1.2 million with reduction of debt through scheduled principal payments. Debt of business-type activities increased by \$153.3 million through the issuance of new revenue warrants for improvements to utilities infrastructure.

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 2021, 25 companies announced new or expanding projects adding 416 jobs to the area. These projects totaled \$227,792,010 in new capital investments. Additional events of note are:

- Port Authority received \$3.2 million for construction of new warehouses. These warehouses will support the growing aerospace, agricultural, and automotive industries in North Alabama. Funds will be used to construct the three warehouses.
- Renaissance Reclaimed is a new company moving into Downtown Decatur. Renaissance Reclaimed will make custom cabinetry and other wood products. Their total capital investment is \$1,275,000 with 11 new jobs.
- In the police jurisdiction of Decatur, CSI Equipment announced a new venture providing engineering and fabrication experience and capabilities, plus a wide range of materials and finishes. Locating in a previously vacant building, CSI is adding 20 jobs and investing \$3,600,000 in this location.
- Polyplex USA, a leading producer of food grade film product announced a substantial investment to expand production lines at the Decatur facility. Polyplex's expansion will have an annual economic impact in Morgan County of over \$103 million through direct jobs, indirect jobs, property tax, sales tax, and general fees.
- Micor Industries announced an expansion of their site to add additional square footage, new machinery, and 10 new jobs. This expansion will allow them to increase their contracts for precision machinery and will come with a capital investment of \$5,500,000.
- United Launch Alliance announced a \$20 million project for their Decatur site to add inspection-related equipment and additional machinery to increase capacity and allow them to pursue more contracts. ULA's continued investment in Morgan County is indicative of the strength of the economy and the growing support for aerospace expansions.
- Daikin America also announced a substantial investment of \$28 million to update machinery, processes, and equipment to keep this location as a state of the art chemical facility. Daikin, like ULA is a long term tenant in the economy is an active community partner in local schools, festivals, and downtown projects.

Retail & Housing Expansion

In addition to the industrial expansion noted above, the City continues to see retail establishments locate in the area despite effects of the COVID-19 pandemic. The City's residential areas are also seeing expansion in correlation to the increased demand for housing. Some of the more notable items during 2021 are as follows:

- Whataburger opened a 6,500 square foot facility that was newly constructed on Beltline Road area near the newly constructed Aldi market.
- Freddy's Frozen Custard & Steakburgers opened in a portion of a newly constructed 7,452 square foot plaza on Spring Avenue that will be home to other businesses in the future.
- Moody Crab, a family Cajun-style seafood restaurant, opened in the Crossings shopping center after renovating an 8,000 sq. foot space.
- Aldi USA opened a newly constructed 19,200 square foot market with many affordable & fresh food options.
- Plans were approved for a newly constructed Culver's location on Sixth Avenue that will serve fresh frozen custard in addition to many food options.
- The development of Point Mallard Centre in 2018 attracted residential development. With the city's investment in infrastructure behind this retail center, 100 acres saw the start of residential construction of approximately 300 homes. Approximately 50 single family homes have been constructed to date with pre-zoning planned for upscale apartment homes to follow.
- Plans to rezone & expand Foxwood Subdivision began which will add approximately 40 homes to the area.
- 40 acres off of Central Parkway is being developed for residential purposes. The construction of 50-60 entry level homes is underway.

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. Approved in FY18, the plan serves as a guide for decision makers and the community providing information regarding future development, rewriting of the City's development codes and providing information regarding 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. Some of the accomplishments include:

- Clarion updating the zoning ordinances – Module 2 entered the public review phase.
- The finance committee taking part in preliminary discussion of a Capital Improvements Program (CIP).
- Residential development is apparent with Planning Commission's over 600 applications reviewed for new residential lots.
- Decatur City Schools will soon begin construction for the Career Academies of Decatur facility which will offer specific vocational paths for students.
- 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 historic McEntire House has been purchased with plans for revitalization and will open as a boutique hotel with upscale restaurant and event center within 24 months.
- 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 construction is roughly 50% complete in the Limestone County portion of the City.
- Progress continues on the project to improve one of the gateways of the city, the 6th Avenue corridor. The streetscape plan is in the engineering and design phase.
- A \$175 million investment by the city to make capital improvements to the city's sewer system over a 10 year period is ongoing.
- Plans for the Alabama Center for the Arts dormitory are being made along with a new parking deck & hotel for the 2nd Ave corridor.
- McGhee Square, a luxury townhome development, will accent the upcoming artisanal market slated to open on Bank Street next year.

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 16 individual governmental funds. The General Fund and the School Fund are considered to be major funds, and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.
- The 14 other governmental funds are considered to be non-major governmental funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

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

- The largest portion of the City's net position is reflected in its investment in capital assets (e.g. Land, buildings, improvements other than buildings, infrastructure, and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the City's net position 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 \$(80.1) million, which consists of \$(97.3) million from governmental activities and \$17.3 million from business-type activities.
- Net position from governmental activities increased \$17 million in fiscal year 2021. This is mostly attributed to an increase in current assets due to revenues exceeding budget in addition to expenditures not exceeding budget. This result came in part from using a conservative budget approach during the COVID-19 pandemic and the local economy outperforming conservative revenue estimates.
- Revenues in governmental funds increased \$8.4 million with the largest increase in sales & use tax of \$5.9 million.
- Net position from business-type activities increased \$9.3 million as assets increased by \$178 million and long term liabilities increased by \$173 million. The majority of this increase is attributable to the Municipal Utilities Board which increased its net position by \$7.2 million as its assets increased \$176.6 million and total liabilities increased \$176 million. The large increases in both assets and liabilities are attributable to new debt issued in the current year to fund capital improvements with the majority of this amount remaining unspent at year end.

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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,
	2021	2020		2021	2020		2021	2020
Assets								
Current and other asset	\$ 70,904,502	\$ 52,040,693	\$ 18,863,809	\$ 274,839,777	\$ 100,344,064	\$ 174,495,713	\$ 345,744,279	\$ 152,384,757
Capital Assets	94,677,204	94,383,744	293,460	299,233,717	295,328,431	3,905,286	393,910,921	389,712,175
Total assets	165,581,706	146,424,437	19,157,269	574,073,494	395,672,495	178,400,999	739,655,200	542,096,932
Deferred outflows of Resources								
Losses on debt refundings	889,089	570,438	318,651	2,297,925	-	2,297,925	3,187,014	570,438
OPEB Contributions	18,219,634	20,282,693	(2,063,059)	1,402,458	1,415,708	(13,250)	19,622,092	21,698,401
Pension contributions subsequent to measurement date	12,144,842	8,763,742	3,381,100	6,570,918	4,154,060	2,416,858	18,715,760	12,917,802
Total deferred outflows of resources	31,253,565	29,616,873	1,636,692	10,271,301	5,569,768	4,701,533	41,524,866	35,186,641
Liabilities								
Long-term liabilities outstanding	176,183,408	207,749,133	(31,565,725)	264,118,493	95,710,807	168,407,686	440,301,901	303,459,940
Other liabilities	14,424,361	6,975,879	7,448,482	29,155,846	23,995,566	5,160,280	43,580,207	30,971,445
Total liabilities	190,607,769	214,725,012	(24,117,243)	293,274,339	119,706,373	173,567,966	483,882,108	334,431,385
DEFERRED INFLOWS OF RESOURCES								
Excess of actual earnings over projected earnings on OPEB plan investments	39,259,365	11,144,925	28,114,440	8,276,450	7,265,747	1,010,703	47,535,815	18,410,672
Excess of actual earnings over projected earnings on pension plan investments	510,437	776,369	(265,932)	139,939	903,879	(763,940)	650,376	1,680,248
Total deferred inflows of resources	39,769,802	11,921,294	27,848,508	8,416,389	8,169,626	246,763	48,186,191	20,090,920
Net position								
Net investment in capital assets	57,492,241	56,110,871	1,381,370	257,574,347	249,319,906	8,254,441	315,066,588	305,430,777
Restricted:								
Debt service	-	-	-	7,881,333	24,012,716	(16,131,383)	7,881,333	24,012,716
Capital Improvements	185,424	55,505	129,919	-	-	-	185,424	55,505
Other	6,079,517	3,645,840	2,433,677	-	-	-	6,079,517	3,645,840
Unrestricted (deficit)	(97,299,482)	(110,417,212)	13,117,730	17,198,387	33,642	17,164,745	(80,101,095)	(110,383,570)
Total net position	\$ (33,542,300)	\$ (50,604,996)	\$ 17,062,696	\$ 282,654,067	\$ 273,366,264	\$ 9,287,803	\$ 249,111,767	\$ 222,761,268

Management's Discussion and Analysis- Continued

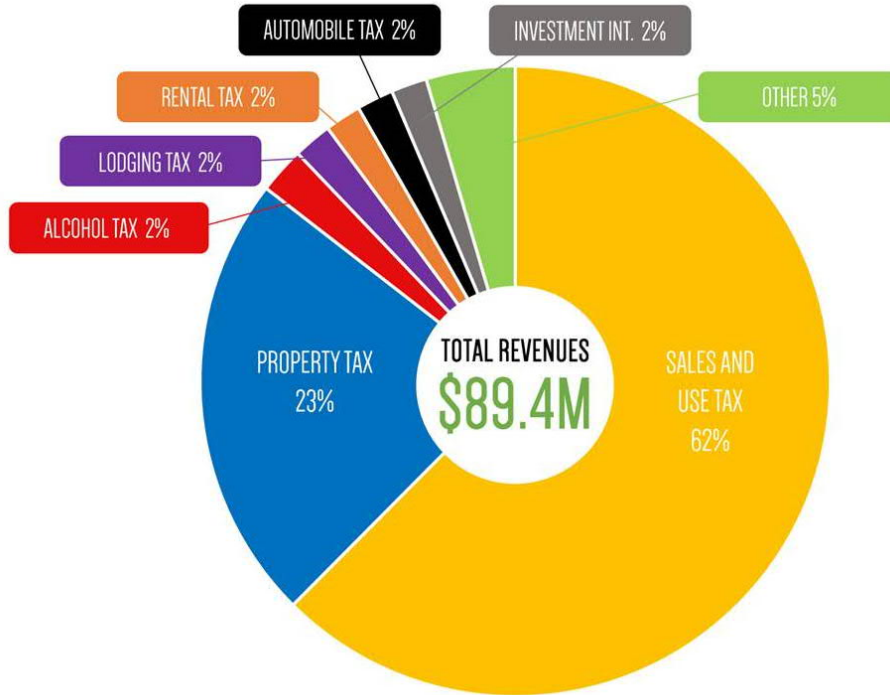
City of Decatur's Changes in Net Position

	Governmental Activities			Business Type Activities			Total	
	September 30,	September 30,	Change	September 30,	September 30,	Change	September 30,	September 30,
	2021	2020		2021	2020		2021	2020
REVENUES								
Program revenues:								
Charges for services	\$ 13,707,058	\$ 13,576,237	\$ 130,821	\$ 152,441,439	\$ 141,266,959	\$ 11,174,480	\$ 166,148,497	\$ 154,843,196
Operating grants and contributions	3,122,439	2,472,564	649,875	-	-	-	3,122,439	2,472,564
Capital grants and contributions	7,155,168	4,318,927	2,836,241	921,133	1,246,220	(325,087)	8,076,301	5,565,147
General revenues								
Sales taxes	55,838,932	49,930,964	5,907,968	-	-	-	55,838,932	49,930,964
Property taxes and payments in lieu of taxes	20,596,224	20,507,015	89,209	-	-	-	20,596,224	20,507,015
Other taxes	11,157,647	10,395,842	761,805	-	-	-	11,157,647	10,395,842
Interest on investments	1,644,900	1,125,044	519,856	475,867	1,081,704	-	2,120,767	2,206,748
Other revenue	164,001	287,769	(123,768)	64,071	66,343	(2,272)	228,072	354,112
Total revenues	113,386,369	102,614,362	10,772,007	153,902,510	143,661,226	10,847,121	267,288,879	246,275,588
EXPENSES								
General government	12,944,319	21,569,693	(8,625,374)	-	-	-	12,944,319	21,569,693
Public safety	27,027,485	26,646,533	380,952	-	-	-	27,027,485	26,646,533
Public works	9,927,356	7,784,652	2,142,704	-	-	-	9,927,356	7,784,652
Public services	9,859,751	9,483,645	376,106	-	-	-	9,859,751	9,483,645
Intergovernmental assistance	26,016,676	23,314,576	2,702,100	-	-	-	26,016,676	23,314,576
Community service contracts	2,955,611	2,690,067	265,544	-	-	-	2,955,611	2,690,067
Community development	2,756,394	1,489,956	1,266,438	-	-	-	2,756,394	1,489,956
Interest on long-term debt	895,287	1,292,456	(397,169)	-	-	-	895,287	1,292,456
Unallocated depreciation	1,609,561	1,801,728	(192,167)	-	-	-	1,609,561	1,801,728
Municipal Utilities Board	-	-	-	135,880,186	124,503,538	11,376,648	135,880,186	124,503,538
Point Mallard	-	-	-	5,137,263	3,715,716	1,421,547	5,137,263	3,715,716
Sanitary Landfill	-	-	-	5,831,354	4,566,388	1,264,966	5,831,354	4,566,388
Total expenses	93,992,440	96,073,306	(2,080,866)	146,848,803	132,785,642	14,063,161	240,841,243	228,858,948
Increase (decrease) in net position before transfer	19,393,929	6,541,056	12,852,873	7,053,707	10,875,584	(3,821,877)	26,447,636	17,416,640
Transfers	(2,234,098)	396,735	(2,630,833)	2,234,098	(396,737)	2,630,835	-	(2)
Increase (decrease) in net position	17,159,831	6,937,791	10,222,040	9,287,805	10,478,847	(1,191,042)	26,447,636	17,416,638
Net position - beginning of year, as restated	(50,702,131)	(57,542,787)	6,840,656	273,366,262	262,887,417	10,478,845	222,664,131	205,344,630
Net position - end of year	\$ (33,542,300)	\$ (50,604,996)	\$ 17,062,696	\$ 282,654,067	\$ 273,366,264	\$ 9,287,803	\$ 249,111,767	\$ 222,761,268

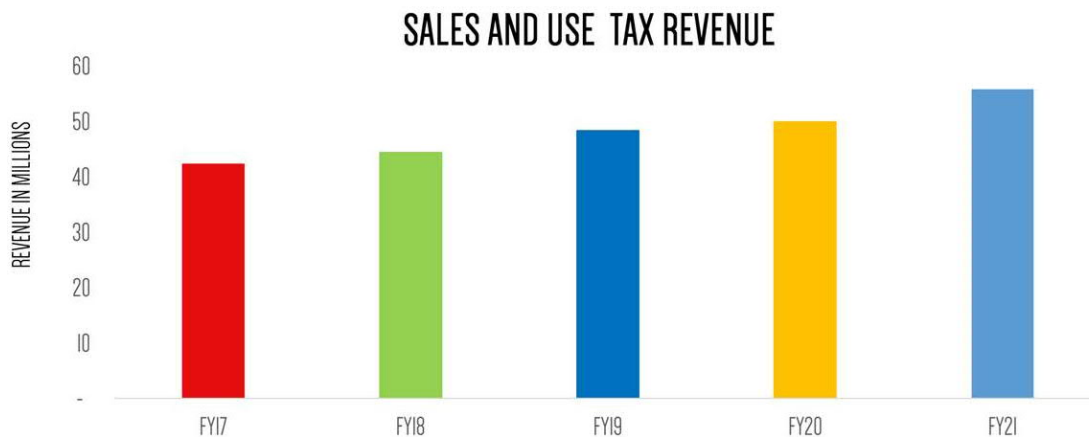
Management's Discussion and Analysis- Continued

Governmental Activities

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



- Revenues from governmental activities increased \$10.7 million during 2021. Revenue from sales & use taxes increased by \$5.9 million. Overall grants and contributions increased in the current year by \$3.48 million primarily due to the US DOT BUILD grant construction project for the advancement of surface transportation infrastructure. Some COVID-19 recovery grants were also part of increase. Investment interest increased \$519 thousand over the previous year. Other taxes that include lodgings taxes & alcohol taxes increased by \$761 thousand.



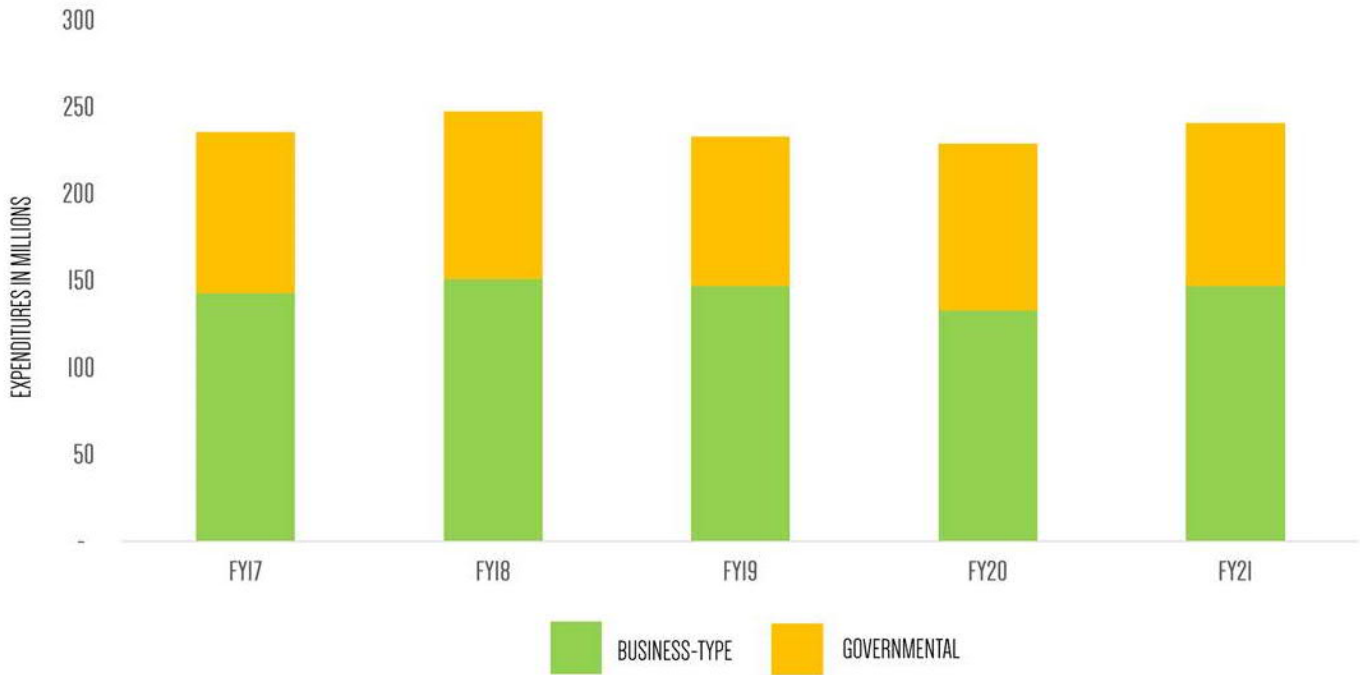
Management's Discussion and Analysis- Continued

- Governmental Funds had a total expenditure decrease of \$2.1 million. Community Development saw a \$1.26 million increase due to the availability of COVID-19 recovery grants. Public Works expenditures increased \$2.1 million due to continued work on Highway 20 Bibb Garrett Overpass related to the BUILD grant. General government expenditures decreased \$8.7 million due in large part the reduction in OPEB liability. This was mainly due to a 156% decrease in LGHIP Medicare rates used for the valuation as compared to the prior year. Intergovernmental expenditures increased \$2.7 million due to higher tax revenues shared with the school system.

Business-Type Activities

- The business-type activities total net position increased \$9.3 million from 2020. Total revenues increased \$10.7 million in part due to the relaxing of COVID-19 restrictions allowing Point Mallard's Aquatic Center to re-open for the summer season. Also playing a role in the increased total net position is the Landfill operating at revenue exceeding expenditures.
- From fiscal year 2020 to 2021, Electric System operating revenues increased 2.77% due to increases in usage. This was offset by a 0.89% increase in purchased power cost. Net position increased 4.44% from the prior year.
- From fiscal year 2020 to 2021, Gas System operating revenues increased 25.55% due to higher purchased gas component of rates. This was offset by a 34.55% increase in purchased gas cost. Net position increased 0.22% from the prior year.
- From fiscal year 2020 to 2021, operating revenues for the Water System decreased 0.80% as a result of volumetric decreases coming from residential class. In addition to the decreases in usage, treatment expense increased by 8.58%. Net position increased 2.68% from the prior year.
- Operating revenues for the Wastewater System increased 15.19% due to increased rates. Net position increased 2.92% 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, 2021 were \$54 million, an increase of \$9.1 million from the 2020 fiscal year. Of this amount, \$20.1 million constitutes unassigned and \$29.4 million 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 almost \$10 million over 2020. Total general fund revenues increased \$4.3 million over FY20 with taxes and payments in lieu increasing by \$4.2 million over FY20 and exceeded revised budget projection by \$7.5 million. General Fund expenditures decreased \$2.8 million from FY20.

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 fund balance of \$302 thousand which are expected to increase as loan balances to General Fund and the Landfill Fund to finance the construction of the Ingalls Harbor Pavilion are paid down. The loans are 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 Community Development Fund decreased by \$1.97 million due to the Hwy 20/Bibb Garrett BUILD grant project where expenditures are paid up front by the city and reimbursed through the Alabama Department of Transportation.

Proprietary Funds

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

Management's Discussion and Analysis- Continued

General Fund Budget

- The FY21 revenue budget was \$3.95 million lower than FY20 due primarily to a conservative approach during the pandemic.
- Taxes and Payments In Lieu of Taxes was \$7.5 million over budget due to the local economy being flush with cash due to federal stimulus payments, conservative budgeting and the sooner than expected re-opening of local commerce.
- License and permits revenue exceeded the budgeted amount by \$1.6 million. This was due primarily to a conservative approach anticipating revenues would be affected by the uncertainties of the pandemic and FY20 calendar year gross sales used for the basis of licensure in FY21 might be lower.
- Actual expenses were lower than budgeted amounts by \$10 million due in part to multi-year capital projects in the beginning phases.

Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2021 totals \$393.9 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 \$4.2 million from 2020.
- Capital assets used by governmental activities increased \$293 thousand primarily attributable to various infrastructure improvements in progress.
- Capital assets used for business-type activities increased by \$3.9 million primarily due to normal expansions of the utility systems within the Municipal Utilities Board Fund.

Major Capital Events during the Fiscal Year

- \$500 thousand was spent on fleet vehicles for the police department.
- \$1.6 million was spent on construction of a new fire station.
- \$259 thousand was spent on fire technology.
- \$1 million was spent on heavy equipment and vehicles for the solid waste department.
- \$122 thousand was spent for a new bucket truck for the traffic signs & markings department.
- \$956 thousand was spent on heavy equipment and vehicles for the landfill and recycling departments.
- \$155 thousand was spent on construction of a new solid waste disposal area.
- \$162 thousand was spent on improvements to the Carrie Matthews Recreation Center.
- \$119 thousand was spent on a new roof for the Decatur Public Library.
- \$197 thousand was spent on city financial software and server upgrades.
- \$6 million was spent on property and rights of way acquisition, engineering and construction, for a major road project to promote residential and commercial growth.

Management's Discussion and Analysis- Continued

City of Decatur's Capital Assets

	Governmental Activities			Business-Type Activities			Total	
	September 30, September 30,		Change	September 30, September 30,		Change	September 30, September 30,	
	2021	2020		2021	2020		2021	2020
Land	\$ 16,058,804	\$ 15,945,006	\$ 113,798	\$ 4,568,653	\$ 4,568,653	\$ -	\$ 20,627,457	\$ 20,513,659
Land improvements	8,847,365	9,778,688	(931,323)	-	-	-	8,847,365	9,778,688
Buildings and improvements	17,350,319	17,911,436	(561,117)	12,840,324	14,475,193	(1,634,869)	30,190,643	32,386,629
Infrastructure	30,958,497	35,889,126	(4,930,629)	-	-	-	30,958,497	35,889,126
Construction in progress	10,516,752	3,127,380	7,389,372	11,992,122	6,578,139	5,413,983	22,508,874	9,705,519
Machinery and equipment	10,945,467	11,732,108	(786,641)	3,225,169	3,146,996	78,173	14,170,636	14,879,104
Utility plant-in-service	-	-	-	266,607,449	266,559,450	47,999	266,607,449	266,559,450
	<u>\$ 94,677,204</u>	<u>\$ 94,383,744</u>	<u>\$ 293,460</u>	<u>\$ 299,233,717</u>	<u>\$ 295,328,431</u>	<u>\$ 3,905,286</u>	<u>\$ 393,910,921</u>	<u>\$ 389,712,175</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, 2021, the City had \$241.4 million in long-term debt outstanding. Of this amount, \$41.7 million is debt backed by the full faith and credit of the City and \$199.4 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 \$1.2 million. The city refunded existing debt decreasing the payoff period and took a cash payout of the net present value of \$1.7m. However, the payment schedule remained relatively unchanged. The overall decrease is primarily attributable to the overall principal reductions on existing debt during the year.
- 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, 2021 was \$ 363.2 million in capital outlay warrants, notes, capital leases and its net pension obligation. The School System's ad valorem tax payments, other local taxes and public school funds have been pledged for repayment of this debt.

City of Decatur's Outstanding Debt
General Obligation and Revenue Debt

	Governmental Activities			Business-Type Activities			Total	
	September 30, September 30,		Change	September 30, September 30,		Change	September 30, September 30,	
	2021	2020		2021	2020		2021	2020
Governmental Activities								
General obligation warrants	\$ 41,715,043	\$ 42,782,594	\$ (1,067,551)	\$ -	\$ -	\$ -	\$ 41,715,043	\$ 42,782,594
Revenue warrants	-	-	-	199,386,077	46,050,000	153,336,077	199,386,077	46,050,000
Capital leases	291,036	459,932	(168,896)	-	-	-	291,036	459,932
	<u>\$ 42,006,079</u>	<u>\$ 43,242,526</u>	<u>\$ (1,236,447)</u>	<u>\$ 199,386,077</u>	<u>\$ 46,050,000</u>	<u>\$ 153,336,077</u>	<u>\$ 241,392,156</u>	<u>\$ 89,292,526</u>

Bond Ratings

The City's general obligation bond rating:

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

Management's Discussion and Analysis- Continued

Other than debt paid from proprietary fund revenue sources (e.g. revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2021, the City's allocable debt outstanding was \$111.9 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.

2022 Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2022 budget. The approach to the budget process has been one of anticipated growth. Revenue projections are based on estimates from the source of the revenue as well as trend analysis, historical data, and current economic conditions with an overall increase of 10.6% from FY21's conservative budget. As FY21 actuals outperformed the budget in part due to the local economy being supported by federal funds, an increase was budgeted for. Department expenditures were level funded in operations to accommodate normal salary increases. Management believes revenues and expenditures will meet overall budgetary goals.

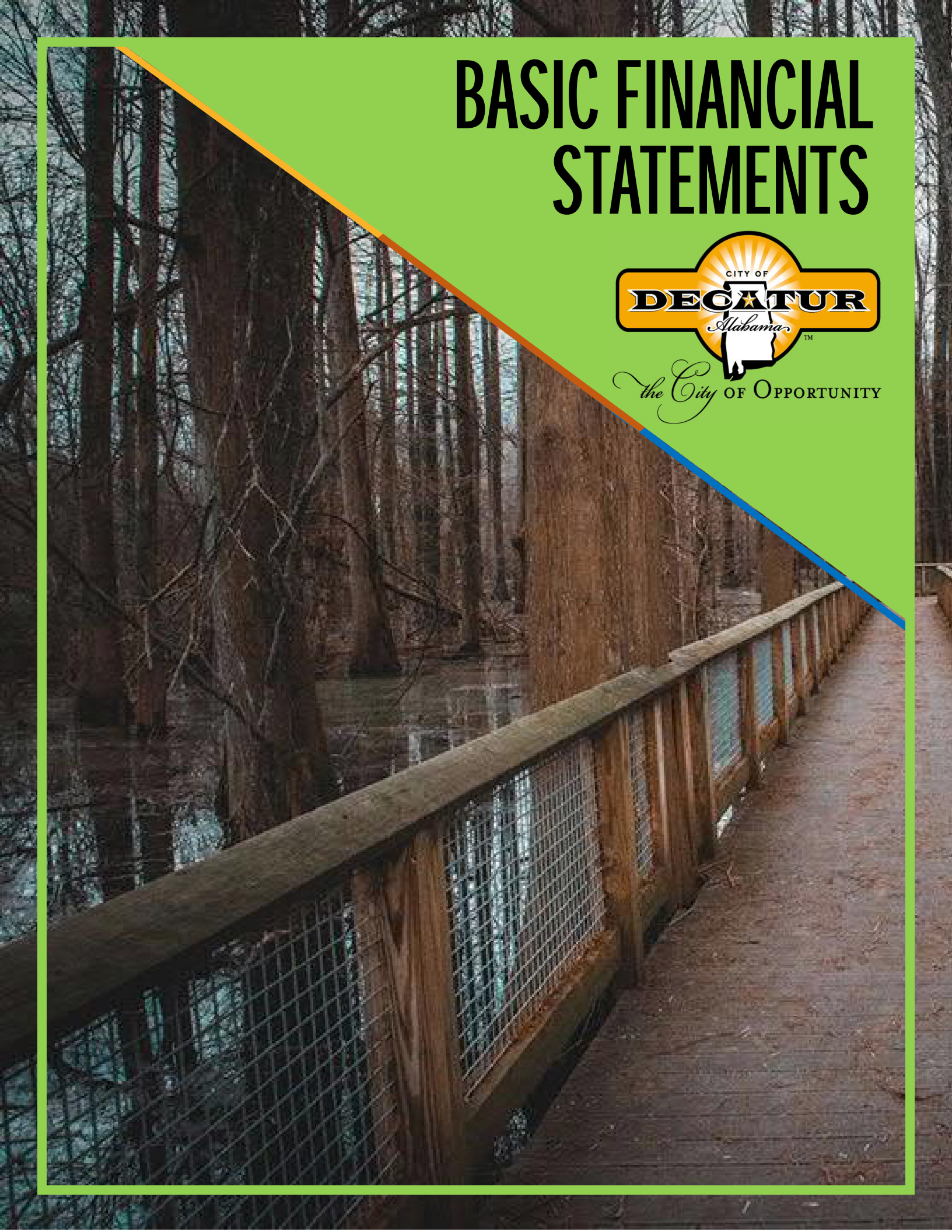
Request for Information

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) 341-4550, or by sending an email to kdemeester@decatur-al.gov.

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

BASIC FINANCIAL STATEMENTS



City of Decatur
Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	\$ 60,557,725	\$ 74,569,105	\$ 135,126,830	\$ 37,029,143
Receivables (net of allowances)	6,107,709	14,915,021	21,022,730	-
Due from governmental entities	4,248,083	-	4,248,083	26,067,604
Inventories	64,273	2,262,047	2,326,320	140,467
Prepaid items	149,833	6,911	156,744	-
Other	136,996	323,894	460,890	-
Internal balances	(360,117)	360,117	-	-
Restricted assets				
Cash & investments, at cost	-	182,402,682	182,402,682	85,855,978
Capital assets				
Land, collections and construction in process	26,575,556	16,560,775	43,136,331	21,505,482
Other assets, net of accum. depreciation	68,101,648	282,672,942	350,774,590	149,925,684
TOTAL ASSETS	165,581,706	574,073,494	739,655,200	320,524,358
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	889,089	2,297,925	3,187,014	-
OPEB contributions subsequent to measurement date	18,219,634	1,402,458	19,622,092	27,427,148
Pension contributions subsequent to measurement date	12,144,842	6,570,918	18,715,760	23,229,907
TOTAL DEFERRED OUTFLOWS OF RESOURCES	31,253,565	10,271,301	41,524,866	50,657,055
LIABILITIES				
Accounts payable	3,664,357	11,921,952	15,586,309	933,300
Accrued liabilities	1,785,631	2,523,233	4,308,864	9,028,539
Contract retainages	329,783	-	329,783	-
Due to component units	2,555,189	-	2,555,189	-
Due to governmental entities	276,416	-	276,416	-
Customer deposits	340,236	9,590,661	9,930,897	-
Deferred revenue	5,472,749	-	5,472,749	31,103
Other	-	-	-	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,120,000	5,120,000	-
Noncurrent liabilities				
Due within one year	5,648,452	231,503	5,879,955	4,110,277
Due in more than one year	170,534,956	263,886,990	434,421,946	359,118,839
TOTAL LIABILITIES	190,607,769	293,274,339	483,882,108	373,222,058
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	18,515,000
Net difference between projected and actual earnings on OPEB plan investments				
Net difference between projected and actual earnings on OPEB plan investments	39,259,365	8,276,450	47,535,815	38,728,263
Net difference between projected and actual earnings on pension plan investments				
Net difference between projected and actual earnings on pension plan investments	510,437	139,939	650,376	8,748,000
TOTAL DEFERRED INFLOWS OF RESOURCES	39,769,802	8,416,389	48,186,191	65,991,263
NET POSITION				
Net investment in capital assets	57,492,241	257,574,347	315,066,588	36,929,866
Restricted for:				
Highways and Streets	185,424	-	185,424	-
Debt service	-	7,881,333	7,881,333	92,589,951
Other	4,689,965	-	4,689,965	6,790,302
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,389,552	-	1,389,552	-
Unrestricted	(97,299,482)	17,198,387	(80,101,095)	(204,342,027)
TOTAL NET POSITION	\$ (33,542,300)	\$ 282,654,067	\$ 249,111,767	\$ (68,031,908)

The accompanying notes are an integral part of this statement.

City of Decatur
Statement of Activities
For the Year Ended September 30, 2021

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	\$ 12,944,319	\$ 6,912,263	\$ -	\$ 566,244	\$ (5,465,812)	\$ -	\$ (5,465,812)	\$ -
Public safety	27,027,485	1,449,303	109,106	-	(25,469,076)	-	(25,469,076)	-
Public works	9,927,356	4,648,056	784,473	345,441	(4,149,386)	-	(4,149,386)	-
Public services	9,859,751	697,436	47,807	199,631	(8,914,877)	-	(8,914,877)	-
Educational assistance	26,016,676	-	-	-	(26,016,676)	-	(26,016,676)	-
Community development	2,756,394	-	2,181,053	6,043,852	5,468,511	-	5,468,511	-
Community service contracts	2,955,611	-	-	-	(2,955,611)	-	(2,955,611)	-
Interest on long-term debt	895,287	-	-	-	(895,287)	-	(895,287)	-
Unallocated depreciation	1,609,561	-	-	-	(1,609,561)	-	(1,609,561)	-
TOTAL GOVERNMENTAL ACTIVITIES	93,992,440	13,707,058	3,122,439	7,155,168	(70,007,775)	-	(70,007,775)	-
BUSINESS-TYPE ACTIVITIES								
Municipal Utilities Board	135,880,186	139,850,512	-	921,133	-	4,891,459	4,891,459	-
Point Mallard	5,137,263	4,939,976	-	-	-	(197,287)	(197,287)	-
Sanitary Landfill	5,831,354	7,650,951	-	-	-	1,819,597	1,819,597	-
TOTAL BUSINESS-TYPE ACTIVITIES	146,848,803	152,441,439	-	921,133	-	6,513,769	6,513,769	-
TOTAL PRIMARY GOVERNMENT	240,841,243	166,148,497	3,122,439	8,076,301	(70,007,775)	6,513,769	(63,494,006)	-
COMPONENT UNIT								
Decatur City Board of Education	124,755,639	6,226,705	68,416,928	2,885,410	-	-	-	(47,226,596)
TOTAL COMPONENT UNIT	\$ 124,755,639	\$ 6,226,705	\$ 68,416,928	\$ 2,885,410	-	-	-	(47,226,596)
GENERAL REVENUES								
Sales & use taxes					55,838,932	-	55,838,932	23,806,282
Property taxes and payments in lieu of taxes					20,596,224	-	20,596,224	20,076,660
Other taxes					11,157,647	-	11,157,647	964,003
Interest on investments					1,644,900	475,867	2,120,767	1,286,201
Other					164,001	64,071	228,072	3,967,150
Transfers					(2,234,098)	2,234,098	-	-
TOTAL GENERAL REVENUES & TRANSFERS					87,167,606	2,774,036	89,941,642	50,100,296
CHANGE IN NET POSITION					17,159,831	9,287,805	26,447,636	2,873,700
Net position, beginning					(50,702,131)	273,366,262	222,664,131	(70,905,608)
NET POSITION, ENDING					\$ (33,542,300)	\$ 282,654,067	\$ 249,111,767	\$ (68,031,908)

The accompanying notes are an integral part of this statement.

City of Decatur
Governmental Funds
Balance Sheet
September 30, 2021

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash & investments	\$ 42,875,908	\$ 1,228,653	\$ 13,753,965	\$ 57,858,526
Cash with fiscal agents	2,200,615	-	498,584	2,699,199
Receivables (net of allowances)				
Accounts	572,186	529	44,986	617,701
Notes	-	-	-	-
Taxes	4,259,392	1,180,624	49,992	5,490,008
Due from other funds	2,487,297	21,559	72,085	2,580,941
Due from governmental entities	604,603	124,320	3,519,160	4,248,083
Deposits	71,405	-	65,591	136,996
Prepays	149,833	-	-	149,833
Inventories	64,273	-	-	64,273
Total assets	53,285,512	2,555,685	18,004,363	73,845,560
Deferred Outflows of Resources				
	-	-	-	-
Liabilities				
Accounts payable	1,829,700	495	1,834,162	3,664,357
Contract retainages	76,143	-	253,640	329,783
Due to other funds	431,824	-	2,509,234	2,941,058
Due to component units	-	2,555,189	-	2,555,189
Due to governmental entities	-	-	276,416	276,416
Customer deposits	340,236	-	-	340,236
Other	-	-	-	-
Total liabilities	4,110,588	2,555,684	4,906,637	11,572,909
Fund balance				
Nonspendable	214,106	-	1,389,552	1,603,658
Restricted	1,312	-	2,806,370	2,807,682
Committed	26,097,888	1	3,363,763	29,461,652
Unassigned	22,323,010	-	(2,184,140)	20,138,870
Total fund balance	48,636,316	1	5,375,545	54,011,862
Total liabilities, deferred inflows and fund balance	\$ 53,285,512	\$ 2,555,685	\$ 18,004,363	

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, 2021

Total fund balance per Governmental Funds Balances Sheet \$ 54,011,862

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. 94,677,204

Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds. 2,788,040

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 (42,395,095)

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. (97,155,213)

Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds. (45,469,098)

Net position of governmental activities \$ (33,542,300)

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes In Fund Balance
For the Year Ended September 30, 2021

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Sales & use taxes	\$ 42,218,146	\$ 13,600,440	\$ -	\$ 55,818,586
Property taxes	4,325,101	10,673,217	-	14,998,318
Other taxes	8,351,566	1,343,759	594,961	10,290,286
Licenses & permits	6,961,326	-	-	6,961,326
Fines & forfeitures	327,699	-	280,426	608,125
Revenues from money & property	1,804,203	-	172,795	1,976,998
Charges for services	5,805,493	-	-	5,805,493
Intergovernmental	5,595,009	599,261	8,274,134	14,468,404
Gifts & donations	67,357	-	5,000	72,357
Other revenues	395,282	-	-	395,282
Total revenues	75,851,182	26,216,677	9,327,316	111,395,175
Expenditures				
Current				
General government	14,503,498	-	1,167,569	15,671,067
Public safety	27,515,270	-	125,138	27,640,408
Public works	8,659,880	-	1,733,286	10,393,166
Public services	8,479,474	-	42,401	8,521,875
Educational assistance	-	26,016,676	-	26,016,676
Community services contracts	2,755,611	200,000	-	2,955,611
Community development	613,557	-	8,276,314	8,889,871
Debt service				
Principal	2,386,034	-	715,412	3,101,446
Interest and fiscal charges	742,209	-	207,369	949,578
Debt issuance costs	214,280	-	-	214,280
Total expenditures	65,869,813	26,216,676	12,267,489	104,353,978
Excess (deficiency) of revenues over expenditures	9,981,369	1	(2,940,173)	7,041,197
Other Financing Sources (Uses)				
Refunding warrants issued	17,660,000	-	-	17,660,000
Payment to escrow agent	(16,373,131)	-	-	(16,373,131)
Transfers in	57,598	-	2,169,989	2,227,587
Transfers (out)	(1,329,725)	-	(59,663)	(1,389,388)
Total other financing (uses) sources	14,742	-	2,110,326	2,125,068
Net change in fund balance	9,996,111	1	(829,847)	9,166,265
Fund balance, beginning	38,640,205	-	6,205,392	44,845,597
Fund balance, ending	\$ 48,636,316	\$ 1	\$ 5,375,545	\$ 54,011,862

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	\$ 9,166,265
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.	516,338
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.	(222,878)
Revenues in the statement of activities that do not provide current financial resources	2,015,530
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.	1,757,708
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>3,926,868</u>
Change In Net Position Of Governmental Activities	<u><u>\$ 17,159,831</u></u>

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget & Actual
For the Year Ended September 30, 2021

	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	\$ 46,920,017	\$ 47,357,335	\$ 54,894,813	\$ 7,537,478	\$ 22,130,460	\$ 22,130,460	\$ 26,216,677	\$ 4,086,217
Licenses and permits	5,361,920	5,361,920	6,961,326	1,599,406	-	-	-	-
Fines and forfeitures	374,300	374,300	327,699	(46,601)	-	-	-	-
Revenues from money and property	811,000	811,000	1,804,203	993,203	-	-	-	-
Charges for services	5,458,486	5,458,486	5,805,493	347,007	-	-	-	-
Intergovernmental	5,396,016	5,916,016	5,595,009	(321,007)	-	-	-	-
Gifts and donations	100,030	101,030	67,357	(33,673)	-	-	-	-
Other revenues	160,000	160,000	395,282	235,282	-	-	-	-
Total revenues	64,581,769	65,540,087	75,851,182	10,311,095	22,130,460	22,130,460	26,216,677	4,086,217
Expenditures								
Current								
General government	14,688,206	14,784,564	14,503,498	281,066	-	-	-	-
Public safety	27,062,375	30,419,165	27,515,270	2,903,895	-	-	-	-
Public works	6,562,941	11,938,893	8,659,880	3,279,013	-	-	-	-
Public services	8,600,776	11,210,932	8,479,474	2,731,458	-	-	-	-
Educational assistance	-	-	-	-	22,130,460	22,130,460	26,016,676	(3,886,216)
Community services contracts	2,287,105	2,687,423	2,755,611	(68,188)	-	-	200,000	(200,000)
Community development	705,371	773,663	613,557	160,106	-	-	-	-
Debt service								
Principal	3,254,350	3,254,350	2,386,034	868,316	-	-	-	-
Interest	854,902	854,902	742,209	112,693	-	-	-	-
Debt insurance costs	-	-	214,280	(214,280)	-	-	-	-
Total expenditures	64,016,026	75,923,891	65,869,813	10,054,078	22,130,460	22,130,460	26,216,676	(4,086,216)
Excess of revenues over expenditures	565,743	(10,383,804)	9,981,369	20,365,173	-	-	1	(1)
Other Financing Sources (Uses)								
Capital lease proceeds	-	-	17,660,000	17,660,000	-	-	-	-
Long-term debt issued	-	-	(16,373,131)	(16,373,131)	-	-	-	-
Transfers in	14,582	-	57,598	57,598	-	-	-	-
Transfers out	(1,097,325)	(1,080,729)	(1,329,725)	(248,996)	-	-	-	-
Total other financing sources (uses)	(1,082,743)	(1,080,729)	14,742	1,095,471	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(517,000)	(11,464,533)	9,996,111	21,460,644	-	-	1	(1)
Fund balance, beginning	38,640,205	38,640,205	38,640,205	-	-	-	-	-
Fund balance, ending	\$ 38,123,205	\$ 27,175,672	\$ 48,636,316	\$ 21,460,644	\$ -	\$ -	\$ 1	\$ (1)

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2021

	Municipal Utilities Board	Other Enterprise Funds	Totals
Assets			
Current assets			
Cash & cash equivalents	\$ 48,987,852	\$ 25,581,253	\$ 74,569,105
Receivables (net of allowance)			
Accounts	12,873,011	677,315	13,550,326
Other	1,364,695	-	1,364,695
Due from other funds	-	867,430	867,430
Inventories, at cost	2,224,680	37,367	2,262,047
Other	323,894	-	323,894
Total current assets	65,774,132	27,170,276	92,944,408
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	182,402,682	-	182,402,682
Capital assets:			
Land	3,071,923	1,496,730	4,568,653
Buildings	5,580,087	9,690,560	15,270,647
Improvements other than buildings	-	19,688,737	19,688,737
Furniture & equipment	-	9,737,180	9,737,180
Utility plant in service	463,005,311	-	463,005,311
Construction work in progress	11,836,918	155,204	11,992,122
Less accumulated depreciation	(196,397,862)	(28,631,071)	(225,028,933)
Total capital assets (net of accumulated depreciation)	287,096,377	12,137,340	299,233,717
TOTAL NONCURRENT ASSETS	469,499,059	12,137,340	481,636,399
Total assets	535,273,191	39,307,616	574,580,807
Deferred Outflows of Resources			
OPEB contribution	139,441	1,263,017	1,402,458
Pension contributions subsequent to measurement date	5,888,174	682,744	6,570,918
Deferred cost on refunding	2,297,925	-	2,297,925
Total deferred outflows of resources	8,325,540	1,945,761	10,271,301

The accompanying notes are an integral part of this statement.

Liabilities			
Current liabilities			
Accounts payable	11,690,734	231,218	11,921,952
Accrued liabilities	2,385,333	137,900	2,523,233
Compensated absences	108,563	22,940	131,503
Claims payable	-	100,000	100,000
Customer deposits	9,590,661	-	9,590,661
Revenue warrants payable - current	5,120,000	-	5,120,000
Due to other funds	507,313	-	507,313
			<hr/>
Total current liabilities	29,402,604	492,058	29,894,662
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	4,303,142	4,303,142
Revenue notes payable	210,177,548	-	210,177,548
Compensated absences	977,068	206,471	1,183,539
Claims payable	-	100,000	100,000
Net pension liability	23,290,533	2,960,518	26,251,051
Net other postemployment benefit liability	17,242,342	4,629,368	21,871,710
			<hr/>
Total noncurrent liabilities	251,687,491	12,199,499	263,886,990
			<hr/>
Total liabilities	281,090,095	12,691,557	293,781,652
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	5,539,319	2,737,131	8,276,450
Net difference between projected and actual earnings on pension plan investments	115,921	24,018	139,939
			<hr/>
Total deferred inflows of resources	5,655,240	2,761,149	8,416,389
Net Position			
Net investment in capital assets	245,437,007	12,137,340	257,574,347
Restricted for debt service	7,881,333	-	7,881,333
Unrestricted	3,535,056	13,663,331	17,198,387
			<hr/>
Total net position	\$ 256,853,396	\$ 25,800,671	\$ 282,654,067
			<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, 2021

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	\$ 139,850,512	\$ 12,590,927	\$ 152,441,439
Total operating revenue	139,850,512	12,590,927	152,441,439
Operating expenses			
Personnel, operations & maintenance	109,720,443	7,940,370	117,660,813
Closure and postclosure costs	-	244,260	244,260
Depreciation and amortization	13,150,895	1,965,324	15,116,219
Administrative costs	9,596,736	818,663	10,415,399
Total operating expenses	132,468,074	10,968,617	143,436,691
Operating income (loss)	7,382,438	1,622,310	9,004,748
Nonoperating revenue (expenses)			
Interest income	120,262	355,605	475,867
Interest expense	(3,276,326)	-	(3,276,326)
Bad debt recoveries (expense)	-	-	-
Gain (loss) on disposition of assets	-	23,851	23,851
Miscellaneous revenue (expense)	(135,786)	40,220	(95,566)
Total nonoperating revenue (expenses)	(3,291,850)	419,676	(2,872,174)
Income (loss) before contributions, transfers & special items	4,090,588	2,041,986	6,132,574
Capital contributions	921,133	-	921,133
Transfers in	3,072,297	17,431	3,089,728
Transfers (out)	(850,967)	(4,663)	(855,630)
Change in net position	7,233,051	2,054,754	9,287,805
Total net position, beginning	249,620,345	23,745,917	273,366,262
Total net position, ending	\$ 256,853,396	\$ 25,800,671	\$ 282,654,067

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, 2021

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	\$138,722,297	\$ 12,482,458	\$ 151,204,755
Payments to suppliers	(101,460,831)	(6,387,012)	(107,847,843)
Payments to employees	(16,755,441)	(2,629,582)	(19,385,023)
Payments for interfund services	-	3,383	3,383
Net cash provided by operating activities	20,506,025	3,469,247	23,975,272
Noncapital financing activities			
Payments received from advances to other funds	-	162,782	162,782
Transfers in	-	17,431	17,431
Transfers (out)	(850,967)	(4,663)	(855,630)
Net cash provided by noncapital financing activities	(850,967)	175,550	(675,417)
Capital and related financing activities			
Acquisition and construction of capital assets	(17,729,972)	(1,111,322)	(18,841,294)
Proceeds from sale of capital assets	-	23,851	23,851
Proceeds from issuing warrants	203,695,000	-	203,695,000
Capital contributions	3,993,430	-	3,993,430
Principal payments on warrants	(36,734,298)	-	(36,734,298)
Interest paid on warrants	(2,667,141)	-	(2,667,141)
Interest paid on notes	-	-	-
Intergovernmental grants	-	-	-
Net cash (used) by capital and related financing activities	150,557,019	(1,087,471)	149,469,548
Investing activities			
Decrease (increase) in restricted assets	(166,615,677)	-	(166,615,677)
Miscellaneous non-operating income	(135,336)	-	(135,336)
Interest received	119,812	355,605	475,417
Net cash provided (used) by investing activities	(166,631,201)	355,605	(166,275,596)
Net increase (decrease) in cash and cash equivalents	3,580,876	2,912,931	6,493,807
Cash and cash equivalents, beginning	45,406,976	22,668,322	68,075,298
Cash and cash equivalents, ending	\$ 48,987,852	\$ 25,581,253	\$ 74,569,105

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating income (loss)	\$ 7,382,438	\$ 1,622,310	\$ 9,004,748
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	13,150,895	1,965,324	15,116,219
Landfill postclosure costs	-	244,260	244,260
Miscellaneous item	-	40,220	40,220
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	(1,438,917)	(96,001)	(1,534,918)
Accounts payable	1,560,109	(29,970)	1,530,139
Claims payable	-	-	-
Inventory	(162,337)	36,723	(125,614)
Prepaid items	(173,724)	-	(173,724)
Due to (from) other funds	(34,183)	-	(34,183)
Accrued liabilities	-	(8,038)	(8,038)
Net pension liability	1,233,453	2,384,168	3,617,621
Net OPEB obligation	(2,253,341)	(2,689,749)	(4,943,090)
Customer deposits	1,241,632	-	1,241,632
Net cash provided by operating activities	<u>\$ 20,506,025</u>	<u>\$ 3,469,247</u>	<u>\$ 23,975,272</u>

NOTES TO THE FINANCIAL FINANCIAL STATEMENTS



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City of Decatur
Notes to the Financial Statements
September 30, 2021

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, 2021

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, 2021

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, 2021

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, 2021, was \$595,774 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, 2021

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, 2021

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
Heavy Equipment	7-10 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, 2021

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, 2021, which represent an encumbrance on resources at year-end, the most significant of which was \$3,788,101 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, 2021.

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, 2021

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 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. 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).

The City plans to adopt GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, required for fiscal periods beginning after June 15, 2022, in fiscal 2023. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements.

The City plans to adopt GASB Statement No. 96, Subscription-Based Information Technology Arrangements, required for fiscal periods beginning after June 15, 2022, in fiscal 2023. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements to governments.

The City plans to adopt GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, required for fiscal periods beginning after June 15, 2021, in fiscal 2022. This Statement increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain employee benefit plans, and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code 457 deferred compensation plans. Certain provisions of GASB Statement No. 97 that were effective immediately had no impact on the Government's financial statements.

The Government adopted GASB Statement No. 98, The Annual Comprehensive Financial Report, effective immediately in fiscal year 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR.

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, 2021

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 \$45,469,058 difference are as follows:

Warrants Payable	\$ 41,132,253
Capital lease payable	291,037
Accrued interest payable	319,761
Compensated absences	2,518,717
Claims Payable	1,207,330
	<u>\$ 45,469,098</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 \$516,338 difference are as follows:

Capital outlay	\$ 11,430,698
Capital contributions	181,131
Depreciation expense	(8,023,194)
Transfers out of capital assets to Business-Type Activities	(3,072,297)
	<u>\$ 516,338</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 \$1,757,708 difference are as follows:

Debt issued or incurred:	
General Obligation Refunding debt	\$ (17,660,000)
Principal repayments:	
General obligation debt	\$ 2,932,551
Capital lease	168,895
Transfer to agent for refunding bond escrow	15,795,000
Amortization of premium, discounts, and refunding loss	521,262
	<u>\$ 1,757,708</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

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 \$3,926,868 difference is as follows:

Compensated absences	\$	146,136
Claims		84,514
Accrued interest		111,160
Net pension obligation		(3,161,716)
Other postemployment expenses		6,746,774
	\$	<u>3,926,868</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, 2021

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, 2021:

General Fund – General Government Function	
Public Building – Personnel Services	\$ 4,416
Garage – Operating Expenses	1,093
Miscellaneous - Workman's compensation	16,834
Miscellaneous - Insurance	28,965
Safety – Personnel Services	236
General Fund – Public Works Function	
Director – Personnel Services	\$ 5,391
Streets – Operating Expenses	1,470
Engineering – Personnel Services	2,405
Sanitation – Operating Expenses	26,798
General Fund – Public Services Function	
Culture - Old Bank	\$ 1,181

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

City of Decatur
Notes to the Financial Statements
September 30, 2021

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	\$ 293,813,618
Certificates of deposit	6,978,303
Money market mutual funds	<u>301,434</u>
Total cash & cash equivalents	301,093,355
US Government Guaranteed Small Business Investment Companies	5,950,965
US Government Guaranteed Small Business Administration Obligations	<u>10,485,192</u>
Total Fixed income investments	<u>16,436,157</u>
Total	<u>\$ 317,529,512</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

Per Governmental Funds Balance Sheet	
Cash and investments	57,858,526
Cash with fiscal agents	<u>2,699,199</u>
	<u>60,557,725</u>
Per Proprietary Funds Statement of Net Position	
Cash and investments	74,569,105
Restricted cash for debt service	<u>182,402,682</u>
	<u>256,971,787</u>
Total	<u>\$ 317,529,512</u>

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	\$ 2,597,465	15.80%
Five to ten years	8,383,916	51.01%
Twenty to thirty years	<u>5,454,776</u>	<u>33.19%</u>
	<u>\$16,436,157</u>	<u>100.00%</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

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.

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.

City of Decatur
Notes to the Financial Statements
September 30, 2021

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

Note 4 – Detailed Notes on All Funds – Continued

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

As of September 30, 2021, the city had the following investments:

<u>Investment Vehicle</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Credit Quality</u>
U.S. Government Debt			
U.S. Government Guaranteed Small Business Investment Companies	5,950,965	2	N/A
U.S. Government Guaranteed Small Business Administration Obligations	<u>10,485,192</u>	2	N/A
	<u>\$16,436,157</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, 2021

Note 4 – Detailed Notes on All Funds – Continued

B. Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2021 was as follows:

	Balance September 30, 2020	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2021
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 15,945,006	\$ 156,389	\$ (42,591)	\$ -	\$ 16,058,804
Construction in progress	3,127,380	8,268,557	(7,608)	(871,577)	10,516,752
Total capital assets, not being depreciated	19,072,386	8,424,946	(50,199)	(871,577)	26,575,556
Capital assets, being depreciated:					
Building and improvements	48,001,457	327,501	(53,358)	359,876	48,635,476
Land improvements	29,309,411	86,094	-	267,579	29,663,084
Furniture, equipment, and other	35,511,498	2,262,198	(2,616,188)	(280,319)	34,877,189
Infrastructure	120,297,034	511,083	(155,175)	(2,840,495)	117,812,447
Total capital assets, being depreciated	233,119,400	3,186,876	(2,824,721)	(2,493,359)	230,988,196
Less accumulated depreciation for:					
Building and improvements	(30,090,021)	(1,184,752)	35,856	(46,240)	(31,285,157)
Land improvements	(19,530,723)	(1,026,085)	-	(258,911)	(20,815,719)
Furniture, equipment, and other	(23,779,390)	(3,073,671)	2,616,188	305,151	(23,931,722)
Infrastructure	(84,407,908)	(2,738,681)	-	292,639	(86,853,950)
Total accumulated depreciation	(157,808,042)	(8,023,189)	2,652,044	292,639	(162,886,548)
Total capital assets, being depreciated, net	75,311,358	(4,836,313)	(172,677)	(2,200,720)	68,101,648
Governmental activities capital assets, net	\$ 94,383,744	\$ 3,588,633	\$ (222,876)	\$ (3,072,297)	\$ 94,677,204

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

Capital asset activity for business-type activities for the year ended September 30, 2021 was as follows:

<u>Business-Type Activities:</u>	Balance September 30, 2020	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2021
Capital assets, not being depreciated:					
Land	\$ 4,568,653	\$ -	\$ -	\$ -	\$ 4,568,653
Construction in progress	6,578,139	38,657,403	(33,243,420)	-	11,992,122
Total capital assets, not being depreciated	11,146,792	38,657,403	(33,243,420)	-	16,560,775
Capital assets, being depreciated:					
Buildings and improvements	35,231,756	40,167	(587,655)	275,115	34,959,383
Furniture, equipment and other	9,768,468	956,116	(712,286)	(275,115)	9,737,183
Utility plant-in-service	453,355,479	11,591,164	(1,941,332)	-	463,005,311
Total capital assets, being depreciated	498,355,703	12,587,447	(3,241,273)	-	507,701,877
Less accumulated depreciation for:					
Buildings and improvements	(20,756,563)	(1,195,995)	-	(166,501)	(22,119,059)
Furniture, equipment and other	(6,621,472)	(769,329)	712,286	166,501	(6,512,014)
Utility plant-in-service	(186,796,029)	(13,150,895)	3,549,062	-	(196,397,862)
Total accumulated depreciation	(214,174,064)	(15,116,219)	4,261,348	-	(225,028,935)
Total capital assets, being depreciated, net	284,181,639	(2,528,772)	1,020,075	-	282,672,942
Business-Type activities capital assets, net	\$ 295,328,431	\$ 36,128,631	\$ (32,223,345)	\$ -	\$ 299,233,717

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

Depreciation expense of \$1,609,561 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:

<u>Governmental Activities:</u>	
General governmental	\$ 1,107,339
Public Safety	1,857,060
Public Works	1,656,714
Public Services	<u>1,792,515</u>
Total allocated depreciation expense - governmental activities	6,413,628
Total unallocated depreciation expense - governmental activities	<u>1,609,561</u>
Total depreciation expense - governmental activities	<u>\$ 8,023,189</u>
<u>Business-type Activities:</u>	
Municipal Utilities Board Fund	\$ 13,150,895
Sanitary Landfill Fund	1,297,334
Point Mallard Fund	<u>667,990</u>
Total depreciation expense - business-type activities	<u>\$ 15,116,219</u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2021 was as follows:

	Balance				Balance
	September 30,			Transfers In/ (Transfers Out)	September 30
	2020	Additions	Deletions		2021
Capital assets, not being depreciated:					
Land	\$ 9,878,009	\$ -	\$ -	\$ -	\$ 9,878,009
Construction in progress	1,430,407	11,173,540	(976,474)	-	11,627,473
Total capital assets, not being depreciated	11,308,416	11,173,540	(976,474)	-	21,505,482
Capital assets, being depreciated:					
Buildings and improvements	212,753,285	1,050,289	-	-	213,803,574
Furniture, equipment and other	14,935,833	158,332	(153,341)	-	14,940,824
Total capital assets, being depreciated	227,689,118	1,208,621	(153,341)	-	228,744,398
Less accumulated depreciation for:	(72,059,043)	(6,913,012)	153,341	-	(78,818,714)
Total capital assets, being depreciated, net	155,630,075	(5,704,391)	-	-	149,925,684
Component Unit capital assets, net	<u>\$ 166,938,491</u>	<u>\$ 5,469,149</u>	<u>\$ (976,474)</u>	<u>\$ -</u>	<u>\$ 171,431,166</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2021 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	\$ -	\$ -	\$ -	\$ 431,824	\$ 431,824
Municipal Utilities Board	413,669	21,559	72,085	-	507,313
Non-Major Government	<u>2,073,628</u>	<u>-</u>	<u>-</u>	<u>435,606</u>	<u>2,509,234</u>
Total Out	<u>\$ 2,487,297</u>	<u>\$ 21,559</u>	<u>\$ 72,085</u>	<u>\$ 867,430</u>	<u>\$ 3,448,371</u>

\$544,507 of the balance due to the general fund and \$435,606 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.

\$431,824 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		\$ 1,314,359	\$ 15,366	\$ 1,329,725
Municipal Utilities Board	-	850,967	-	850,967
Non-Major Government	57,598	-	2,065	59,663
Non-Major Proprietary	<u>-</u>	<u>4,663</u>	<u>-</u>	<u>4,663</u>
Total In	<u>\$ 57,598</u>	<u>\$ 2,169,989</u>	<u>\$ 17,431</u>	<u>\$ 2,245,018</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. During the year, \$3,072,297 of capital assets were transferred from Governmental Activities to the Municipal Utilities Board which have not been shown in the above schedule. 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, 2021

Note 4 – Detailed Notes on All Funds – Continued

Due To/From Primary Government and Component Units:

Due To:	Component Unit Board of Education	Total In
Due From:		
Primary Government -School Fun	\$ 2,555,189	\$ 2,555,189
Total Out	<u>\$ 2,555,189</u>	<u>\$ 2,555,189</u>

D. Leases

Operating Leases

The City had various non-cancelable operating leases as of September 30, 2021. The future minimum lease payments on all leases with terms greater than one year are as follows:

Year Ending September 30	Future Minimum Lease Payments
2022	\$ 23,803
Total minimum lease payments	<u>\$ 23,803</u>

Capital Leases

During 2018, the City also entered into a lease agreement for various equipment for the parks and recreation department. This lease agreement is treated as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements. The assets acquired through the capital lease are as follows:

	Governmental Activities
Furniture, equipment, and other	\$ 837,996
Less: accumulated amortization	<u>(559,937)</u>
Total	<u>\$ 278,059</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

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>
2022	\$ 178,467
2023	118,978
Total minimum lease payments	297,445
Less: amount representing interest	<u>(6,408)</u>
Present value of minimum lease payments	<u>\$ 291,037</u>

The future debt service requirements of the governmental activities leases at September 30, 2021 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, 2021 are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2022	\$ 264,683
2023	264,683
2024	264,683
2025	264,683
2026	264,683
2027 - 2031	<u>633,050</u>
Total minimum lease payments	1,956,465
Less: amount representing interest	<u>(226,304)</u>
Present value of minimum lease payments	<u>\$ 1,730,161</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

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

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

Outstanding Debt

The amount of debt outstanding at September 30, 2021 was as follows:

Governmental activities:

G.O. Warrants - general purposes

2012-D	\$ 2,750	8/7/2012	8/7/2022	2.11%	127-1,645	\$ 1,645	\$ 1,645
2016-A	21,630	5/12/2016	10/1/2036	2.0-3.0%	305-2,765	19,445	1,790
2016-B	5,140	11/2/2016	10/1/2036	2.0 - 3.0%	215-320	4,270	225
2021-Taxable Refunding	<u>17,770</u>	<u>12/22/2020</u>	<u>7/1/2033</u>	<u>.26 - 1.82%</u>	<u>1,070-1,540</u>	<u>16,355</u>	<u>1,470</u>
Total Governmental Activities	<u>\$ 47,290</u>					<u>\$ 41,715</u>	<u>\$ 5,130</u>

Business-Type activities:

Water System Revenue Warrants

2020	\$ 9,375	11/5/2020	8/15/2033	.50 - 2.20%	703 - 823	\$ 9,009	\$ 703
2021-A	<u>8,405</u>	<u>2/17/2021</u>	<u>2/15/2051</u>	<u>2.125 - 4.00%</u>	<u>305 - 600</u>	<u>8,205</u>	<u>305</u>
	<u>\$ 17,780</u>					<u>\$ 17,214</u>	<u>\$ 1,008</u>

Wastewater System Revenue Warrants

2019	\$ 9,465	8/15/2019	8/15/2033	2.0-3.5%	715 - 880	\$ 8,030	\$ 730
2020	25,655	11/5/2020	8/15/2033	.50 - 2.20%	715 - 880	24,656	1,922
2021-A	64,445	2/17/2021	2/15/2051	2.125 - 4.00%	130 - 10,305	63,905	130
2021-B	<u>95,815</u>	<u>2/17/2021</u>	<u>2/15/2051</u>	<u>2.125 - 4.00%</u>	<u>1,330 - 7,360</u>	<u>95,325</u>	<u>1,330</u>
	<u>\$ 195,380</u>					<u>\$ 191,916</u>	<u>\$ 4,112</u>

Total Business-Type Activities \$ 213,160 \$ 209,130 \$ 5,120

Total Primary Government \$ 260,450 \$250,845 \$ 10,250

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

Discretely Presented Component Unit

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	365	82
Series 2013	30,325	2013	2/1/2035	2.75-5.00%	1,260-9,230	23,515	1,260
Series 2015	87,750	2015	2/1/2045	2.00-5.00%	980-6,535	82,380	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	846	204
Series 2019	5,995	2020	2/1/2045	1.69 - 4.00%	165-1,575	5,830	165
Series 2020	90,045	2020	2/1/2045	1.57 - 3.03%	800-1,360	89,245	800
Series 2020	980	2021	2/1/2036	1.57 - 3.03%	800-1,360	980	800
	<u>\$ 226,175</u>					<u>\$ 210,961</u>	<u>\$ 4,291</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, 2021 are shown below. There is \$182,402,682 available in the Municipal Utilities Board Enterprise Fund to service the revenue warrants.

Primary Government Governmental Activities:	(thousands) G.O. Warrants	
	Principal	Interest
2022	\$ 5,130	\$ 727
2023	4,245	641
2024	4,305	577
2025	4,370	509
2026	4,435	438
2027-2031	12,390	1,391
2032-2036	6,025	470
2037-2041	815	12
Total governmental activities	<u>\$ 41,715</u>	<u>\$ 4,765</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

<u>Business-Type Activities:</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,120	\$ 5,299
2023	5,165	5,252
2024	5,220	5,198
2025	5,285	5,134
2026	5,355	5,062
2027-2031	28,250	23,840
2032-2036	31,410	20,678
2037-2041	35,495	16,595
2042-2046	40,505	11,582
2047-2051	47,325	4,760
Total business-type activities	<u>\$ 209,130</u>	<u>\$ 103,399</u>
<u>Governmental Activities: Board of Education</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,947	\$ 7,454
2023	4,103	7,298
2024	4,252	7,144
2025	77,877	5,357
2026	9,332	3,573
2027-2031	26,872	14,371
2032-2036	27,049	10,792
2037-2041	31,180	6,673
2042-2046	28,525	1,763
2047-2051	-	-
Total Governmental Activities - Comp. Unit	<u>\$ 213,137</u>	<u>\$ 64,426</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows (in thousands):

Primary Government

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
General obligation warrants	\$ 42,782	\$ 17,660	\$ (18,727)	\$ 41,715	\$ 5,130
Less amounts deferred for: Issue discounts & premiums	510	-	(204)	306	-
Total warrant, bonds, & notes	43,292	17,660	(18,931)	42,021	5,130
Capitalized Leases	460	-	(169)	291	173
Compensated absences	2,664	543	(688)	2,519	252
Claims Payable	1,292	151	(236)	1,207	93
Net pension obligation	47,221	6,809	-	54,030	-
Net OPEB Liability	112,820	-	(36,705)	76,115	-
Governmental Activities Long-Term Liabilities	\$ 207,749	\$ 25,163	\$ (56,729)	\$ 176,183	\$ 5,648
<u>Business-Type activities:</u>	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue warrants	\$ 46,050	\$ 203,695	\$ (40,615)	\$ 209,130	\$ 5,120
Less amounts deferred for: Issue discounts & premiums	(41)	6,357	(148)	6,168	-
Total warrants	46,009	210,052	(40,763)	215,298	5,120
Landfill closure and postclosure	4,059	-	-	4,059	-
Compensated absences	1,264	-	-	1,264	126
Claims payable	200	-	-	200	100
Net pension obligation	22,145	-	-	22,145	-
Net OPEB Liability	25,135	-	-	25,135	-
Business-Type Activities Long-Term Liabilities	\$ 98,812	\$ 210,052	\$ (40,763)	\$ 268,101	\$ 5,346

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 4 – Detailed Notes on All Funds – Continued

Component Units – Board of Education

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
Revenue Warrants	\$ 214,903	\$ 1,004	\$ (4,499)	\$ 211,408	\$ 3,735
Issue discounts & premiums	3,513	-	(163)	3,350	163
Capitalized Leases	2,107	-	(378)	1,729	213
Net pension Liability	90,901	303	-	91,204	-
Net OPEB Liability	36,394	19,144	-	55,538	-
Governmental Activities Long-Term Liabilities	<u>\$ 347,818</u>	<u>\$ 20,451</u>	<u>\$ (5,040)</u>	<u>\$ 363,229</u>	<u>\$ 4,111</u>

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, 2021, 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, 2021

Note 4 – Detailed Notes on All Funds – Continued

G. Fund Balance Constraints

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

	General Fund	Other Governmental Funds	Total
Fund Balances:			
Nonspendable			
Inventory	\$ 64,273	\$ -	\$ 64,273
Prepaid	149,833	-	149,833
Permanent Fund	-	1,389,552	1,389,552
Total Nonspendable	214,106	1,389,552	1,603,658
Restricted:			
Special Revenues	-	2,806,370	2,806,370
Tri-Centennial	1,312	-	1,312
Grant Funds	-	-	-
Total Restricted	1,312	2,806,370	2,807,682
Committed:			
OPEB Reserve	2,452,987	-	2,452,987
Reserve Policy	17,974,473	-	17,974,473
Water for Resale	579,960	-	579,960
Sanitation	121,995	-	121,995
Alley Fees	343,432	-	343,432
Ingalls Rental Fees	81,988	-	81,988
Room Occupancy Designation	544,507	-	544,507
Encumbrances	3,788,101	-	3,788,101
Capital Improvements	-	1,618,230	1,618,230
Personnel Board	-	409,331	409,331
Sewer Extension	-	1,034,306	1,034,306
Other	210,445	301,896	512,341
Total Committed	26,097,888	3,363,763	29,461,651
Unassigned:	22,323,010	(2,184,140)	20,138,870
Total Fund Balance:	\$ 48,636,316	\$ 5,375,545	\$ 54,011,861

City of Decatur
Notes to the Financial Statements
September 30, 2021

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 \$1,886,797 by the Electric System, \$38,055 by the Gas System, \$600,261 by the Water System and \$930,458 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 \$4,303,142 reported for landfill closure and postclosure care liability at September 30, 2021 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 53.51 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$3,739,077 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, 2021. 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, 2021, 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, 2021. 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 \$5,138,837 and the outstanding balance due to TVA for collection of the loans was also \$5,138,837.

City of Decatur
Notes to the Financial Statements
September 30, 2021

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, 2021, contract commitments total \$1,962,800 for fiscal year 2022, \$2,060,000 for fiscal year 2023, \$2,423,950 for fiscal year 2024, \$639,000 for fiscal year 2024, \$2,489,100 for fiscal year 2025, and \$1,796,100 for fiscal year 2026. At September 30, 2021, an additional outstanding commitment was made for \$428,300 for fiscal year 2022.

Decatur Utilities entered into a 30-year agreement with the Lower Alabama Gas District for the supply of 448 to 2596 MMBtu or natural gas per day at an index-based price. This agreement began December 1, 2020 and will expire November 30, 2050.

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 \$600,000, \$200,000 and \$100,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund and the Sanitary Landfill Fund, a nonmajor proprietary fund, respectively at September 30, 2021. \$300,000 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 \$200,000 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, 2021.

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.

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 5 – Other Information - Continued

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

Jointly Governed

Decatur-Morgan County Emergency Management Agency provides measures for the mobilization, organization, and direction of the civilian population and necessary support agencies to prevent, or minimize, the effect of fire, flood, earthquake and epidemic. The officers and employees of the City and Morgan County comprise the agency.

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 \$395,542 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 \$30,000 in appropriations during the fiscal year.

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

Pryor Field Airport Authority was organized in 1963 to oversee the Pryor Field Airport located within Limestone County. Its board is comprised of five members of whom one member is appointed by each of the following: Limestone County Commission, Decatur City Council, Morgan County Commission, and Athens City Council. The City contributed \$30,000 to the Authority during the fiscal year.

C. Related Organizations

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

D. Pension Plans

The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's

City of Decatur
Notes to the Financial Statements
September 30, 2021

Comprehensive Annual Financial Report.

Note 5 – Other Information - Continued

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.

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.

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 5 – Other Information - Continued

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, the City's membership consisted of:

	City of Decatur	Municipal Utilities Board
Retired members of their beneficiaries currently receiving benefits	374	121
Vested inactive members	17	7
Non-vested inactive members	60	21
Active members	512	178
Post-DROP retired members still in active service	1	-
	964	327

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.

Employers participating in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

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 preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2020 (or other year-end if not September), the City's active employee contribution rate was 14.09 percent of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 12.97 percent of pensionable payroll.

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 5 – Other Information – Continued

City's contractually required contribution rate for the year ended September 30, 2020, was 12.57% of pensionable pay for Tier 1 employees, and 14.75% 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 \$4,018,976 and \$1,695,643, respectively, for the year ended September 30, 2021.

Net Pension Liability

The City's and Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 rolled forward to September 30, 2020 using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability as of September 30, 2019	\$ 140,942,374	\$ 145,231,490
(b) Discount Rate	7.70%	7.70%
(c) Entry Age Normal Cost for October 1, 2019 - September 30, 2020	2,282,555	2,492,439
(d) Transfers Among Employees	-	75,748
(e) Actual Benefit Payments and Refunds for October 1, 2019 - September 30, 2020	(9,177,342)	(9,177,342)
(f) Total Pension Liability as of September 30, 2020 [(a) x (1 + (b))] + (c) + (d) + [(e) x 1+0.5* (b)]]	<u>\$ 144,546,822</u>	<u>\$ 149,451,831</u>
(g) Difference between expected and actual		\$ 4,905,009
(h) Less Liability Transferred for Immediate Recognition		<u>(75,748)</u>
(i) Experience (gain) / loss (g) - (h)		<u>\$ 4,829,261</u>

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 5 – Other Information – Continued

Municipal Utilities

	Expected	Actual
(a) Total Pension Liability		
as of September 30, 2019	\$ 56,530,865	\$ 58,801,998
(b) Discount Rate	7.70%	7.70%
(c) Entry Age Normal Cost for		
October 1, 2019 - September 30, 2020	840,218	840,218
(d) Transfers Among Employees	-	(10,534)
(e) Actual Benefit Payments and Refunds for		
October 1, 2019 - September 30, 2020	(3,493,226)	(3,493,226)
(f) Total Pension Liability		
as of September 30, 2020		
[(a) x (1 + (b))] + (c) + (d) + [(e) x 1 + 0.5* (b)]	\$ 58,096,244	\$ 60,531,721
(g) Difference between expected and actual		\$ 2,435,477
(h) Less Liability Transferred for Immediate Recognition		10,534
(i) Difference between expected and actual (g) - (h)		\$ 2,446,011

Actuarial assumptions

The total pension liability in the September 30, 2020 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. 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 ages 78 and older. 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 actuarial valuation as of September 30, 2018, 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.

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 5 – Other Information - Continued

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

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

* Includes assumed rate of inflation at 2.50%

Discount rate

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

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 5 – Other Information - Continued

Benefits provided-Continued

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 09/30/2019	\$ 140,942,374	\$ 91,144,933	\$ 49,797,441
Changes for the year:			
Service cost	2,282,555	-	2,282,555
Interest	10,499,235	-	10,499,235
Changes of assumptions	1,233,984	-	1,233,984
Differences between expected and actual experience	3,595,277	-	3,595,277
Contributions - employer	-	3,697,742	(3,697,742)
Contributions - employee	-	1,620,552	(1,620,552)
Net investment income	-	5,100,180	(5,100,180)
Benefit payments, including refunds of employee contributions	(9,177,342)	(9,177,342)	-
Administrative expense	-	-	-
Transfers among Employers	75,748	75,748	-
Net changes	\$ 8,509,457	\$ 1,316,880	\$ 7,192,577
Balances at 9/30/2020	\$ 149,451,831	\$ 92,461,813	\$ 56,990,018

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 09/30/2019	\$ 56,530,865	\$ 36,962,734	\$ 19,568,131
Changes for the year:			
Service cost	840,218	-	840,218
Interest	4,218,387	-	4,218,387
Changes of assumptions	355,337	-	355,337
Differences between expected and actual experience	2,446,011	-	2,446,011
Contributions - employer	-	1,479,041	(1,479,041)
Contributions - employee	-	587,421	(587,421)
Net investment income	-	2,071,088	(2,071,088)
Benefit payments, including refunds of employee contributions	(3,493,226)	(3,493,226)	-
Administrative expense	-	-	-
Transfers among employers	(10,534)	(10,534)	-
Net Changes	4,356,193	633,790	3,722,403
Balances at 09/30/2020	\$ 60,887,058	\$ 37,596,524	\$ 23,290,534

Note 5 – Other Information - Continued

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

The following table presents the City (independent of the Municipal Utility Board as the Board is reported separately) and the Municipal Utility Board's net pension liability calculated using the discount rate of 7.70%, 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 (6.70%)	Current Rate (7.70%)	1% Increases (8.70%)
City's net pension liability	\$ 73,983,078	\$ 56,990,018	\$ 42,654,620
Board's net pension liability	\$ 29,827,143	\$ 23,290,533	\$ 17,733,782

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, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report dated April 30, 2021 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/>

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

For the year ended September 30, 2021, the City and Board recognized pension expense of \$3,339,951 and \$2,938,703 respectively. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 4,429,252	\$ 534,454
Changes of assumption	1,487,039	-
Net difference between projected and actual earnings on pension plan investments	2,891,117	-
Employer contributions subsequent to the measurement date	4,020,178	-
Total	\$ 12,827,586	\$ 534,454

City of Decatur
Notes to the Financial Statements
September 30, 2021

Note 5 – Other Information - Continued

At September 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 2,816,128	\$ 115,921
Changes of assumption	199,043	-
Net difference between projected and actual earnings on pension plan investments	1,177,361	-
Employer contributions subsequent to the measurement date	1,695,642	-
Total	\$ 5,888,174	\$ 115,921

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

Year ended September 30:	City of Decatur	Municipal Utilities Board
	2022	\$ 2,011,634
2023	2,226,886	1,229,854
2024	2,438,375	1,257,999
2025	1,269,217	643,239
2026	326,842	-
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.

Note 5 – Other Information - Continued

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

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

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

Participating employers' contractually required contribution rate for the year ended September 30, 2021 was 12.36% of annual pay for Tier 1 members and 11.22% 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 \$7,073,907 for the year ended September 30, 2021.

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 \$91,204,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019. 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, 2020 the Board's proportion was .737322%, which was a decrease of .084796% from its proportion measured as of September 30, 2019.

Note 5 – Other Information - Continued

For the year ended September 30, 2021, the Board recognized pension expense of \$5,583,000. At September 30, 2021 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	\$ 4,514,000	\$ 1,582,000
Changes of assumption	949,000	-
Net difference between projected and actual earnings on pension plan investments	6,773,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,920,000	7,166,000
Employer contributions subsequent to the measurement date	<u>7,073,907</u>	<u>-</u>
Total	\$ 23,229,907	\$ 8,748,000

\$7,073,907 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, 2022. 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:

2022	\$ 1,526,000
2023	2,871,000
2024	2,964,000
2025	47,000
2026	-
Thereafter	-

Actuarial assumptions

The total pension liability in the September 30, 2020 actuarial valuation was determined by an actuarial valuation as of September 30, 2019 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, 2019, 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	\$ 121,685,000	\$ 91,204,000	\$ 65,413,000

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, 2020. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2020. The auditor’s report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detailed by employer in aggregate information needed to comply with GASB 68 are also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>

E. Other Post-Employment Benefit Plans

Plan Description

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

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

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

Plan Membership

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	289
Inactive Members Entitles to But Not Yet Receiving Benefits	-
Active Employees	231
	520

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 \$80,744,851 was measured as of September 30, 2020 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	2.66%
Measurement Date	2.21%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
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 09/30/2019	<u>\$ 120,265,267</u>
Changes for the year:	
Service cost	2,657,721
Interest	3,168,951
Changes in benefit terms	(88,269)
Differences between expected and actual experience	(46,800,681)
Changes of assumptions or other inputs	3,820,394
Benefit payments, including refunds of employee contributions	(2,278,532)
Administrative expense	-
Net changes	<u>\$ (39,520,416)</u>
Balances at 9/30/2020	<u>\$ 80,744,851</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 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	(1.21%)	(2.21%)	(3.21%)
Total Other Post-Employment Benefit Liability	\$ 91,560,881	\$ 80,744,851	\$ 71,723,213

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:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total Other Post-Employment Benefit Liability	\$ 70,136,641	\$ 80,744,851	\$ 93,727,778

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	\$ 27,040	\$ 35,758,968
Changes of assumption	16,817,979	6,237,528
Employer contributions subsequent to the measurement date	<u>2,637,633</u>	<u>-</u>
Total	<u>\$ 19,482,652</u>	<u>\$ 41,996,496</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:	
2022	\$ (10,574,735)
2023	(9,649,687)
2024	(4,927,055)
2025	-
2026	-
Thereafter	-

\$2,637,633 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, 2022.

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, 2021 are detailed in the following tables. Table 1A shows the net OPEB liability as of September 30, 2021, 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, 2021 in order to be in compliance with GASB Statement No. 75.

Balances at 09/30/2020	\$ 17,815,760
Changes for the year:	
Service cost	387,319
Interest	1,157,651
Differences between expected and actual experience	-
Contributions	(1,741,315)
Changes of assumptions or other inputs	(377,073)
Benefit payments, including refunds of employee contributions	-
Administrative expense	-
Net changes	\$ (573,418)
Balances at 9/30/2021	\$ 17,242,342

Actuarial Methods and Assumptions

The valuation was based on information provided by the Utility as of October 1, 2020 and only those not frozen in the defined benefit plan.

Plan Membership

Actives (with medical coverage)	152
Actives (without medical coverage)	15
Retirees (with medical coverage)	92
Retirees (without medical coverage)	45
Total participants	<u>304</u>

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, 2021 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 be 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:

City of Decatur
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1% Decrease	Current Rate	1% Increase
6.25%	7.25%	8.25%
Decreasing to 3.00%	Decreasing to 4.00%	Decreasing to 5.00%

Total Other Post-Employment Benefit Liability	\$ 13,927,745	\$ 17,242,342	\$ 21,307,804
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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	Current Rate	1% Increase
3.55%	4.55%	5.55%

Total Other Post-Employment Benefit Liability	\$ 21,006,885	\$ 17,242,342	\$ 14,147,437
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OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2021, the System recognized OPEB expense of \$255,792. At September 30, 2021, 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	\$ 139,441	\$ 2,787,479
Changes of assumption	-	2,751,840
Post-measurement contribution	-	-
Total	\$ 139,441	\$ 5,539,319

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, 2021:

Year ended September 30:

2022	\$ (1,908,389)
2023	(1,908,389)
2024	(1,269,651)
2025	(313,448)
2026	-
Thereafter	-

Note 5 – Other Information – Continued

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 Plan. During the year ended September 30, 2021 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.

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, 2021, the Board reported a liability of \$55,537,568 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019. 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, 2020, the Board's proportion was .855759 percent, which was a decrease of .108891% from its proportion measured as of September 30, 2019.

For the year ended September 30, 2021, the Board recognized revenue from the OPEB plan of \$1,545,270 with no special funding situations. At September 30, 2021, 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	\$ 1,408,393	\$ 19,967,086
Changes of assumption	19,398,838	10,312,819
Net differences between projected and actual earnings on OPEB plan investments	-	2,342
Changes in proportion and differences between employer contributions and proportionate share of contrib	5,080,471	8,446,016
Employer contributions reported subsequent to the measurement date	1,539,446	-
Total	\$ 27,427,148	\$ 38,728,263

\$1,539,446 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, 2022.

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:	
2022	\$ (4,410,472)
2023	(4,325,871)
2024	(2,928,830)
2025	(3,427,428)
2026	1,110,896
Thereafter	1,141,144

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:

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	2.25%
Municipal Bond Index Rate at the Prior Measurement Date	3.00%
Projected year for fiduciary net position (FNP) to be depleted	2040.00%
Single equivalent interest rate at the measurement date	3.05%
Single equivalent interest rate at the prior measurement date	5.50%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.75% in 2027
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, 2019 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

City of Decatur
Notes to the Financial Statements
September 30, 2021

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, 2020 was 3.05%. The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. 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, 14.802% of the employer contributions were used to assist in funding retiree benefit payments in 2020. It is assumed that the 14.802% will increase at the same rate as expected benefit payments for the closed group until reaching the employer rate of 20.000%, at which point this amount will increase by 1.00% per year in subsequent years. 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. Therefore, the projected future benefit payments for all current plan members were projected through 2118. The long-term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

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

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

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
	Decreasing to 3.75% for pre- medicare, Known	Decreasing to 4.75% for pre- medicare, Known	Decreasing to 5.75% for pre- medicare, Known
	decreasing to 3.75% or Medicare	decreasing to 4.75% or Medicare	decreasing to 5.75% or Medicare
Total Other Post-Employment Benefit Liability	\$ 43,902,628	\$ 55,537,568	\$ 70,682,306

Note 5 – Other Information - Continued

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

The following table presents the System's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.05%, 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 2.05%	Current Rate 3.05%	1% Increase 4.05%
Total Other Post-Employment Benefit Liability	\$ 68,119,708	\$ 55,537,568	\$ 45,544,623

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, 2020. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2020. 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, 2021 is insignificant and immaterial to the City's statements as a whole.

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

Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to possibly be paid within the next fiscal year, even if not reported to the City until after September 30, 2021, 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, 2021 are as follows:

	<u>Workers Compensation</u>		<u>Legal Claims</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Unpaid claims, beginning of year	\$ 1,041,844	\$ 1,131,569	\$ 250,000	\$ 275,000	\$ 1,291,844	\$ 1,406,569
Incurred claims	872,082	715,578	65,472	157,913	937,554	873,491
Less claim payments	<u>(906,596)</u>	<u>(805,303)</u>	<u>(115,472)</u>	<u>(182,913)</u>	<u>(1,022,068)</u>	<u>(988,216)</u>
Unpaid claims, end of year	<u>\$ 1,007,330</u>	<u>\$ 1,041,844</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	<u>\$ 1,207,330</u>	<u>\$ 1,291,844</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 \$796,386 in property tax were abated during the fiscal year.

H. Subsequent Events

The City has evaluated subsequent events through March 31, 2022, the date on which the financial statements were available for issue.

In October of 2021, the City of Decatur, Morgan County and Decatur Utilities signed a PFAS settlement with a large corporation that would collectively provide \$98 million to the above noted entities. The settlement stems from allegations that PFAS chemicals made by the Corporation, polluted the Tennessee River and land in and around Decatur and Morgan County. In addition to the financial payment, the settlement also included extensive monitoring and cleanup of the Tennessee River. Proceeds of the settlement will be designated for new recreational facilities, removal of sludge from a wastewater treatment plant and capping of several cells at the jointly owned City/County landfill. Lastly, the settlement relinquishes the defendant of past, present or future claims related to PFAS in the City of Decatur and Morgan County area.

In December 2021, the City issued General Obligation Warrants Series 2021-B and General Obligation Taxable Warrants Series 2021-C in the amounts of \$16,150,000 and \$2,035,000, respectively, for acquiring, constructing and equipping certain capital improvements within the City. The warrants have an average interest rate of 3.19% and 1.68%, respectively and mature in 2046 and 2029, respectively.

REQUIRED SUPPLEMENTAL INFORMATION



ALABAMA CENTER FOR THE ARTS



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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						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 2,282,555	\$ 2,262,003	\$ 2,207,466	\$ 2,140,584	\$ 2,145,903	\$ 2,168,298	\$ 2,211,718
Interest	10,499,235	10,150,472	9,801,611	9,589,472	9,222,454	8,867,007	8,567,542
Changes in benefit terms	1,233,984	-	-	-	-	-	-
Differences between actual & expected experience	3,595,277	1,394,060	1,039,217	(1,290,531)	(436,981)	633,364	-
Pension	-	-	712,513	-	5,451,626	-	-
Benefit payments, including refunds of employee contributions	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)
Transfers among employers	75,748	(135,985)	83,525	116,885	(231,427)	-	-
Net change in total pension liability	8,509,457	4,665,582	5,964,463	2,798,014	8,515,702	4,853,385	3,522,657
Total pension liability - beginning	140,942,374	136,376,792	130,412,329	127,614,315	119,098,613	114,245,228	110,722,571
Total pension liability - ending (a)	\$ 149,451,831	\$ 140,942,374	\$ 136,376,792	\$ 130,412,329	\$ 127,614,315	\$ 119,098,613	\$ 114,245,228
Plan fiduciary net position							
Contribution-employer	3,697,742	3,677,388	3,109,240	2,996,885	2,844,967	2,967,587	3,049,380
Contribution-employee	1,620,552	1,617,455	1,513,027	1,393,984	1,431,785	1,451,728	1,488,936
Net investment income	5,100,180	2,331,226	7,991,909	10,166,518	7,655,033	915,644	8,538,093
Benefit payments, including refunds of employee contributions	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)
Transfers among employers	75,748	(135,985)	83,525	116,885	(231,427)	127,694	(47,845)
Net change in plan fiduciary net position - beginning	1,316,880	(1,614,884)	4,817,832	6,915,876	4,064,485	(1,352,631)	5,771,961
Plan fiduciary net position - beginning	91,144,933	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255	72,542,294
Plan fiduciary net position - ending (b)	92,461,813	91,144,933	92,759,817	87,941,985	81,026,109	76,961,624	78,314,255
Net pension liability (asset) - ending (a)-(b)	56,990,018	49,797,441	43,616,975	42,470,344	46,588,206	42,136,989	35,930,973
Plan fiduciary net position as a percentage of total pension liability	61.87%	64.67%	68.02%	67.43%	63.49%	64.62%	68.55%
Covered payroll	27,177,587	25,145,773	25,145,773	25,990,353	23,801,380	24,283,101	25,172,255
Net pension liability (asset) as a percentage of covered payroll	209.69%	198.04%	173.46%	163.41%	195.74%	173.52%	142.74%

	Municipal Utilities Board						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 840,218	\$ 830,571	\$ 785,826	\$ 765,318	\$ 762,211	\$ 735,009	\$ 719,118
Interest	355,337	-	-	-	-	-	-
Changes in benefit terms	2,446,011	675,369	976,957	(414,798)	(37,776)	(1,104,264)	-
Differences between actual & expected experience	-	-	272,995	-	1,011,888	-	-
Pension	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Benefit payments, including refunds of employee contributions	(10,534)	63,270	109,124	(41,676)	6,054	-	-
Transfers among employers	4,356,193	2,253,222	2,894,442	1,207,346	2,373,886	561,768	1,412,576
Net change in total pension liability	56,530,865	54,277,643	51,383,201	50,175,855	47,801,969	47,240,201	45,827,625
Total pension liability - beginning	\$ 60,887,058	\$ 56,530,865	\$ 54,277,643	\$ 51,383,201	\$ 50,175,855	\$ 47,801,969	\$ 47,240,201
Total pension liability - ending (a)							
Plan fiduciary net position							
Contribution-employer	1,479,041	1,457,804	1,440,567	1,415,404	1,451,760	1,481,898	1,439,683
Contribution-employee	587,421	591,191	547,638	533,792	517,917	588,751	478,274
Net investment income	2,071,088	941,061	3,200,475	4,038,012	3,010,349	357,511	3,314,923
Benefit payments, including refunds of employee contributions	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)
Administrative expense	-	-	-	-	-	-	-
Transfers among employers	(10,534)	63,270	109,124	(41,675)	6,054	(103,901)	96,722
Net change in plan fiduciary net position - beginning	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667	28,049,480
Plan fiduciary net position - beginning	37,596,526	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667
Plan fiduciary net position - ending (b)							
Net pension liability (asset) - ending (a)-(b)	23,290,532	19,568,129	17,002,449	16,293,745	18,153,350	17,695,690	16,719,534
Plan fiduciary net position as a percentage of total pension liability	61.75%	65.39%	68.68%	68.29%	63.82%	62.98%	64.61%
Covered payroll	11,641,834	11,307,293	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	200.06%	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						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,018,976	\$ 3,780,285	\$ 3,745,335	\$ 3,176,065	\$ 3,058,616	\$ 2,967,587	\$ 3,049,380
Contributions in relation to the actuarially determined contribution	4,018,976	3,780,285	3,745,335	3,176,065	3,058,616	2,967,587	3,049,380
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	\$ 27,352,778	\$ 27,352,778	\$ 27,352,778	\$ 25,145,773	\$ 25,990,353	\$ 23,801,380	\$ 24,283,101
Contribution as percentage of covered payroll	14.69%	13.82%	13.69%	12.63%	11.77%	12.47%	12.56%

	Municipal Utilities Board						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,695,643	\$ 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	1,695,643	1,469,435	1,409,907	1,391,790	1,481,898	1,481,898	1,439,683
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	\$ 12,756,883	\$ 11,641,834	\$ 11,307,292	\$ 11,388,209	\$ 10,665,563	\$ 10,397,431	\$ 9,916,527
Contribution as percentage of covered payroll	13.29%	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 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	28.3 years and 25.6 years, respectively
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, 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>2020</u>	<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	0.737322%	0.822118%	0.761579%	0.758570%	0.757463%	0.761109%	0.785686%
System's proportionate share of the net pension liability	\$ 91,204,000	\$ 90,901,000	\$ 75,721,000	\$ 74,556,000	\$ 82,003,000	\$ 79,655,000	\$ 71,376,000
System's covered payroll	\$ 57,149,454	\$ 53,916,727	\$ 50,752,290	\$ 50,033,648	\$ 48,021,155	\$ 47,934,304	\$ 49,729,459
System's proportionate share of the net pension liability as a percentage of its covered payroll	159.59%	168.60%	149.20%	149.01%	170.76%	166.18%	143.53%
Plan fiduciary net position as a percentage of the total pension liability	67.72%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,073,907	\$ 6,938,206	\$ 6,564,487	\$ 6,114,961	\$ 5,935,142	\$ 5,697,027	\$ 5,654,232
Contributions in relation to the contractually required contribution	<u>7,073,907</u>	<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>	<u>-</u>
System's covered payroll	\$ 59,061,450	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590	\$ 50,033,648	\$ 48,021,155	\$ 47,934,304
Contributions as a percentage of covered payroll	11.98%	12.14%	12.18%	12.05%	11.86%	11.86%	11.80%

This schedule is presented to illustrate the requirement to show information for 10 years. 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			
	2020	2019	2018	2017	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 2,657,721	\$ 1,710,615	\$ 2,448,333	\$ 2,832,229	\$ 387,319	\$ 373,572	\$ 424,692	\$ 577,544
Interest	3,168,951	3,849,902	3,574,276	3,139,256	1,157,651	1,039,156	1,269,752	1,076,050
Changes in benefit terms	(88,269)	-	-	-	-	-	-	-
Differences between actual & expected experience	(46,800,681)	(13,870)	(3,600,770)	86,792	(20,084)	193,875	(5,687,159)	-
Changes of assumptions	3,820,394	23,952,717	(7,889,102)	(10,658,776)	-	(3,367,893)	(1,338,994)	-
Benefit payments, including refunds of employee contributions	(2,278,532)	(2,646,946)	(2,457,754)	(2,389,744)	(787,289)	(883,341)	(941,411)	(822,065)
Net change in OPEB liability	(39,520,416)	26,852,418	(7,925,017)	(6,990,243)	737,597	(2,644,631)	(6,273,120)	831,529
Total OPEB liability - beginning	120,265,264	93,412,846	101,337,863	108,328,106	26,103,086	28,747,717	35,020,837	34,189,308
Total OPEB liability - ending (a)	\$ 80,744,848	\$ 120,265,264	\$ 93,412,846	\$ 101,337,863	\$ 26,840,683	\$ 26,103,086	\$ 28,747,717	\$ 35,020,837
Plan fiduciary net position								
Contributions - employer	\$ 2,757,353	\$ 2,278,532	\$ 2,457,754	\$ 2,378,069	\$ 1,741,315	\$ 8,875,780	\$ 941,411	\$ 822,065
Contributions - employee	-	-	-	-	-	294,342	-	-
Net investment income	-	-	-	-	356,989	545	-	-
Benefit payments, including refunds of employee contributions	(2,757,353)	(2,278,532)	(2,457,754)	(2,378,069)	(787,289)	(883,341)	(941,411)	(822,065)
Administrative expenses	-	-	-	-	-	-	-	-
Net change in OPEB liability	-	-	-	-	1,311,015	8,287,326	-	-
Plan fiduciary net position - beginning	-	-	-	-	8,287,326	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ 9,598,341	\$ 8,287,326	\$ -	\$ -
Net OPEB liability (asset) - ending (a) - (b)	80,744,848	120,265,264	93,412,846	101,337,863	17,242,342	17,815,760	28,747,717	35,020,837
Covered payroll	25,721,743	16,244,063	15,582,742	16,915,903	10,840,661	10,576,255	9,259,586	10,665,563
Net pension liability (asset) as a percentage of covered payroll	313.92%	740.36%	599.46%	599.07%	159.05%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB	0.855759%	0.964650%	0.898192%	0.868568%
System's proportionate share of the net OPEB liability	\$ 55,537,568	\$ 36,394,005	\$ 73,819,943	\$ 64,512,270
System's covered payroll	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590	\$ 50,033,648
System's proportionate share of the net pension liability as a percentage of its covered payroll	97.18%	67.50%	145.45%	128.94%
Plan fiduciary net position as a percentage of the total pension liability	19.80%	28.14%	14.81%	15.37%

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

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

	2021	2020	2019	2018
Contractually required contribution	\$ 1,539,446	\$ 1,738,148	\$ 2,719,129	\$ 2,218,461
Contributions in relation to the contractually required contribution	1,539,446	1,738,148	2,719,129	2,218,461
Contribution deficiency (excess)	-	-	-	-
System's covered payroll	\$ 59,061,450	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590
Contributions as a percentage of covered payroll	2.61%	3.04%	5.04%	4.37%

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

Note A - Budgetary Information

The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

While the board is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

Note A - Changes in actuarial assumptions

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

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.

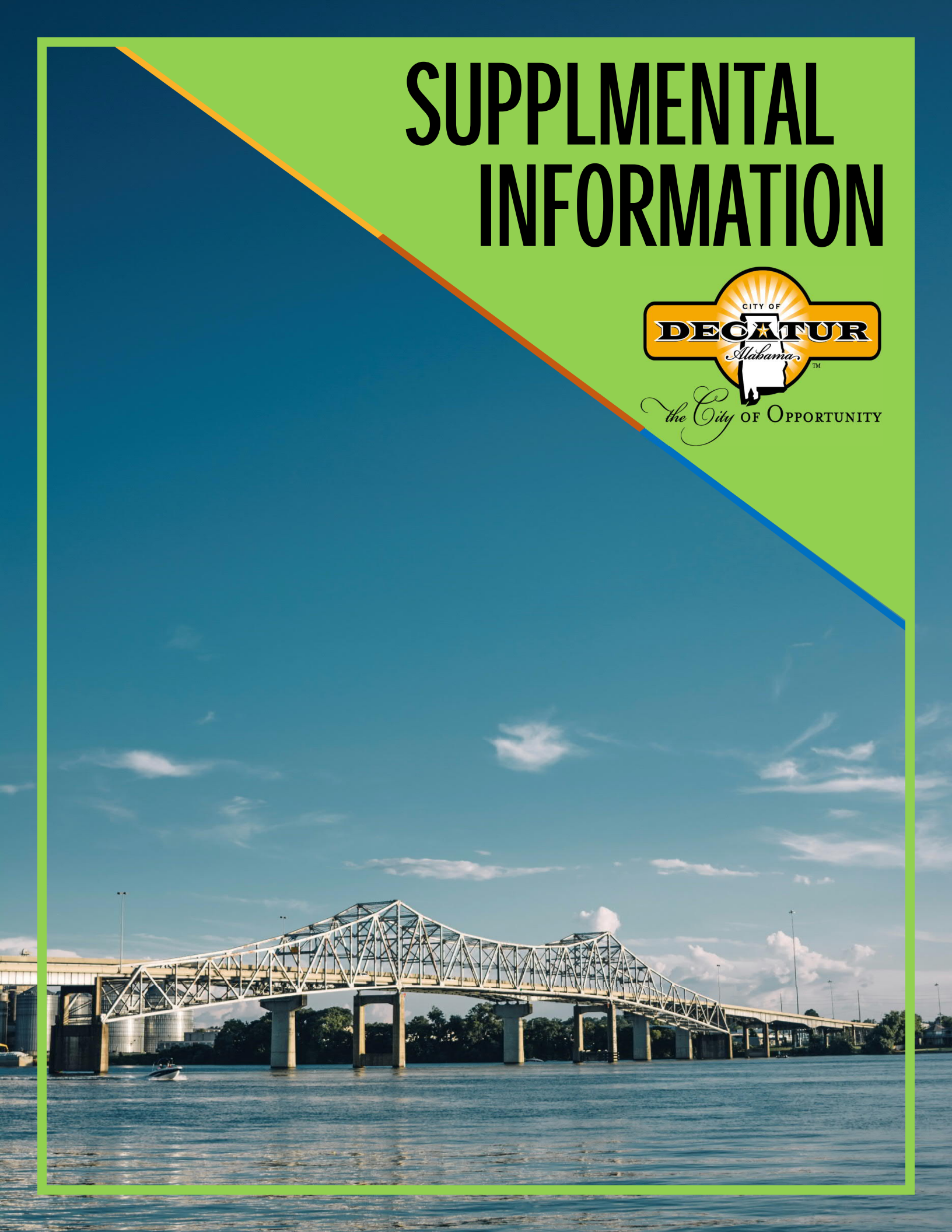
Note C - Method and assumptions used in calculations of actuarially determined contributions.

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	24 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.00%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 Medicare Eligible
Investment Rate of Return	5.00%, including inflation

* Initial Medicare claims are set based on scheduled increases through plan year 2019.

SUPPLEMENTAL INFORMATION



City of Decatur
 General Fund
 Balance Sheet
 September 30, 2021

Assets	
Cash & investments	\$ 42,875,908
Cash with fiscal agent	2,200,615
Receivables (net of allowances):	
Accounts	572,186
Taxes	4,259,392
Due from other funds	2,487,297
Due from other governmental entities	604,603
Deposits	71,405
Prepays	149,833
Inventories	64,273
	<hr/>
Total assets	\$ 53,285,512
	<hr/> <hr/>
Deferred Outflows of Resources	-
	<hr/>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	1,829,700
Accrued liabilities	1,432,685
Contract retainages	76,143
Due to other funds	431,824
Customer deposits	340,236
	<hr/>
Total liabilities	4,110,588
	<hr/>
Deferred Inflows of Resources	538,608
	<hr/>
Fund Balance	
Nonspendable	214,106
Restricted	1,312
Committed	26,097,888
Unassigned	22,323,010
	<hr/>
Total fund balance	48,636,316
	<hr/>
Total liabilities, deferred resources and fund balance	\$ 53,285,512
	<hr/> <hr/>

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Report & Actual
 For the Year Ended September 30, 2021

	Report		Actual	Variance with
	Original	Final		Final Report Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	\$ 46,920,017	\$ 47,357,335	\$ 54,894,813	\$ 7,537,478
Licenses and permits	5,361,920	5,361,920	6,961,326	1,599,406
Fines and forfeitures	374,300	374,300	327,699	(46,601)
Revenues from money and property	811,000	811,000	1,804,203	993,203
Charges for services	5,458,486	5,458,486	5,805,493	347,007
Intergovernmental	5,396,016	5,916,016	5,595,009	(321,007)
Gifts and donations	100,030	101,030	67,357	(33,673)
Other revenues	160,000	160,000	395,282	235,282
TOTAL REVENUES	64,581,769	65,540,087	75,851,182	10,311,095
EXPENDITURES				
Current				
General government	14,688,206	14,784,564	14,503,498	281,066
Public safety	27,062,375	30,419,165	27,515,270	2,903,895
Public works	6,562,941	11,938,893	8,659,880	3,279,013
Public services	8,600,776	11,210,932	8,479,474	2,731,458
Community services contracts	2,287,105	2,687,423	2,755,611	(68,188)
Community development	705,371	773,663	613,557	160,106
Debt service:				
Principal	3,254,350	3,254,350	2,386,034	868,316
Interest and fiscal charges	854,902	854,902	742,209	112,693
Debt issuance costs	-	-	214,280	(214,280)
TOTAL EXPENDITURES	64,016,026	75,923,891	65,869,813	10,054,078
EXCESS OF REVENUES OVER EXPENDITURES	565,743	(10,383,804)	9,981,369	20,365,173
OTHER FINANCING SOURCES (USES)				
Refunding warrants issued	-	-	17,660,000	17,660,000
Payment to escrow agent	-	-	(16,373,131)	(16,373,131)
Operating transfers in	14,582	-	57,598	57,598
Operating transfers out	(1,097,325)	(1,080,729)	(1,329,725)	(248,996)
Total other financing sources (uses)	(16,373,131)	(1,080,729)	14,742	1,095,471
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(15,807,388)	(11,464,533)	9,996,111	21,460,644
Fund balance, beginning	38,640,205	38,640,205	38,640,205	-
FUND BALANCE, ENDING	\$ 22,832,817	\$ 27,175,672	\$ 48,636,316	\$ 21,460,644

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Report & Actual - By Activity
 For the Year Ended September 30, 2021

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	35,720,000	35,787,000	42,218,146	6,431,146
Ad valorem	4,317,517	4,317,517	4,325,101	7,584
Other	6,882,500	7,252,818	8,351,566	1,098,748
Total	46,920,017	47,357,335	54,894,813	7,537,478
Licenses and permits				
Motor Vehicle	175,000	175,000	188,770	13,770
Business Licenses and Permits	4,676,920	4,676,920	6,124,073	1,447,153
Building Permits and Inspection Fees	510,000	510,000	648,483	138,483
Total	5,361,920	5,361,920	6,961,326	1,599,406
Fines and forfeitures				
	374,300	374,300	327,699	(46,601)
Revenues from money and property				
Interest	625,000	625,000	1,585,304	960,304
Other	186,000	186,000	218,899	32,899
Total	811,000	811,000	1,804,203	993,203
Charges for current services				
Recreation	404,550	404,550	412,004	7,454
Animal shelter	22,250	22,250	30,951	8,701
General government	452,700	452,700	495,174	42,474
Public safety	139,800	139,800	124,480	(15,320)
Public works	4,399,186	4,399,186	4,648,056	248,870
Cemetery	40,000	40,000	86,350	46,350
Old bank	-	-	-	-
Youth services	-	-	8,478	8,478
Total	5,458,486	5,458,486	5,805,493	347,007
Intergovernmental				
Tax equivalents	5,034,616	5,034,616	4,707,554	(327,062)
State Grants	-	520,000	20,095	(499,905)
State Shared Taxes	361,400	361,400	867,360	505,960
State contributions	-	-	-	-
Total	5,396,016	5,916,016	5,595,009	(321,007)
Gifts & donations				
	100,030	101,030	67,357	(33,673)
Other revenues				
	160,000	160,000	395,282	235,282
TOTAL REVENUES	64,581,769	65,540,087	75,851,182	10,311,095

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
CURRENT EXPENDITURES				
General Government				
Mayor and Council				
Personnel services	410,673	411,534	388,072	23,462
Operating expenses	69,539	72,256	38,924	33,332
Total	480,212	483,790	426,996	56,794
Legal Services				
Personnel services	484,223	485,945	479,691	6,254
Operating expenses	128,849	88,849	46,053	42,796
Capital outlay	-	65,000	53,740	11,260
Total	613,072	639,794	579,484	60,310
Municipal Court				
Personnel services	777,545	781,420	709,503	71,917
Operating expenses	12,289	12,289	8,540	3,749
Total	789,834	793,709	718,043	75,666
City Clerk				
Personnel services	499,747	502,331	387,714	114,617
Operating expenses	154,175	154,175	82,908	71,267
Total	653,922	656,506	470,622	185,884
Revenue department				
Personnel services	218,948	254,554	251,093	3,461
Operating expenses	99,500	85,186	73,036	12,150
Total	318,448	339,740	324,129	15,611
Finance department				
Personnel services	871,702	875,577	690,521	185,056
Operating expenses	6,720	6,720	6,342	378
Total	878,422	882,297	696,863	185,434
Public building				
Personnel services	236,845	238,567	242,983	(4,416)
Operating expenses	555,649	528,217	411,773	116,444
Capital outlay	-	32,432	32,432	-
Total	792,494	799,216	687,188	112,028

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2021

Page 3 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community development				
Personnel services	1,021,893	1,011,199	814,883	196,316
Operating expenses	139,868	168,368	156,564	11,804
Total	1,161,761	1,179,567	971,447	208,120
Garage				
Personnel services	401,427	404,011	396,072	7,939
Operating expenses	56,400	56,400	57,493	(1,093)
Total	457,827	460,411	453,565	6,846
Purchasing				
Personnel services	296,048	297,770	272,824	24,946
Operating expenses	2,865	2,865	2,521	344
Total	298,913	300,635	275,345	25,290
Information services				
Personnel services	1,088,934	1,094,101	1,084,838	9,263
Operating expenses	1,950,321	1,950,321	1,677,320	273,001
Capital outlay	62,000	62,000	55,702	6,298
Total	3,101,255	3,106,422	2,817,860	288,562
Miscellaneous				
Workman's compensation	800,000	800,000	816,834	(16,834)
Insurance	391,130	391,130	420,095	(28,965)
Other	3,821,096	3,821,096	4,729,315	(908,219)
Total	5,012,226	5,012,226	5,966,244	(954,018)
Safety				
Personnel services	87,305	87,736	87,972	(236)
Operating expenses	42,515	42,515	27,740	14,775
Total	129,820	130,251	115,712	14,539
Total general government	14,688,206	14,784,564	14,503,498	281,066

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2021

Page 4 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Fire				
Personnel services	10,495,672	10,552,557	10,187,919	364,638
Operating expenses	527,766	530,492	500,446	30,046
Capital outlay	34,960	3,143,224	1,679,957	1,463,267
Total	11,058,398	14,226,273	12,368,322	1,857,951
Inspection				
Personnel services	869,101	873,838	862,991	10,847
Operating expenses	30,504	30,504	28,378	2,126
Total	899,605	904,342	891,369	12,973
Police				
Personnel services	11,917,642	11,977,926	11,035,978	941,948
Operating expenses	2,264,073	2,249,023	2,194,135	54,888
Capital outlay	500,000	515,050	514,948	102
Total	14,681,715	14,741,999	13,745,061	996,938
Sign Shop				
Personnel services	282,432	284,154	263,581	20,573
Operating expenses	140,225	140,225	124,765	15,460
Capital outlay	-	122,172	122,172	-
Total	422,657	546,551	510,518	36,033
Total public safety	27,062,375	30,419,165	27,515,270	2,903,895
Public Works				
Director				
Personnel services	298,892	300,614	306,005	(5,391)
Operating expenses	6,093	6,093	5,146	947
Total	304,985	306,707	311,151	(4,444)
Streets				
Personnel services	1,724,181	1,735,377	1,639,233	96,144
Operating expenses	307,865	373,065	374,535	(1,470)
Capital outlay	138,000	685,030	-	685,030
Total	2,170,046	2,793,472	2,013,768	779,704

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2021

Page 5 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Projects				
Operating expenses	18,000	1,271,812	1,158,539	113,273
Capital outlay	-	367,329	81,093	286,236
Total	18,000	1,639,141	1,239,632	399,509
Engineering				
Personnel services	329,129	330,851	333,256	(2,405)
Operating expenses	110,450	62,450	31,635	30,815
Capital outlay	75,000	2,354,903	469,566	1,885,337
Total	514,579	2,748,204	834,457	1,913,747
Sanitation				
Personnel services	1,695,030	1,578,164	1,479,241	98,923
Operating expenses	1,590,301	1,744,101	1,770,899	(26,798)
Capital outlay	270,000	1,129,104	1,010,732	118,372
Total	3,555,331	4,451,369	4,260,872	190,497
Total public works	6,562,941	11,938,893	8,659,880	3,279,013
Public Services				
Animal Shelter				
Personnel services	520,267	523,712	511,822	11,890
Operating expenses	95,450	100,450	97,255	3,195
Total	615,717	624,162	609,077	15,085
Parks and recreation				
Personnel services	4,370,838	4,392,799	3,996,615	396,184
Operating expenses	2,376,498	2,365,905	2,238,282	127,623
Capital outlay	-	477,993	170,389	307,604
Total	6,747,336	7,236,697	6,405,286	831,411
Cemetery				
Personnel services	116,157	115,018	112,997	2,021
Operating expenses	86,686	93,686	88,138	5,548
Total	202,843	208,704	201,135	7,569
Youth services				
Personnel services	783,418	786,432	756,263	30,169
Operating expenses	158,562	158,562	130,512	28,050
Capital outlay	-	1,827,000	162,155	1,664,845
Total	941,980	2,771,994	1,048,930	1,723,064

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture				
Old Bank	82,900	82,900	84,081	(1,181)
Train Depot	10,000	10,000	4,490	5,510
Princess	-	276,475	126,475	150,000
Total	92,900	369,375	215,046	154,329
Total public services	8,600,776	11,210,932	8,479,474	2,731,458
Community Service Contracts				
Wheeler Basin Regional Library Board	377,936	377,936	377,936	-
Morgan County Emergency Management Dist.	395,542	395,542	395,542	-
NARCOG:				
Transport Planning	135,000	135,000	135,000	-
NCA Mental Health Board	30,000	30,000	30,000	-
Economic Development Association	61,000	61,000	61,000	-
Morgan County Health Department	120,000	120,000	120,000	-
Community Action and Community Development				
Meals on Wheels	14,227	14,227	14,227	-
Decatur-Morgan County Seniors' Council, Inc.	24,000	24,000	24,000	-
Decatur Convention and Visitors' Bureau	643,000	1,013,318	1,081,506	(68,188)
Chamber of Commerce:				
Community Business Development Board	-	30,000	30,000	-
Morgan County Rescue Squad	15,000	15,000	15,000	-
Pryor Field Airport Authority	30,000	30,000	30,000	-
Volunteer Center	6,800	6,800	6,800	-
Carnegie Visual Arts	17,000	17,000	17,000	-
Free Health Clinic	75,000	75,000	75,000	-
Downtown Redevelopment Authority	74,100	74,100	74,100	-
Princess Theatre	68,500	68,500	68,500	-
Entrepreneurial Center	200,000	200,000	200,000	-
Total Community Services Contract	2,287,105	2,687,423	2,755,611	(68,188)

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2021

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development				
Planning department				
Personnel services	331,089	332,381	225,064	107,317
Operating expenses	52,282	52,282	15,655	36,627
Total	383,371	384,663	240,719	143,944
Miscellaneous				
Capital outlay	322,000	389,000	372,838	16,162
Total	322,000	389,000	372,838	16,162
Total community development	705,371	773,663	613,557	160,106
Debt Service Expenditures				
Principal	3,254,350	3,254,350	2,386,034	868,316
Interest and fiscal charges	854,902	854,902	742,209	112,693
Interest and fiscal charges	-	-	214,280	(214,280)
Total Debt Service Expenditures	4,109,252	4,109,252	3,342,523	766,729
TOTAL EXPENDITURES	64,016,026	75,923,891	65,869,813	10,054,078
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURE	565,743	(10,383,804)	9,981,369	20,365,173
OTHER FINANCING SOURCES (USES)				
Refunding warrants issued	-	-	17,660,000	17,660,000
Payment to escrow agent	-	-	(16,373,131)	(16,373,131)
Operating transfers in	14,582	-	57,598	57,598
Operating transfers out	(1,097,325)	(1,080,729)	(1,329,725)	(248,996)
Total other financing sources (uses)	(1,082,743)	(1,080,729)	14,742	1,095,471
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(517,000)	(11,464,533)	9,996,111	21,460,644
Fund balance, beginning	38,640,205	38,640,205	38,640,205	-
FUND BALANCE, ENDING	\$ 38,123,205	\$ 27,175,672	\$ 48,636,316	\$ 21,460,644

Other Governmental Funds

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

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

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

2019 Gas Tax Special Revenue Fund - to account for additional gas tax funds to be phased in over a three-year period which are to be designated for resurfacing and repairs of public streets and bridges.

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 Alabama.

City of Decatur
 Non-Major Governmental Funds (by fund type)
 Combining Balance Sheet
 September 30, 2021

	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	\$ 52,752	\$ 96,689	\$ 104,684	\$ 5,450,204	\$ 431,876	\$ 28,068	\$ 1,748,133	\$ 143,080	\$ 375,753	\$ 318,918	\$ 1,194,734	\$ 263,293
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	37,284	-
Investments, at cost												1,124,610
Receivables (net of allowances)												
Accounts	-	-	-	-	-	-	-	4,472	1,579	-	-	1,649
Notes	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	49,992	-
Due from other funds												
Due from governmental entities	13,360	29,245	29,070	3,416,953	-	-	-	-	-	-	-	-
Deposits	10,182	6,823	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 76,294	\$ 132,757	\$ 133,754	\$ 8,867,157	\$ 431,876	\$ 28,068	\$ 1,748,133	\$ 147,552	\$ 377,332	\$ 318,918	\$ 1,282,010	\$ 1,389,552
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities												
Accounts payable	-	99,652	-	1,480,362	2,016	28,068	11,104	9,831	868	-	-	-
Accrued liabilities	-	-	-	5,741	20,529	-	-	4,213	2,702	-	-	-
Due to other funds	-	-	-	1,529,120	-	-	-	-	-	-	980,114	-
Due to other governmental entities	-	-	-	-	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	99,652	-	3,268,863	22,545	28,068	11,104	14,044	3,570	-	980,114	-
Deferred Inflows of Resources	-	-	-	7,691,649	-	-	-	-	-	-	-	-
Fund Balances												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	1,389,552
Restricted	76,294	33,105	133,754	-	-	-	1,737,029	133,508	373,762	318,918	-	-
Committed	-	-	-	-	409,331	-	-	-	-	-	301,896	-
Unassigned	-	-	-	(2,093,355)	-	-	-	-	-	-	Nonmaj	-
Total fund balance (deficit)	76,294	33,105	133,754	(2,093,355)	409,331	-	1,737,029	133,508	373,762	318,918	301,896	1,389,552
Total liabilities, deferred inflows and fund balance	\$ 76,294	\$ 132,757	\$ 133,754	\$ 8,867,157	\$ 431,876	\$ 28,068	\$ 1,748,133	\$ 147,552	\$ 377,332	\$ 318,918	\$ 1,282,010	\$ 1,389,552

City of Decatur
 Non-Major Governmental Funds (by fund type)
 Combining Balance Sheet - Continued
 September 30, 2021

Capital Projects Funds				Total Nonmajor Governmental Funds
2016 Capital Improvements Fund	Sewer Fund	Capital Improvements Fund		
\$ 1,808,774	\$ 500,921	\$ 111,476	\$	12,629,355
-	461,300	-		498,584
-				1,124,610
37,286	-	-		44,986
-	-	-		-
-	-	-		49,992
	72,085			72,085
30,532	-	-		3,519,160
48,586	-	-		65,591
<u>\$ 1,925,178</u>	<u>\$ 1,034,306</u>	<u>\$ 111,476</u>	<u>\$</u>	<u>18,004,363</u>
-	-	-		-
-	-	202,261		1,834,162
-	-	-		33,185
-	-	-		2,509,234
276,416	-	-		276,416
-	-	-		-
-	-	-		-
<u>276,416</u>	<u>-</u>	<u>202,261</u>		<u>4,906,637</u>
<u>30,532</u>	<u>-</u>	<u>-</u>		<u>7,722,181</u>
-	-	-		1,389,552
-	-	-		2,806,370
1,618,230	1,034,306	-		3,363,763
-	-	(90,785)		(2,184,140)
-	-	-		-
<u>1,618,230</u>	<u>1,034,306</u>	<u>(90,785)</u>		<u>5,375,545</u>
<u>\$ 1,925,178</u>	<u>\$ 1,034,306</u>	<u>\$ 111,476</u>	<u>\$</u>	<u>18,004,363</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, 2021

	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
Revenue												
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 594,961	\$ -
Fines & forfeitures	-	-	-	-	-	-	-	207,586	72,840	-	-	-
Revenues from money & property	859	1,607	1,029	8,320	-	-	-	2,800	-	4,307	-	113,257
Intergovernmental	145,706	324,131	314,635	6,228,853	-	-	566,244	-	-	102,606	-	-
Gifts & donations	-	-	-	5,000	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	146,565	325,738	315,664	6,242,173	-	-	566,244	210,386	72,840	106,913	594,961	113,257
Expenditures												
Current												
General government	-	-	-	-	724,985	-	134,605	221,308	86,671	-	-	-
Public safety	-	-	-	-	-	-	-	83,146	-	41,992	-	-
Public works	132,961	399,274	198,002	-	-	-	34,739	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-	-	-	42,401	-
Educational assistance	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	8,276,314	-	-	-	-	-	-	-	-
Debt service												
Principal	-	-	-	-	-	-	-	-	-	-	118,787	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	29,931	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	132,961	399,274	198,002	8,276,314	724,985	-	169,344	304,454	86,671	41,992	191,119	-
Excess (deficiency) of revenues over expenditures	13,604	(73,536)	117,662	(2,034,141)	(724,985)	-	396,900	(94,068)	(13,831)	64,921	403,842	113,257
Other Financing Sources (Uses)												
Transfers in	-	-	-	54,142	910,066	-	-	-	-	-	104,577	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	(4,646)	(55,017)
Total other financing sources (uses)	-	-	-	54,142	910,066	-	-	-	-	-	99,931	(55,017)
Net change in fund balance	13,604	(73,536)	117,662	(1,979,999)	185,081	-	396,900	(94,068)	(13,831)	64,921	503,773	58,240
Fund balance (deficit), beginning	62,690	106,641	16,092	(113,356)	224,250	-	1,340,129	227,576	387,593	253,997	(201,877)	1,331,312
Fund balance (deficit), ending	\$ 76,294	\$ 33,105	\$ 133,754	\$ (2,093,355)	\$ 409,331	\$ -	\$ 1,737,029	\$ 133,508	\$ 373,762	\$ 318,918	\$ 301,896	\$ 1,389,552

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, 2021

Capital Projects Fund				Total Nonmajor Governmental Funds
2016 Capital Improvements Fund	Sewer Fund	Capital Improvements Fund		
\$ -	\$ -	\$ -	\$ -	594,961
-	-	-	-	280,426
28,085	9,909	2,622	-	172,795
276,000	-	315,959	-	8,274,134
-	-	-	-	5,000
-	-	-	-	-
<u>304,085</u>	<u>9,909</u>	<u>318,581</u>	<u>-</u>	<u>9,327,316</u>
-	-	-	-	1,167,569
-	-	-	-	125,138
399,480	-	568,830	-	1,733,286
-	-	-	-	42,401
-	-	-	-	-
-	-	-	-	8,276,314
-	596,625	-	-	715,412
-	177,438	-	-	207,369
-	-	-	-	-
<u>399,480</u>	<u>774,063</u>	<u>568,830</u>	<u>-</u>	<u>12,267,489</u>
<u>(95,395)</u>	<u>(764,154)</u>	<u>(250,249)</u>	<u>-</u>	<u>(2,940,173)</u>
-	1,101,204	-	-	2,169,989
-	-	-	-	(59,663)
<u>-</u>	<u>1,101,204</u>	<u>-</u>	<u>-</u>	<u>2,110,326</u>
<u>(95,395)</u>	<u>337,050</u>	<u>(250,249)</u>	<u>-</u>	<u>(829,847)</u>
<u>1,713,625</u>	<u>697,256</u>	<u>159,464</u>	<u>-</u>	<u>6,205,392</u>
<u>\$ 1,618,230</u>	<u>\$ 1,034,306</u>	<u>\$ (90,785)</u>	<u>\$ -</u>	<u>\$ 5,375,545</u>

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, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 145,706	\$ 5,706
Revenues from money and property	200	200	859	659
Total revenues	140,200	140,200	146,565	6,365
EXPENDITURES				
Operating expenses	200,664	200,664	132,962	67,702
Total expenditures	200,664	200,664	132,962	67,702
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(60,464)	(60,464)	13,603	74,067
NET CHANGE IN FUND BALANCE	(60,464)	(60,464)	13,603	74,067
Fund balance, beginning	62,690	62,690	62,690	-
FUND BALANCE, ENDING	\$ 2,226	\$ 2,226	\$ 76,293	\$ 74,067

City of Decatur

4 & 5 Cent Gas Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual

	Budget		Actual	Variance with Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 311,000	\$ 311,000	\$ 324,131	\$ 13,131
Revenues from money and property	500	500	1,607	1,107
Total revenues	311,500	311,500	325,738	14,238
EXPENDITURES				
Operating expenses	405,690	405,690	399,274	6,416
Total expenditures	405,690	405,690	399,274	6,416
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(94,190)	(94,190)	(73,536)	20,654
NET CHANGE IN FUND BALANCE	(94,190)	(94,190)	(73,536)	20,654
Fund balance, beginning	106,641	106,641	106,641	-
FUND BALANCE, ENDING	\$ 12,451	\$ 12,451	\$ 33,105	\$ 20,654

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, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 314,635	\$ 99,635
Revenues from money and property	-	-	1,029	1,029
Total revenues	215,000	215,000	315,664	100,664
EXPENDITURES				
Operating expenses	212,352	212,352	198,000	14,352
Total expenditures	212,352	212,352	198,000	14,352
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,648	2,648	117,664	115,016
Other financing sources (uses)				
Operating transfers (out)	-	-	-	-
NET CHANGE IN FUND BALANCE	2,648	2,648	117,664	115,016
Fund balance, beginning	16,092	16,092	16,092	-
FUND BALANCE, ENDING	\$ 18,740	\$ 18,740	\$ 133,756	\$ 115,016

City of Decatur
 Personnel Board Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Other revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Personnel services	634,891	637,475	584,584	52,891
Operating expenses	272,275	272,275	140,401	131,874
Total expenditures	907,166	909,750	724,985	184,765
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(907,166)	(909,750)	(724,985)	184,765
OTHER FINANCING SOURCES				
Operating transfers in	910,066	910,066	910,066	-
Total other financing sources (uses)	910,066	910,066	910,066	-
NET CHANGE IN FUND BALANCE	2,900	316	185,081	184,765
Fund balance, beginning	224,250	224,250	224,250	-
FUND BALANCE, ENDING	\$ 227,150	\$ 224,566	\$ 409,331	\$ 184,765

City of Decatur
Heritage Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 538,000	\$ 538,000	\$ 566,244	\$ 28,244
Total revenues	538,000	538,000	566,244	28,244
EXPENDITURES				
Personal services	-	-	-	-
Operating expenses	-	100,000	7,454	92,546
Capital outlay	1,035,000	561,803	161,890	399,913
Total expenditures	1,035,000	661,803	169,344	492,459
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(497,000)	(123,803)	396,900	520,703
NET CHANGE IN FUND BALANCE	(497,000)	(123,803)	396,900	520,703
Fund balance, beginning	1,340,129	1,340,129	1,340,129	-
FUND BALANCE, ENDING	\$ 843,129	\$ 1,216,326	\$ 1,737,029	\$ 520,703

City of Decatur
 Corrections Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance-
 Budget and Actual
 For the Year Ended September 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 461,000	\$ 461,000	\$ 207,586	\$ (253,414)
Revenues from money and property	3,000	3,000	2,800	(200)
Total revenues	464,000	464,000	210,386	(253,614)
EXPENDITURES				
Personnel services	193,997	275,289	231,115	44,174
Operating expenses	106,947	149,330	73,339	75,991
Capital outlay	-	-	-	-
Total expenditures	300,944	424,619	304,454	120,165
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	163,056	39,381	(94,068)	(133,449)
NET CHANGE IN FUND BALANCE	163,056	39,381	(94,068)	(133,449)
Fund balance, beginning	227,576	227,576	227,576	-
FUND BALANCE, ENDING	\$ 390,632	\$ 266,957	\$ 133,508	\$ (133,449)

City of Decatur
Docket Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 104,200	\$ 104,200	\$ 72,840	\$ (31,360)
Total revenues	104,200	104,200	72,840	(31,360)
EXPENDITURES				
Personnel services	86,700	87,561	78,980	8,581
Operating expenses	46,200	46,200	7,691	38,509
Capital outlay	90,000	90,000	-	90,000
Total expenditures	222,900	223,761	86,671	137,090
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(118,700)	(119,561)	(13,831)	105,730
NET CHANGE IN FUND BALANCE	(118,700)	(119,561)	(13,831)	105,730
Fund balance, beginning	387,593	387,593	387,593	-
FUND BALANCE, ENDING	\$ 268,893	\$ 268,032	\$ 373,762	\$ 105,730

City of Decatur
Drug Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 34,000	\$ 34,000	\$ 102,606	\$ 68,606
Revenues from money and property	2,000	2,000	4,307	2,307
Total revenues	36,000	36,000	106,913	70,913
EXPENDITURES				
Personal services	-	-	-	-
Operating expenses	57,000	47,650	20,226	27,424
Capital outlay	-	21,819	21,766	53
Total expenditures	57,000	69,469	41,992	27,477
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,000)	(33,469)	64,921	98,390
NET CHANGE IN FUND BALANCE	(21,000)	(33,469)	64,921	98,390
Fund balance, beginning	253,997	253,997	253,997	-
FUND BALANCE, ENDING	\$ 232,997	\$ 220,528	\$ 318,918	\$ 98,390

City of Decatur
Room Occupancy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget and Actual
For the Year Ended September 30, 2021

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes and Payments in lieu of taxes	\$ 513,000	\$ 513,000	\$ 594,961	\$ 81,961
Total revenues	513,000	513,000	594,961	81,961
EXPENDITURES				
Personal services	-	-	-	-
Operating expenses	-	42,400	42,400	-
Capital Outlay	-	-	-	-
Debt service				
Principal	90,000.00	90,000.00	118,787	(28,787)
Interest	46,394.00	46,394.00	29,931	16,463
Operating expenses	-	-	-	-
Total expenditures	136,394	178,794	191,118	(12,324)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	376,606	334,206	403,843	69,637
OTHER FINANCING USES				
Operating transfers in	104,577	104,577	104,577	-
Operating transfers (out)	(4,647)	(4,647)	(4,646)	1
Total other financing sources	99,930	99,930	99,931	1
NET CHANGE IN FUND BALANCE	476,536	434,136	503,774	69,638
Fund balance, beginning	(201,877)	(201,877)	(201,877)	-
FUND BALANCE, ENDING	\$ 274,659	\$ 232,259	\$ 301,897	\$ 69,638

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Net Position
 September 30, 2021

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash & investments, at cost	\$ 472,980	\$ 25,108,273	\$25,581,253
Receivables (net of allowance)			
Accounts	22,883	654,432	677,315
Due from other funds	-	867,430	867,430
Prepaid items	6,911	-	6,911
Inventories, at cost	37,367	-	37,367
TOTAL CURRENT ASSETS	540,141	26,630,135	27,170,276
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	10,968,438	8,720,299	19,688,737
Furniture & equipment	990,716	8,746,464	9,737,180
Construction work in progress	-	155,204	155,204
Less accumulated depreciation	(15,428,439)	(13,202,632)	(28,631,071)
Total capital assets (net of accumulated depreciation)	4,110,810	8,026,530	12,137,340
TOTAL NONCURRENT ASSETS	4,110,810	8,026,530	12,137,340
TOTAL ASSETS	4,650,951	34,656,665	39,307,616
DEFERRED OUTFLOWS OF RESOURCES			
OPEB contribution	483,597	779,420	1,263,017
Pension contributions subsequent to measurement date	209,675	473,069	682,744
TOTAL DEFERRED OUTFLOWS OF RESOURCES	693,272	1,252,489	1,945,761

LIABILITIES

CURRENT LIABILITIES

Accounts payable	101,810	129,408	231,218
Accrued liabilities	41,889	96,011	137,900
Compensated absences	11,396	11,544	22,940
Claims payable	-	100,000	100,000

TOTAL CURRENT LIABILITIES

155,095	336,963	492,058
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NONCURRENT LIABILITIES

Landfill closure and post-closure care costs	-	4,303,142	4,303,142
Compensated absences	102,573	103,898	206,471
Claims payable	-	100,000	100,000
Net pension liability	937,627	2,022,891	2,960,518
Net other postemployment benefit liability	2,283,487	2,345,881	4,629,368

TOTAL NONCURRENT LIABILITIES

3,323,687	8,875,812	12,199,499
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TOTAL LIABILITIES

3,478,782	9,212,775	12,691,557
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DEFERRED INFLOWS OF RESOURCES

Net difference between projected and actual earnings on OPEB plan investments	1,021,082	1,716,049	2,737,131
Net difference between projected and actual earnings on pension plan investments	10,111	13,907	24,018

TOTAL DEFERRED INFLOWS OF RESOURCES

1,031,193	1,729,956	2,761,149
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NET POSITION

Net investment in capital assets	4,110,810	8,026,530	12,137,340
Unrestricted	(3,276,562)	16,939,893	13,663,331

TOTAL NET POSITION

\$ 834,248	\$ 24,966,423	\$ 25,800,671
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City of Decatur
 Non-major Proprietary Funds
 Combining Schedule of Revenue, Expenses and Changes in Fund Net Position
 For the Year Ended September 30, 2021

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for services	\$ 4,939,976	\$ 7,650,951	\$ 12,590,927
TOTAL OPERATING REVENUE	4,939,976	7,650,951	12,590,927
OPERATING EXPENSES			
Personnel, operations & maintenance	4,168,662	3,771,708	7,940,370
Closure and postclosure costs	-	244,260	244,260
Depreciation and amortization	667,990	1,297,334	1,965,324
Administrative costs	300,611	518,052	818,663
TOTAL OPERATING EXPENSES	5,137,263	5,831,354	10,968,617
OPERATING INCOME (LOSS)	(197,287)	1,819,597	1,622,310
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	355,605	355,605
Gain on disposition of assets	100	23,751	23,851
Miscellaneous revenue	3,383	36,837	40,220
Total nonoperating revenue	3,483	416,193	419,676
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS & SPECIAL ITEMS	(193,804)	2,235,790	2,041,986
Transfers in	-	17,431	17,431
Transfers (out)	(4,663)	-	(4,663)
CHANGE IN NET POSITION	(198,467)	2,253,221	2,054,754
Total net position, beginning	1,032,715	22,713,202	23,745,917
TOTAL NET POSITION, ENDING	\$ 834,248	\$ 24,966,423	\$ 25,800,671

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Cash Flows
 For the Year Ended September 30, 2021

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,869,790	\$ 7,612,668	\$ 12,482,458
Payments to suppliers	(3,056,814)	(3,330,198)	(6,387,012)
Payments to employees	(1,453,258)	(1,176,324)	(2,629,582)
Payments for interfund services	3,383	-	3,383
NET CASH PROVIDED BY OPERATING ACTIVITIES	363,101	3,106,146	3,469,247
NONCAPITAL FINANCING ACTIVITIES			
Payments received from advances to other funds	-	162,782	162,782
Operating transfers in	-	17,431	17,431
Operating transfers (out)	(4,663)	-	(4,663)
NET CASH (USED) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(4,663)	180,213	175,550
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(1,111,322)	(1,111,322)
Proceeds from sale of capital assets	99	23,752	23,851
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	99	(1,087,570)	(1,087,471)
INVESTING ACTIVITIES			
Interest received	-	355,605	355,605
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	355,605	355,605
NET DECREASE IN CASH AND CASH EQUIVALENTS	358,537	2,554,394	2,912,931
Cash and cash equivalents, beginning	114,443	22,553,879	22,668,322
CASH AND CASH EQUIVALENTS, ENDING	\$ 472,980	\$ 25,108,273	\$ 25,581,253

OPERATING INCOME (LOSS)	\$	(197,287)	\$	1,819,597	\$	1,622,310
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Depreciation and amortization		667,990		1,297,334		1,965,324
Landfill postclose costs		-		244,260		244,260
Miscellaneous items		3,383		36,837		40,220
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:						
Change in assets and liabilities:						
Receivables		(20,881)		(75,120)		(96,001)
Accounts payable		10,219		(40,189)		(29,970)
Claims payable		-		-		-
Inventory		36,723		-		36,723
Accrued liabilities		(27,148)		19,110		(8,038)
Net pension liability		796,967		1,587,201		2,384,168
Net OPEB obligation		(906,865)		(1,782,884)		(2,689,749)
Deferred revenue		-		-		-
Other items		-		-		-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	363,101	\$	3,106,146	\$	3,469,247

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 57,492,241	\$ 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
Restricted	6,264,941	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
Unrestricted	(97,299,482)	(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)
Total governmental activities net assets	(33,542,300)	(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
Business-type activities										
Invested in capital assets, net of related debt	257,574,347	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
Restricted	7,881,333	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
Unrestricted	17,198,387	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
Total business-type activities net assets	282,654,067	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
Primary government										
Invested in capital assets, net of related debt	315,066,588	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
Restricted	14,146,274	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
Unrestricted	(80,101,095)	(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
Total primary government net assets	\$ 249,111,767	\$ 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

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

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

Expenses	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
General Government	\$ 12,944,319	\$ 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
Public safety	27,027,485	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
Public works	9,927,356	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
Public services	9,859,751	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
Educational assistance	26,016,676	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
Community development	2,756,394	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
Community service contracts	2,955,611	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
Personnel board	-	-	-	-	801,764	611,900	620,764	580,781	573,625	594,999
Interest on long-term debt	895,287	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
Unallocated depreciation	1,609,561	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
Total governmental activities expense	93,992,440	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
Business-type activities:										
Municipal Utilities Board	135,744,400	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
Point Mallard	5,137,263	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
Sanitary Landfill	5,831,354	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
Total business-type activities expenses	146,713,017	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
Total primary government expenses	240,705,457	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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	6,912,263	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
Public safety	1,449,303	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
Public works	4,648,056	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
Public services	697,436	420,542	667,645	684,203	704,558	692,853	703,562	714,905	777,107	683,828
Intergovernmental assistance	-	-	-	-	-	-	-	264,600	288,963	217,231
Educational assistance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	1,944	2,911	7,716	15,068	-	-
Operating grants and contributions	3,122,439	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
Capital grants and contributions	7,155,168	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
Total governmental activities program revenues	23,984,665	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
Business-type activities:										
Charges for services:										
Municipal Utilities Board	139,850,512	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
Point Mallard	4,939,976	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
Sanitary Landfill	7,650,951	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
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	921,133	1,246,220	3,907,937	359,349	1,195,833	2,539,845	1,205,802	405,913	740,348	985,813
Total business-type activities program revenues	153,362,572	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
Total primary government program revenues	177,347,237	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
Net (Expense)/Revenue										
Governmental activities	(70,007,775)	(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)
Business-type activities	6,649,555	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
Total primary government net expense	(63,358,220)	(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)

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	55,838,932	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
Property taxes	20,596,224	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
Alcoholic beverage taxes*	2,125,967	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
Gasoline taxes*	817,441	770,700	806,139	753,123	790,070	813,437	762,676	762,635	841,873	849,450
Automobile taxes*	1,665,894	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
Lodging taxes*	2,362,706	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
Rental taxes*	1,667,263	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
Other taxes*	2,518,376	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
Interest on investments	1,644,900	1,125,044	1,032,167	216,775	163,743	85,679	75,454	99,328	134,835	125,155
Other	164,001	287,769	37,239	383,589	206,279	711,482	953,234	766,711	748,981	905,614
Transfers	(2,234,098)	396,735	795,661	(9,188,159)	865,723	(2,142,585)	930,600	(4,891)	(1,219,764)	(3,091,348)
Total governmental activities	87,167,606	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
Business-type activities:										
Interest on investments	475,867	1,081,704	1,883,254	1,329,049	438,987	182,828	173,935	212,843	208,518	221,019
Forgiveness of Long-term debt				-	-			-	-	8,797,766
Other	(71,715)	66,343	583,010	(145,266)	87,779	49,311	46,454	138,555	61,011	-
Transfers	2,234,098	(396,737)	(795,661)	9,188,159	(865,723)	2,142,585	(930,600)	4,891	1,219,764	3,091,348
Total business-type activities	2,638,250	751,310	1,670,603	10,371,942	(338,957)	2,374,724	(710,211)	356,289	1,489,293	12,110,133
Total primary government	89,805,856	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
Change in Net Position										
Governmental activities	17,159,831	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)
Business-type activities	9,287,805	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
Total primary government	\$ 26,447,636	\$ 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

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 214,106	\$ 237,316	\$ 185,036	\$ 53,403	\$ 25,204	\$ 19,543	\$ 21,299	\$ 21,549	\$ 13,545	\$ 33,486
Restricted	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,311	0	0
Committed	26,097,888	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
Assigned	-	-	-	-	-	-	-	-	751,791	653,402
Unassigned	22,323,010	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
Total general fund	48,636,316	38,640,205	37,071,753	33,038,034	31,393,773	31,083,578	26,862,801	23,185,346	21,002,000	20,060,235
All Other Governmental Funds										
Nonspendable	1,389,552	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
Restricted	2,806,370	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
Committed	3,363,763	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
Assigned	-	-	-	-	-	-	-	-	-	1,090,523
Unassigned	(2,184,140)	-	-	-	-	(403,248)	(284,827)	(631,842)	(531,029)	(3,226,317)
Total all other governmental funds	\$ 5,375,545	\$ 6,205,392	\$ 5,774,820	\$ 6,588,771	\$ 9,585,195	\$ 6,089,246	\$ 8,322,239	\$ 7,535,308	\$ 8,650,595	\$ 11,233,956

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Sales & use taxes	\$ 55,818,586	\$ 49,930,963	\$ 48,372,766	\$ 44,579,344	\$ 42,306,443	\$ 39,102,654	\$ 37,490,198	\$ 36,975,156	\$ 36,227,829	\$ 35,761,817
Property taxes	14,998,318	14,294,390	14,602,486	13,515,186	13,076,829	12,771,314	12,804,007	12,449,851	11,568,399	11,426,462
Other taxes	10,290,286	9,603,478	9,974,179	9,421,115	8,901,979	8,930,750	8,439,412	8,194,022	8,491,566	8,511,059
Licenses & permits	6,961,326	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
Fines & forfeitures	608,125	638,627	894,355	1,003,660	1,084,515	1,123,993	1,277,650	1,483,398	1,294,427	1,158,209
Revenues from money & property	1,976,998	1,393,261	1,292,076	476,857	395,853	305,821	278,241	295,724	331,552	335,715
Charges for services	5,805,493	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
Intergovernmental	14,468,404	13,177,632	14,243,667	14,008,548	12,372,847	10,373,846	10,236,944	11,472,765	10,122,422	10,950,800
Gifts & donations	72,357	378,020	119,680	165,000	280,405	226,081	155,629	108,180	79,115	190,764
Other revenues	395,282	874,035	409,959	375,268	1,268,944	1,050,811	825,963	640,298	762,753	772,327
Total revenues	111,395,175	102,959,796	102,675,602	96,158,472	91,448,970	85,707,278	83,732,377	82,742,684	80,020,235	80,207,896
Expenditures										
General Government	15,671,067	15,796,012	13,671,107	5,697,269	4,929,165	5,606,753	4,511,312	4,456,127	4,354,201	4,207,598
Public safety	27,640,408	27,276,303	27,793,838	25,210,014	27,468,639	23,356,634	23,406,958	22,038,762	22,665,964	22,262,093
Public works	10,393,166	16,678,200	15,229,711	16,845,093	22,133,489	7,967,892	8,326,936	11,542,923	10,146,277	8,301,676
Public services	8,521,875	7,685,146	9,802,365	10,414,073	9,835,207	9,704,966	9,362,391	8,948,313	9,743,971	10,443,037
Intergovernmental assistance	26,016,676	23,314,576	23,232,204	28,857,773	28,155,808	26,931,950	25,487,456	24,699,081	22,984,911	22,298,492
Community service contracts	2,955,611	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
Community development	8,889,871	2,557,713	2,215,799	1,317,398	973,435	2,123,977	2,311,183	1,841,519	1,465,521	3,399,597
Personnel board	-	-	-	-	801,764	611,900	620,764	580,781	573,625	594,999
Debt Service: Principal	3,101,446	4,093,750	4,139,235	6,445,261	3,344,319	3,227,479	3,576,260	3,469,657	4,250,001	6,498,052
Interest and fiscal charges	949,578	1,265,740	1,372,640	1,485,229	1,440,280	1,645,140	1,734,540	1,797,817	1,856,179	2,194,321
Debt issuance costs	214,280	-	-	15	86,803	354,892	-	-	-	157,790
Total expenditures	104,353,978	101,357,507	100,251,495	98,965,285	101,643,474	83,888,796	81,576,829	81,724,334	80,442,069	83,097,562
Excess (deficiency) of revenues over expenditures	7,041,197	1,602,289	2,424,107	(2,806,813)	(10,194,504)	1,818,482	2,155,548	1,018,350	(421,834)	(2,889,666)
Other Financing Sources (Uses)										
Long-term debt issued	17,660,000	-	-	-	5,140,000	21,630,000	2,500,000	-	-	23,101,500
Premium on debt issue	-	-	-	-	97,594	316,632	-	-	-	261,492
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	837,996	422,596	-	-	54,600	-	-
Payment to escrow agent	(16,373,131)	-	-	-	-	(14,105,614)	-	-	-	(15,941,523)
Transfers in	2,227,587	1,818,247	1,896,577	1,551,014	5,996,202	2,858,215	749,409	849,219	752,865	3,480,350
Transfers (out)	(1,389,388)	(1,421,512)	(1,100,916)	(934,360)	(5,130,479)	(3,055,196)	(940,571)	(854,110)	(1,972,629)	(6,571,698)
Total other financing sources (uses)	2,125,068	396,735	795,661	1,454,650	6,525,913	7,644,037	2,308,838	49,709	(1,219,764)	4,330,121
Net change in fund balance	\$ 9,166,265	\$ 1,999,024	\$ 3,219,768	\$ (1,352,163)	\$ (3,668,591)	\$ 9,462,519	\$ 4,464,386	\$ 1,068,059	\$ (1,641,598)	\$ 1,440,455
Debt service as a percentage of noncapital expenditures	4.6%	6.2%	6.3%	9.2%	5.8%	6.7%	6.8%	6.7%	8.1%	11.5%

** 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
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%
2021	226,699,900	768,299,980	6,004,640	232,745,400	768,259,120	18.6 Mills	4,806,410,667	15.98%

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
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
2021	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	2012			2013			2014			2015			2016		
	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	11,674,840	3	2.08%	22,273,940	3	3.56%	18,185,860	3	2.90%	19,230,040	4	3.08%	18,957,020	4	2.96%
BellSouth	6,949,400	4	1.24%	6,721,200	6	1.07%	6,867,200	6	1.10%	6,918,000	7	1.11%	4,923,500	8	0.77%
Hexel Corporation	39,485,680	2	7.03%	58,219,400	2	9.31%	73,919,400	2	11.80%	80,968,860	2	12.99%	88,503,120	2	13.84%
General Electric/Haier	6,468,900	5	1.15%	8,286,840	5	1.32%	9,210,420	5	1.47%	17,694,600	5	2.84%	24,603,100	3	3.85%
Nucor Steel	125,141,860	1	22.29%	119,504,540	1	19.11%	110,906,620	1	17.71%	108,511,480	1	17.41%	100,342,940	1	15.69%
O.C.I. Chemical Corp	4,872,960	8	0.87%	5,116,740	10	0.82%	4,392,840	10	0.70%	4,248,060	9	0.68%	4,287,060	9	0.67%
Meow Mix	8,356,000	6	1.49%	7,018,020	7	1.12%	6,151,880	7	0.98%	5,960,260	8	0.96%	12,920,104	6	2.02%
Charter Communciations	2,949,640	10	0.53%	*	*	*	*	*	*	*	*	*	*	*	*
Hyosung USA, Inc.	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
ITC-AL LLC	*	*	*	9,713,600	8	1.55%	9,109,400	8	1.45%	8,646,880	6	1.39%	8,179,880	7	1.28%
Ardent Mills, LLC (Conagra)	5,054,000	7	0.90%	4,992,080	9	0.80%	5,769,920	9	0.92%	*	*	*	4,398,960	10	0.69%
Coyote Garrison Decatur LLC	3,693,320	9	0.66%	*	*	*	*	*	3,571,720	10	0.57%	*	*	*	*
Polyplex USA, LLC	*	*	*	11,052,460	4	1.77%	20,117,180	4	3.21%	19,955,600	3	3.20%	18,940,400	5	2.96%
Total	\$ 214,646,600		38.23%	\$ 252,898,820		40.43%	\$ 264,630,720		42.25%	\$ 275,705,500		44.23%	\$ 286,056,084		44.73%
Net City Taxable Assessed Value			561,398,920			625,494,860			626,277,220			623,388,860			639,485,700

Source:
Revenue Commissioner of Morgan County

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

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

Taxpayer	2017			2018			2019			2020			2021		
	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	15,686,620	5	2.41%	19,535,500	4	2.69%	25,218,360	3	3.57%	25,909,520	4	3.46%	26,233,020	4	3.41%
BellSouth	6,596,200	7	1.01%	*			*			*			*		
Hexel Corporation	115,923,600	1	17.79%	129,027,720	1	17.77%	94,714,420	2	13.42%	108,259,680	1	14.46%	108,350,500	2	14.10%
General Electric/Haier	23,886,940	3	3.67%	23,460,220	3	3.23%	23,703,380	4	3.36%	38,182,000	3	5.10%	39,853,700	3	5.19%
Nucor Steel	85,160,720	2	13.07%	93,710,320	2	12.90%	101,212,160	1	14.34%	88,500,080	2	11.82%	108,977,660	1	14.19%
O.C.I. Chemical Corp	4,046,600	10	0.62%	4,417,860	9	0.61%	4,456,900	7	0.63%	4,371,960	9	0.58%	4,391,580	9	0.57%
Meow Mix	5,922,580	8	0.91%	6,916,740	7	0.95%	7,070,620	6	1.00%	7,003,220	8	0.94%	7,203,000	7	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%	4,091,960	10	0.53%
ITC-AL LLC	7,718,520	6	1.18%	7,433,260	6	1.02%	2,760,362	10	0.39%	7,185,060	7	0.96%	4,576,580	8	0.60%
Ardent Mills, LLC (Conagra)	4,124,760	9	0.63%	3,766,600	10	0.52%	5,411,100	8	0.77%	8,843,520	6	1.18%	9,964,520	6	1.30%
Coyote Garrison Decatur LLC	*			*			*			*			*		
Polyplex USA, LLC	18,162,900	4	2.79%	17,228,060	5	2.37%	15,955,120	5	2.26%	16,758,320	5	2.24%	12,943,260	5	1.68%
Total	\$ 287,229,440		44.07%	\$ 310,283,380		42.73%	\$ 285,728,302		40.49%	\$ 309,111,240		41.29%	\$ 326,585,780		42.51%
Net City Taxable Assessed Value			651,710,520			726,167,020			705,645,260			748,709,380			768,259,120

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
2012	18,382,932	18,311,608	99.61%	16,305	18,327,913	99.7%
2013	19,709,515	19,414,409	98.50%	14,208	19,428,618	98.6%
2014	20,014,092	19,942,029	99.64%	17,899	19,959,928	99.7%
2015	20,345,222	20,228,986	99.43%	14,334	20,243,320	99.5%
2016	20,759,796	20,673,012	99.58%	18,482	20,691,493	99.7%
2017	21,301,129	21,241,167	99.72%	513	21,241,680	99.7%
2018	24,887,687	24,825,911	99.75%	4,218	24,830,129	99.8%
2019	26,713,891	26,252,347	98.27%	7574.84	26,259,922	98.3%
2020**	26,992,758	24,637,744	91.28%	**	24,637,744	91.3%
2021*	27,082,273					

Source:

Morgan County Revenue Commissioner

* FY 21 revenue collected amounts will not be available until mid-July 2022

** FY 20 collections in subsequent years will not be available until mid-July 2022

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Apparel	\$ 48,752	\$ 35,960	\$ 44,021	\$ 53,625	\$ 41,401	\$ 72,483	\$ 62,724	\$ 61,670	\$ 61,993	\$ 57,589
Multi-Line Retail	\$ 556,261	\$ 471,528	\$ 442,566	\$ 337,965	\$ 148,859	\$ 210,809	\$ 170,418	169,766	173,710	173,354
Restaurants	\$ 165,410	\$ 127,136	\$ 148,127	\$ 137,321	\$ 201,243	\$ 154,769	\$ 138,512	129,213	124,740	128,813
Grocery Stores	\$ 104,158	\$ 103,391	\$ 101,114	\$ 85,501	\$ 89,777	\$ 80,136	\$ 78,899	74,277	75,415	78,959
Building Materials	\$ 25,121	\$ 14,922	\$ 16,971	\$ 67,453	\$ 78,528	\$ 77,028	\$ 63,561	60,476	58,530	59,790
Automobile Dealers	\$ 342,976	\$ 232,836	\$ 269,234	\$ 269,605	\$ 317,935	\$ 294,061	\$ 230,500	217,491	201,947	189,072
Household Furnishings	\$ 10,481	\$ 7,362	\$ 7,538	\$ 7,763	\$ 27,439	\$ 28,083	\$ 26,665	24,961	18,203	16,654
Convenience Stores	\$ 50,990	\$ 39,219	\$ 40,102	\$ 38,199	\$ 31,931	\$ 35,557	\$ 33,510	32,371	28,268	31,453
All other outlets	\$ 386,004	\$ 479,546	\$ 395,346	\$ 346,622	\$ 381,769	\$ 558,504	\$ 477,803	494,117	440,491	447,227
Total	\$ 1,690,152	\$ 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

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

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

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 2015			Calendar Year 2014			Calendar Year 2013		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,708,054	1	9.89%	\$ 3,587,180	1	9.70%	\$ 3,413,220	1	9.42%
Manufacturer	1,880,011	2	5.01%	2,100,098	2	5.68%	1,375,066	2	3.80%
Grocery store	1,224,425	3	3.27%	1,136,174	3	3.07%	1,112,742	3	3.07%
Multi-line retailer	875,168	5	2.33%	867,320	5	2.35%	909,758	5	2.51%
Building materials /hard line	1,040,212	4	2.77%	994,952	4	2.69%	954,004	4	2.63%
Multi-line retailer	698,811	7	1.86%	689,663	7	1.87%	730,711	7	2.02%
Grocery store	832,716	6	2.22%	754,482	6	2.04%	765,625	6	2.11%
Apparel Store	638,815	10	1.70%	661,069	8	1.79%	692,994	8	1.91%
Building materials /hard line	693,029	8	1.85%	660,209	9	1.79%	635,330	9	1.75%
Automobile dealer	639,662	9	1.71%	577,733	10	1.56%	*		
Multi-line retailer							*		
Manufacturer							615,354	10	1.70%
							*		
Total	\$ 12,230,903		32.62%	\$ 12,028,879		32.53%	\$ 11,204,804		30.93%

Tax Remitter Description	Calendar Year 2012		
	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,143,958	1	9.47%
Manufacturer	1,657,104	2	4.99%
Grocery store	1,113,659	3	3.35%
Multi-line retailer	960,704	4	2.89%
Building materials /hard line	946,466	5	2.85%
Multi-line retailer	800,484	6	2.41%
Grocery store	727,061	7	2.19%
Apparel Store	664,751	8	2.00%
Building materials /hard line	600,205	9	1.81%
Automobile dealer	532,527	10	1.60%
Multi-line retailer	*		
Manufacturer	*		
	*		
Total	\$ 11,146,919		33.56%

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>
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
2021	89,705,874	14,913,891	15,426,462	19,804,285	139,850,512

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			
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
2021	41,715	-	291	17,214	191,916	-	-	-	251,136	16.18%	4,439

Sources:

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

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**City of Decatur
Ratio of General Bonded Debt Outstanding,
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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
2021	41,715,180	0.87%	737

Sources:

Morgan County Economic Development Association provided demographics

**City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2021 (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	\$ 41,715,180	100.00%	<u>\$ 41,715,180</u>
Total Direct Debt			41,715,180
* City of Decatur Board of Education	\$ 216,487,548	100.00%	216,487,548
Morgan County	19,997,783	45.31%	9,060,995
Morgan County Board of Education	75,505,336	45.31%	<u>34,211,468</u>
Total Overlapping Debt			259,760,011
Total direct and overlapping debt			<u>\$ 301,475,191</u>

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2021 net assessed valuation of all taxable property in the City (\$768,259,120 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$1,695,565,580).

*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)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 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	\$ 153,651,824
Total net debt applicable to limit	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	41,715,180
Legal debt margin	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	\$ 111,936,644
Total net debt applicable to the limit as a percentage of debt limit	47.67%	39.06%	36.49%	36.05%	38.97%	39.87%	31.71%	33.00%	28.88%	27.15%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 1,001,004,520
Less tax exempt property	(232,745,400)
Net Assessed Value	<u>768,259,120</u>
Debt limit (20% of net assessed value)	153,651,824
Debt applicable to limit:	
General obligation bonds/capital leases	41,715,180
Less: School	<u>-</u>
Total net debt applicable to limit	<u>41,715,180</u>
Legal debt margin	<u>\$ 111,936,644</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
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%
2021	139,970,774	119,317,179	20,653,595	8,365,931	2.47%

**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
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%
2021	56,571	1,552,082	27,436	39.5	577	8,287	2.7%

Sources:

Morgan County Economic Development Association
Decatur City Schools

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

Employer	2021			2020			2019		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,553	1	4.73%	1,458	2	4.54%	1,500	1	4.47%
Haier/General Electric	1,395	2	4.25%	1,681	1	5.23%	1,381	2	4.12%
Decatur City Schools	1,347	3	4.10%	1,337	3	4.16%	1,172	3	3.49%
Decatur General Hospital	*			*			*		
United Launch Alliance	715	8	2.18%	665	9	2.07%	620	9	1.85%
3M Company	950	5	2.89%	956	5	2.98%	960	5	2.86%
Wayne Farms Fresh	719	7	2.19%	750	6	2.33%	750	6	2.24%
Nucor Steel	725	6	2.21%	720	7	2.24%	720	7	2.15%
City of Decatur	514	9	1.57%	682	8	2.12%	670	8	2.00%
Wayne Farms Prepared Foods	1,047	4	3.19%	1,151	4	3.58%	1,151	4	3.43%
BP America	*			*			*		
Gemstone Foods, LLC	486	10	1.48%	486	10	1.51%	486	10	1.45%
Total	9,451		28.78%	9,886		30.77%	9,410		28.05%

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

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	2015			2014			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	5.24%	1,449	1	4.32%	1,449	1	4.62%
General Electric	1,338	2	4.84%	1,300	2	3.88%	1,298	2	4.14%
Decatur City Schools	1,200	3	4.34%	1,200	3	3.58%	1,200	3	3.83%
Decatur General Hospital	*			*			*		
United Launch Alliance	808	7	2.92%	849	5	2.53%	849	5	2.71%
3M Company	850	6	3.07%	850	4	2.53%	887	4	2.83%
Wayne Farms Fresh	871	5	3.15%	795	6	2.37%	795	6	2.54%
Nucor Steel	721	8	2.61%	715	7	2.13%	710	7	2.26%
City of Decatur	665	10	2.40%	670	9	2.00%	693	9	2.21%
Wayne Farms East/West	942	4	3.41%	696	8	2.08%	696	8	2.22%
BP America	*			444	10	1.32%	467	10	1.49%
Gemstone Foods, LLC									
Total	8,844		31.98%	8,968		26.74%	9,044		28.85%

Employer	2012		
	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	4.30%
General Electric	1,250	2	3.71%
Decatur City Schools	1,200	3	3.56%
Decatur General Hospital	*		
United Launch Alliance	854	4	2.53%
3M Company	815	5	2.42%
Wayne Farms Fresh	800	6	2.37%
Nucor Steel	710	7	2.11%
City of Decatur	693	8	2.06%
Wayne Farms East/West	568	9	1.68%
BP America	457	10	1.36%
Gemstone Foods, LLC			
Total	8,796		26.09%

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	69	69	68	65	61	54	53	53	51	49
Public Safety	255	267	270	268	274	269	275	276	282	288
Public Works	48	59	51	55	54	55	64	74	81	79
Public Services	76	66	72	67	68	68	63	63	72	71
Community Development	16	15	15	16	14	15	14	15	15	13
Municipal Utilities Board	182	179	165	166	163	168	166	162	163	163
Point Mallard	10	10	10	7	8	8	9	8	10	10
Sanitary Landfill	18	17	19	21	20	21	21	19	19	20
Total	<u>674</u>	<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>

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Building permits issued	3,693	3,426	3,503	3,496	3,051	3,325	3,039	5,319	3,090	3,225
Building inspections conducted	5,386	4,983	5,496	5,296	5,340	5,863	5,476	8,758	5,084	4,026
Police										
Adult arrests	4,122	3,896	4,142	4,422	3,881	3,930	4,635	5,325	4,770	5,264
Traffic citations	6,406	6,375	11,247	11,483	14,020	15,692	14,133	16,943	16,462	11,490
Fire										
Inspections	226	243	192	478	410	210	172	108	101	168
Emergency medical responses	5,651	4,034	3,295	5,003	4,758	5,354	5,709	5,937	4,183	3,800
Fire and/or Hazmat responses	2,623	2,306	1,959	2,151	1,988	1,838	1,558	1,479	901	857
Refuse collections										
Recyclables collected in tons	1,674	1,500	2,204	2,296	2,049	2,223	2,926	2,563	2,180	2,052
Garbage and trash collected	41,440	41,039	37,085	36,889	35,368	34,397	33,755	36,042	34,142	34,108
Municipal Utilities Board										
Electrical connections	26,814	26,734	26,644	26,531	26,599	26,582	26,525	26,487	26,515	26,618
Water connections	25,628	25,585	25,496	25,385	25,375	25,362	25,340	25,295	25,260	25,194
Wastewater connections	20,755	20,692	20,588	20,474	20,448	20,416	20,388	20,319	20,297	20,245
Gas connections	13,476	13,506	13,596	13,575	13,561	13,637	13,661	13,613	13,690	13,640

Source:
Various city departments

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Stations	4	4	4	5	5	5	3	4	3	3
Vehicles	200	202	188	165	162	160	166	166	167	161
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	8	10	9	9	9	10	9	10	10	12
Special Response Vehicle	6	5	5	5	5	5	5	5	5	3
Sanitation										
Garbage collection trucks	17	16	20	17	17	17	17	16	16	17
Other public works										
Paved streets (miles)	336	336	336	336	336	336	336	336	336	335
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	49	49	49	49	48	48	48	48	48	48
Storm drainage conduits (miles)	145	145	145	145	145	145	145	145	144	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	1278	1,278
Golf courses (public & private)	2	2	2	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	46	46
Recreations centers	3	4	4	4	4	4	5	5	5	5
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	35	35	35	35	35	35	35	35	35	35
Enclosed swimming pool	1	1	1	1	1	1	1	1	1	1
Open air swimming pools	2	2	2	2	2	2	2	2	2	2
Soccer facilities (acres)	62	62	62	62	62	62	62	62	62	62
Ice rinks	1	1	1	1	1	1	1	1	1	1
Marina/boat launch	2	2	2	2	2	2	2	2	2	2
Campgrounds	1	1	1	1	1	1	1	1	1	1
Municiple Utilities Board										
Water mains (miles)	494	492	492	491	490	487	487	484	484	484
Gas mains (miles)	423	423	421	421	421	420	420	418	418	415
Electric lines (miles)	596	596	596	594	594	593	593	593	593	593
Sanitary sewers (miles)	377	375	374	374	358	350	348	342	342	341
Fire hydrants in service	2117	2065	2060	2060	2048	2039	2032	2028	2026	2,019

Sources:

Various city departments and capital assets records