

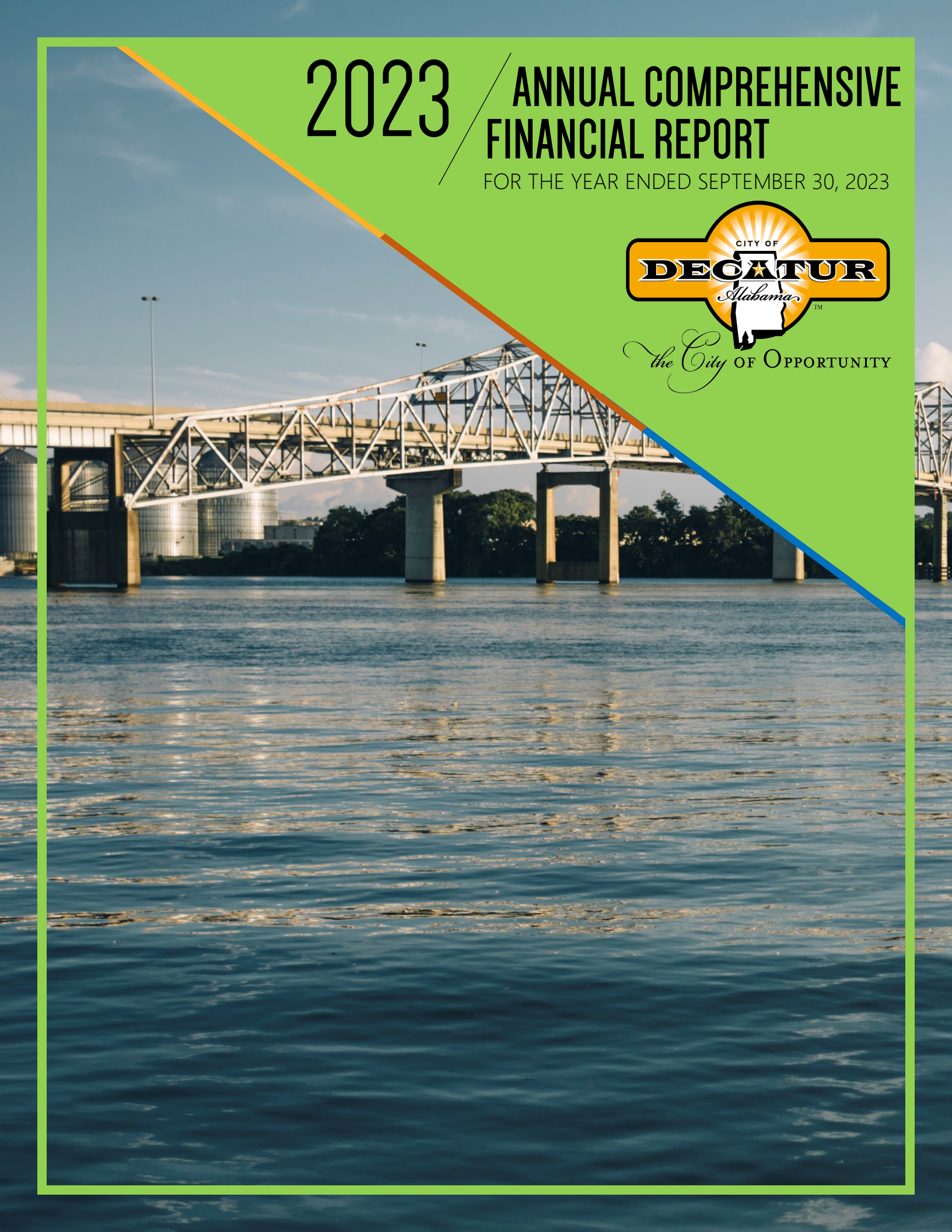
2023

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023



The City OF OPPORTUNITY





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Decatur
Alabama**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Decatur
Annual Comprehensive Financial Report
September 30, 2023

Table of Contents

Part I - Introductory Section: Page

Title Page..... I

GFOA Certificate of Achievement..... II

Table of Contents..... III

Organizational Chart..... VI

Boards and Commissions..... VII

Officials of the City of Decatur, Alabama..... VIII

Directors / Other Key Personnel..... IX

Letter of Transmittal..... X

Part II - Financial Section:

Independent Auditor's Report..... 1

Management's Discussion and Analysis..... 4

Basic Financial Statements:

Government-wide Financial Statements:

 Statement of Net Position..... 22

 Statement of Activities..... 24

Fund Financial Statements:

 Balance Sheet – Governmental Funds..... 25

 Reconciliation of Balance Sheet to Statement of Net Position..... 26

 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... 27

 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities..... 28

 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual..... 29

 Statement of Net Position – Proprietary Funds..... 30

 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds..... 32

 Statement of Cash Flows – Proprietary Funds..... 33

Statement of Fiduciary Net Position – OPEB Plan..... 35

Statement of Changes in Fiduciary Net Position – OPEB Plan..... 36

Notes to the Financial Statements..... 38

Table of Contents - Continued

Required Supplementary Information:

Pension Plan Information:

Schedule of Changes in Net Pension Liability - Employees' Retirement Systems of Alabama.....	106
Schedule of Employer Contributions - Employees' Retirement Systems of Alabama.....	108
Board of Education – Schedule of System's Proportionate Share of Net Pension Liability – Teachers' Retirement System.....	109
Board of Education – Schedule of System Contributions –Teachers' Retirement System.....	110

Other Post-Employment Benefit Information:

Schedule of Changes in Net OPEB Liability.....	111
Board of Education – Schedule of System's Proportionate Share of Net OPEB Liability – Alabama Retired Education Employees' Health Care Trust.....	112
Board of Education – Schedule of System Contributions –Alabama Retired Education Employees' Health Care Trust.....	113

Supplemental Information

Combining and Individual Fund Financial Statements:

Balance Sheet – General Fund.....	116
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual – By Activity – General Fund.....	118
Other Governmental Funds Intro.....	128
Combining Balance Sheet – Non-major Governmental Funds (by fund type)	129
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Non-major Governmental Funds (by fund type).....	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: 7 Cent Gas Tax Fund.....	133
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: 4 & 5 Cent Gas Tax Fund.....	134
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: 2019 Gas Tax Fund.....	135
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Personnel Board Fund	136
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Alabama Capital Improvements Trust Fund.....	137
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Corrections Fund.....	138

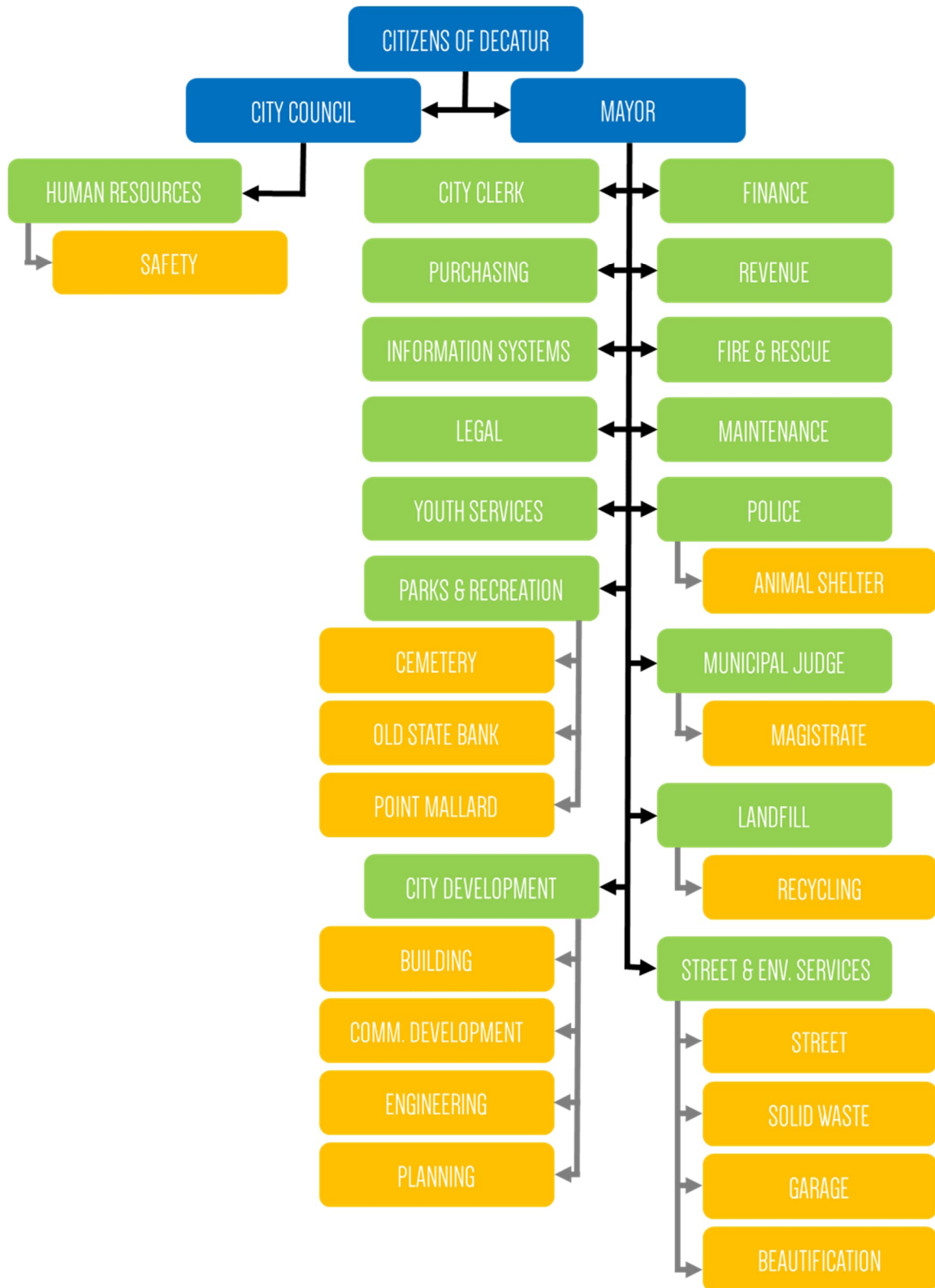
Table of Contents - Continued

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Docket Fee Fund.....	139
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Drug Seizure Fund.....	140
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Room Occupancy Tax Fund.....	141
Combining Statement of Net Position – Non-major Proprietary Funds.....	142
Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Non-major Proprietary Funds.....	144
Combining Statement of Cash Flows – Non-major Proprietary Funds.....	145
Part III - Statistical Section (Unaudited):	
Table of Contents	A-1
Net Position by Component, Last Ten Fiscal Years	B-1
Changes in Net Position, Last Ten Fiscal Years	B-2
Fund Balance, Governmental Funds, Last Ten Fiscal Years	B-4
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	B-5
Assessed and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	C-1
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	C-2
Principal Property Taxpayers, Last Ten Fiscal Years	C-3
Property Tax Levies and Collections, Last Ten Fiscal Years	C-5
Taxable Sales by Category, Current Year and Nine Prior Calendar Years	C-6
Direct and Overlapping Sales Tax Rate, Last Ten Fiscal Years.....	C-7
Principal Sales Tax Remitters, Current Year and Nine Prior Years	C-8
Gas Electric, Water & Wastewater Revenues, Last Ten Fiscal Years	C-10
Ratio of Outstanding Debt by Type, Last Ten Fiscal Years	D-1
Ratio of General Bonded Debt Outstanding, Last Ten Fiscal Years	D-2
Direct and Overlapping Governmental Activities Debt as of September 30, 2023	D-3
Legal Debt Margin Information, Last Ten Fiscal Years	D-4
Pledged-Revenue Coverage, Last Ten Fiscal Years	D-5
Demographic and Economic Statistics, Last Ten Fiscal Years	E-1
Principal Employers, Current Year and Prior Nine Years	E-2
Full-Time-Equivalent City Government Employees by Function, Last Ten Fiscal Years	F-1
Operating Indicators by Function/Program, Last Ten Fiscal Years	F-2
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	F-3

City of Decatur

Organizational Structure

September 30, 2023



City of Decatur 2023

Boards and Commissions

Historic Preservation Commission
Industrial Development Board
Public Building Authority
Housing Authority
Board of Examinations and Appeals
Parks & Recreation Board
Old Bank Building Board
Community Preservation Board
Downtown Redevelopment Authority

Medical Clinic Board

Decatur Library Board
Planning Commission
Board of Zoning and Adjustment
Decatur Animal Services Board
Personnel Board
Municipal Utilities Board
City Board of Education
Educational Building Authority
Bingo Review Committee

City / County Boards

North Central Mental Retardation Authority
State Products Mart Authority
E-911 Board
Decatur/Morgan County Port Authority
EMS Advisory Committee

Morgan County Industrial Park & Economic Development Cooperative District
Downtown Parking Advisory Task Force

Mental Health Center of North Central Alabama
Board of Equalization
Healthcare Authority of Morgan County
Airport Authority
Decatur/Morgan County Farmer's Market

DISTRICT 1



BILLY JACKSON

DISTRICT 2



KYLE PIKE

MAYOR



TAB BOWLING

DISTRICT 5



JACOB LADNER

DISTRICT 4



HUNTER PEPPER

DISTRICT 3



CARLTON MCMASTERS

PRESIDENT

PRESIDENT PRO TEMPORE

City of Decatur
Department Directors
September 30, 2023

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	Ta'kisha Gholston
Landfill	Wanda Tyler
Parks & Recreation	Jason Lake
Personnel	Richelle Sandlin
Police Chief	Todd Pinion
Street & Environmental Services	Daniel Boutwell
Youth Services	Brandon Watkins

Other Key Personnel

City Engineer	Carl Prewitt
Finance Manager	Dawn Runager
Maintenance Supervisor	Kurt Johnson
Purchasing Agent	Jeremy Sherrill
Revenue Administrator	Lori Rossetti
Solid Waste/Street Department	Reginald Carter



May 31, 2024

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, 2023 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 met and the report of D. Wates and Associates, PC, for the fiscal year ended September 30, 2023 is included in this report. In addition to this year's annual audit, the City also will have a single audit, in accordance with federal regulations. The single audit report is published for the public and will be issued separately.

GAAP requires 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.

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). Downtown 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 a quadrennial basis.

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 (34 parks comprising 1,500 acres, 46 tennis courts, 15 pickle ball 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 an operating budget for the Landfill enterprise 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.

Based on a recent analysis by SmartAsset, the city of Decatur metro area is the second best place to work in the manufacturing industry in the United States. Decatur/Morgan County is home to approximately 145 Industries, including 12 Fortune 500 companies and 7 Global 500 companies. As the economy rallied through a difficult national economic environment, the City of Decatur saw 12 expansion/equipment upgrades totaling \$254,621,632 and 391 new jobs. We would be remiss to not mention the accomplishments and growth of our industrial taxpayers – which also factor into future development needs. The following notes are worth highlighting:

- Beyond Gravity announced an additional \$42 million capital investment and 158 new jobs to support United Launch Alliance's production of Vulcan Rockets.
- Nucor Steele - \$125M new plant dedicated to their new automation business unit (Nucor Tower & Structures) producing transmission towers. An estimated 200 new jobs were created.
- Bunge North America committed to a \$26.8M capital expansion to better unload product from farmers and load finished goods into barges. While no jobs were created with announcement, this commitment secures the current 205 jobs.
- Feralloy Corporation announced an \$8.75M investment to cut line upgrades, new anti-crane system, new coil grubber, conveyor upgrade and dock improvements. 9 jobs will be created from this investment.
- The City of Decatur has made a \$2M investment to gather data points as it relates to a second river bridge. The study conducted provided various route alternates. The next action steps will be for environmental analysis to occur.
- Governor Kay Ivey announced a \$30M workforce training center to focus on electric vehicles and new technologies in the automotive industry. This facility will be located at the Alabama Robotics Technology Park.
- The Alabama Port Authority announced the expansion of an inland port in Decatur, Alabama. In a partnership with CSX, the port will complete rail connectivity from intermodal container transfer facility at the Port of Mobile. This will connect the state's southern port to the central/northern parts of the state. It is noted, \$100 billion of statewide economic impact in a calendar year is created from the Port of Mobile and Forbes has named them the second fastest growing port of entry in all of the United States.

In addition to the industrial expansion, the City continues to see retail establishments locate into Decatur. Residential areas are also seeing expansion in correlation to the increased demand for housing. Some of the more notable items that occurred in 2023 are the following:

- Construction continues in the Foxwood Subdivision which will bring 160 garden/mid-size homes
- The City entered into a contract to sell downtown parcels of land to Riverloft Apartments who plan to bring 100 Class A apartment units, along with retail real estate to the City's downtown district.
- Rausch Coleman Builders announced the addition of 250 homes in Phase 1 and an additional 200 mid-size/town home style living quarters to the western boundary of our City.
- Legacy Cove continues to see activity as it relates to their 15 river view estate properties
- 18 townhomes were completed in the downtown bank street district. The 1st development of its kind in Decatur; 2-3 bedroom, modern, spacious, updated living units.
- Announcement of City Harbor along the Tennessee River was made. A \$30M investment that will bring shops, restaurants, lodging and entertainment to the City's riverfront.
- Decatur's 2nd Avenue downtown also so an influx of development, welcoming the first downtown hotel in Fairfield Inn and Suites, a multi-story parking garage and the Alabama Center of Arts student dormitory (3 story – 49 apartments)
- Wilson Morgan Park Recreation center and Sportsplex entered the design stage of the projects
- Some exciting new business establishments welcomed to the City in 2023 are 7 Brew Coffee (Coffee), Dutch Brothers (Coffee), Wing Stop (Restaurant), Just Wing It (Restaurant), Tropical Smoothie (Restaurant), Shine Time (Car Wash), Tidal Wave (Car Wash).

Overall revenues continue their historical increasing trend and City management continues to support a conscientious effort to provide quality of life attractions and services to our City. These overwhelming factors position the City of Decatur favorably for growth.

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, 2022. This was the thirty first 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 annual comprehensive 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, Darrell Wates and Associates, PC, Certified Public Accountants. 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,

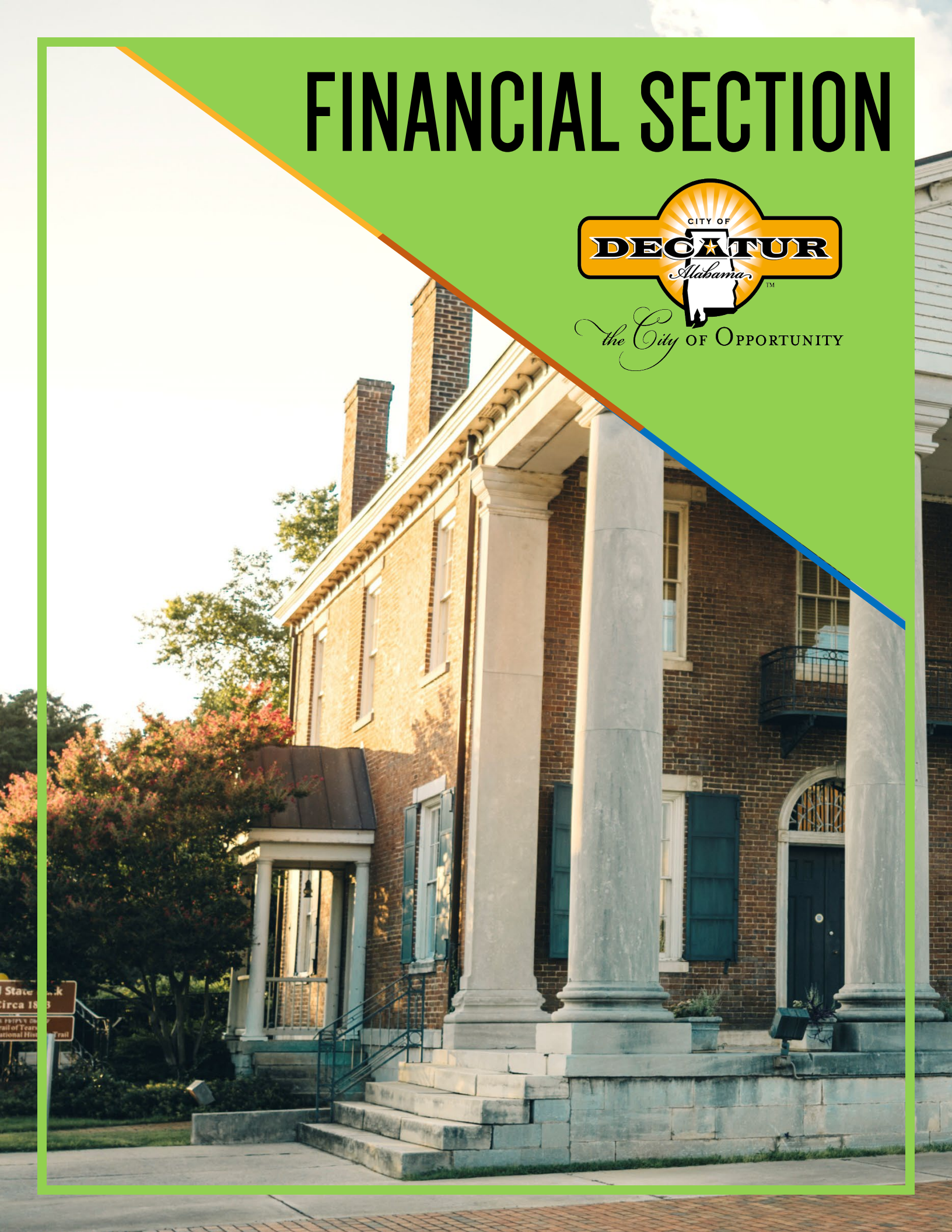


Kyle Demeester
Chief Financial Officer
City of Decatur

FINANCIAL SECTION



the City OF OPPORTUNITY





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Decatur, Alabama's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund and School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 represents 100 percent of the assets, net position, and revenues of the discretely presented component units as of September 30, 2023, The Utilities Board represents 97.68 percent, 89.77 percent, and 92.68 percent, respectively, of the assets, net position and revenues of the Business-Type Activities and proprietary funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Board of Education and Utilities Board are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 4, the pension information starting on page 98, and the other post-employment information starting on page 102 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the combining and individual nonmajor fund financial statements and budget to actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024, 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 solely 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 the effectiveness of the City of Decatur, Alabama's 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 City of Decatur, Alabama's internal control over financial reporting and compliance.

Darrell W. Wates, CPA, PC

Decatur, Alabama
May 31, 2024

Management's Discussion and Analysis

September 30, 2023

(Unaudited)

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, 2023. 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.

2023 Highlights

Financial Highlights

- The assets and deferred outflows of resources of City of Decatur exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$347.4 million (net position).
- The City's governmental activities total net position increased \$33.1 million while the business-type activities net position increased by \$12.1 million.
- As of the close of fiscal year 2023, the City's governmental fund revenues exceed expenditures by \$33.6 million, an increase of \$5.2 million from the prior year.
- At the end of the fiscal year 2023, for General Fund, the total fund balance was \$55.6 million with \$376 thousand non-spendable, \$1,588 restricted, \$29.5 million committed and \$25.7 million unassigned.
- The City's total assets increased by \$61.4 million while total long-term liabilities had a net increase of \$46.8 million.
- The City's policy is to maintain, at all times, a minimum reserve of 3 months (90 days) General Fund Operating Expenses. \$22.8 million of the \$29.5 million committed fund balance is related to this reserve.

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,

Management's Discussion and Analysis- Continued

and personnel board functions. The educational function relates to financial resources provided to the Decatur Board of Education for support of the city school system.

- Business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard. All of these activities are collectively referred to in the financial statements as those of the primary government.
- Financial information of the Board of Education is referred to in the financial statements as that of the discretely-presented component unit. This discussion and analysis focuses on the primary government. Complete financial statements (including MD&A) of the component unit may be obtained from the Finance Department of the City.
- The government-wide financial statements can be found beginning on page 17 of this report.
- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision.

Fund Financial Statements

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. Funds of the City are divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The city maintains 18 individual governmental funds.

- The General Fund, School Fund and Capital Improvements Fund are considered to be major funds, and information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.

Management's Discussion and Analysis- Continued

- The 15 other governmental funds are considered to be non-major governmental funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found beginning on page 25 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 the Municipal Utilities Board Fund. For reporting years prior to FY23, the City reported Point Mallard as an enterprise fund. Upon re-evaluation, the City found that the fund no longer met the reporting requirements of an enterprise fund thus noting it being reported as part of governmental funds for the FY23 reporting years and forward.

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 enterprise activity is considered to be a non-major proprietary fund, and it is stated separately in the basic financial statements.

The basic proprietary fund financial statements can be found beginning on page 30 of this report.

Fiduciary Fund

A Fiduciary fund is used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City of Decatur's own programs. The City maintains only one fiduciary fund related to the trust for the Other Post-Employment Benefit Plan of the Municipal Utilities Board. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 35 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 page 38 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 117 of this report.

Management's Discussion and Analysis- Continued

Government-wide Overall Financial Analysis

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

The City's combined net position was approximately \$347.4 million as of September 30, 2023. Analyzing net position of governmental and business-type activities separately, the governmental activities had a balance of approximately \$28.9 million and the business-type activities net position was \$318.4 million. This analysis focuses on the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position (Table 1), and changes in revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1

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,
	2023	2022 *		2023	2022 *		2023	2022
Assets								
Current and other asset	\$ 184,897,001	\$ 148,382,505	\$ 36,514,496	\$ 279,325,405	\$ 289,900,430	\$ (10,575,025)	\$ 464,222,406	\$ 438,282,935
Capital and Right to use leased assets	123,080,029	107,842,699	15,237,330	332,380,410	312,075,301	20,305,109	455,460,439	419,918,000
Total assets	307,977,030	256,225,204	51,751,826	611,705,815	601,975,731	9,730,084	919,682,845	858,200,935
Deferred outflows of Resources								
Losses on debt refundings	701,357	795,223	(93,866)	1,909,543	2,103,735	(194,192)	2,610,900	2,898,958
OPEB Contributions	7,319,129	13,124,003	(5,804,874)	6,372,666	8,273,036	(1,900,370)	13,691,795	21,397,039
Pension contributions subsequent to measurement date	24,150,277	13,116,622	11,033,655	11,684,759	5,900,151	5,784,608	35,835,036	19,016,773
Total deferred outflows of resources	32,170,763	27,035,848	5,134,915	19,966,968	16,276,922	3,690,046	52,137,731	43,312,770
Liabilities								
Long-term liabilities outstanding	228,795,732	188,832,166	39,963,566	264,238,538	257,392,508	6,846,030	493,034,270	446,224,674
Other liabilities	62,507,687	63,840,383	(1,332,696)	40,729,613	39,351,754	1,377,859	103,237,300	103,192,137
Total liabilities	291,303,419	252,672,549	38,630,870	304,968,151	296,744,262	8,223,889	596,271,570	549,416,811
DEFERRED INFLOWS OF RESOURCES								
Lease related	1,589,422	1,783,655	(194,233)	-	-	-	1,589,422	1,783,655
Excess of actual earnings over projected earnings on OPEB plan investments	18,312,988	25,238,571	(6,925,583)	6,216,194	9,067,223	(2,851,029)	24,529,182	34,305,794
Excess of actual earnings over projected earnings on pension plan investments	16,010	7,811,155	(7,795,145)	1,990,334	6,072,035	(4,081,701)	2,006,344	13,883,190
Total deferred inflows of resources	19,918,420	34,833,381	(14,914,961)	8,206,528	15,139,258	(6,932,730)	28,124,948	49,972,639
Net position								
Net investment in capital assets	83,548,310	72,186,170	11,362,140	271,483,592	256,908,200	14,575,392	355,031,902	329,094,370
Restricted:								
Debt service	-	-	-	21,154,775	19,744,950	1,409,825	21,154,775	19,744,950
Capital Improvements	148,573	258,882	(110,309)	-	-	-	148,573	258,882
Other	6,464,779	6,276,086	188,693	-	-	-	6,464,779	6,276,086
Unrestricted (deficit)	(61,235,708)	(82,966,016)	21,730,308	25,859,737	29,715,983	(3,856,246)	(35,375,971)	(53,250,033)
Total net position	\$ 28,925,954	\$ (4,244,878)	\$ 33,170,832	\$ 318,498,104	\$ 306,369,133	\$ 12,128,971	\$ 347,424,058	\$ 302,124,255

*: Pt. Mallard amounts have been reclassified from Business-Type Activities to Governmental Activities for comparison to 2023 presentation.

Management's Discussion and Analysis- Continued

	Governmental Activities			Business-Type Activities			Total
	September 30, 2022	Pt Mallard 2022	Reclassified 2022	September 30, 2022	Pt Mallard 2022	Reclassified 2022	September 30, 2022
Assets							
Current and other asset	\$ 147,699,766	\$ 682,739	\$ 148,382,505	\$ 290,583,169	\$ (682,739)	\$ 289,900,430	\$ 438,282,935
Capital and Right to use leased assets	104,390,737	3,451,962	107,842,699	315,527,263	(3,451,962)	312,075,301	419,918,000
Total assets	252,090,503	4,134,701	256,225,204	606,110,432	(4,134,701)	601,975,731	858,200,935
Deferred outflows of Resources							
Losses on debt refundings	795,223	-	795,223	2,103,735	-	2,103,735	2,898,958
OPEB Contributions	12,772,291	351,712	13,124,003	8,624,748	(351,712)	8,273,036	21,397,039
Pension contributions subsequent to measurement date	12,891,890	224,732	13,116,622	6,124,883	(224,732)	5,900,151	19,016,773
Total deferred outflows of resources	26,459,404	576,444	27,035,848	16,853,366	(576,444)	16,276,922	43,312,770
Liabilities							
Long-term liabilities outstanding	185,620,941	3,211,225	188,832,166	260,603,733	(3,211,225)	257,392,508	446,224,674
Other liabilities	63,655,618	184,765	63,840,383	39,536,519	(184,765)	39,351,754	103,192,137
Total liabilities	249,276,559	3,395,990	252,672,549	300,140,252	(3,395,990)	296,744,262	549,416,811
DEFERRED INFLOWS OF RESOURCES							
Lease related	1,783,655	-	1,783,655	-	-	-	1,783,655
Excess of actual earnings over projected earnings on OPEB plan investments	24,573,140	665,431	25,238,571	9,732,654	(665,431)	9,067,223	34,305,794
Excess of actual earnings over projected earnings on pension plan investments	7,657,223	153,932	7,811,155	6,225,967	(153,932)	6,072,035	13,883,190
Total deferred inflows of resources	34,014,018	819,363	34,833,381	15,958,621	(819,363)	15,139,258	49,972,639
Net position							
Net investment in capital assets	68,734,208	3,451,962	72,186,170	260,360,162	(3,451,962)	256,908,200	329,094,370
Restricted:							
Debt service	-	-	-	19,744,950	-	19,744,950	19,744,950
Capital Improvements	258,882	-	258,882	-	-	-	258,882
Other	6,276,086	-	6,276,086	-	-	-	6,276,086
Unrestricted (deficit)	(80,009,846)	(2,956,170)	(82,966,016)	26,759,813	2,956,170	29,715,983	(53,250,033)
Total net position	\$ (4,740,670)	\$ 495,792	\$ (4,244,878)	\$ 306,864,925	\$ (495,792)	\$ 306,369,133	\$ 302,124,255

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, construction in progress, 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). Net position from governmental activities increased \$33.1 million in fiscal year 2023. This increase can be attributed to a strong local

Management's Discussion and Analysis- Continued

economy and conservative budgeting. A significant portion (\$17.7 million), however, is attributable to a reduction in Other Post-Employment Benefit liability which decreased due to (a) a large increase in the discount rate utilized in the actuarial valuation related to an increase in the overall market, (b) a switch by the City from an absolute dollar amount paid by the City to a percentage which lowered the City's overall expense, and (c) a change in the insurance company servicing retiree insurance.

For governmental activities, unrestricted net position increased by \$18.4 million during the 2023 fiscal year. At the close of fiscal year 2023, governmental activities reflected a deficit unrestricted net position of \$61.2 million. This deficit is due primarily to long-term liabilities for bonds, compensated absences, net pension liability and other postemployment benefits. The deficit is partially offset by \$6.6 million in restricted net position and \$83.5 million in net investment in capital assets. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets.

Long-term liabilities for governmental activities increased \$39.9 million due primarily to the issuance of \$32.7 million in additional general obligation warrants along with an increase in pension liability. The net pension liability increased due to normal increases in employees and the length of service by employees in the plan as well as an overall reduction of the plan's assets due to losses incurred in the Retirement Systems of Alabama. This was offset by a decrease in OPEB liability as discussed in detail above.

The business-type activities long-term liabilities increased \$6.8 million due primarily to an increase in pension liability and landfill closure/post closure costs as it relates to the closing of cell 15. A \$12 million increase in pension liability for Landfill and Municipal Utilities Board that was offset by reduction in MUB's debt service and reductions in OPEB liability for both entities.

At the close of fiscal year 2023, the City's business-type activities reported a surplus unrestricted net position of \$25.9 million, a decrease of \$3.9 million from the prior year. This decrease is primarily due to prior year receipt of extraordinary income for reimbursement of past expense related to polyfluoroalkyl (PFAS) disposal.

Table 2 provides a summary of the City's operations for the fiscal year ended September 30, 2023, with comparative totals for the fiscal year ended September 30, 2023.

Management's Discussion and Analysis- Continued

Table 2

City of Decatur's Changes in Net Position							
	Governmental Activities			Business Type Activities			Total
	September 30, 2023	September 30, 2022 *	Change	September 30, 2023	September 30, 2022 *	Change	September 30, 2023
REVENUES							
Program revenues:							
Charges for services	\$ 24,589,721	\$ 21,390,541	\$ 3,199,180	\$ 161,653,900	\$ 172,050,067	\$ (10,396,167)	\$ 186,243,621
Operating grants and contributions	2,466,165	2,700,754	(234,589)	-	-	-	2,466,165
Capital grants and contributions	9,577,769	7,159,412	2,418,357	1,536,415	730,767	805,648	11,114,184
General revenues							
Sales taxes	65,363,192	61,120,053	4,243,139	-	-	-	65,363,192
Property taxes and payments in lieu of taxes	23,492,401	21,772,067	1,720,334	-	-	-	23,492,401
Other taxes	12,995,042	12,494,430	500,612	-	-	-	12,995,042
Interest on investments	3,324,831	(998,910)	4,323,741	6,571,087	2,061,311	-	9,895,918
Other revenue	22,921	580,212	(557,291)	17,336	95,584	(78,248)	40,257
Total revenues	141,832,042	126,218,559	15,613,483	169,778,738	174,937,729	(9,668,767)	311,610,780
EXPENSES							
General government	7,136,978	9,041,026	(1,904,048)	-	-	-	7,136,978
Public safety	30,843,325	28,248,293	2,595,032	-	-	-	30,843,325
Public works	12,294,056	10,238,921	2,055,135	-	-	-	12,294,056
Public services	17,890,148	16,751,888	1,138,260	-	-	-	17,890,148
Educational assistance	29,644,755	27,631,709	2,013,046	-	-	-	29,644,755
Community service contracts	5,484,151	3,393,276	2,090,875	-	-	-	5,484,151
Community development	1,783,146	2,420,240	(637,094)	-	-	-	1,783,146
Interest on long-term debt	1,754,576	1,169,828	584,748	-	-	-	1,754,576
Unallocated depreciation	1,160,152	1,480,489	(320,337)	-	-	-	1,160,152
Municipal Utilities Board	-	-	-	150,727,657	152,877,786	(2,150,129)	150,727,657
Point Mallard	-	-	-	-	-	-	-
Sanitary Landfill	-	-	-	7,592,032	5,769,116	1,822,916	7,592,032
Total expenses	107,991,287	100,375,670	7,615,617	158,319,689	158,646,902	(327,213)	266,310,976
Increase (decrease) in net position before transfer	33,840,755	25,842,889	7,997,866	11,459,049	16,290,827	(4,831,778)	45,299,804
Extraordinary item	-	1,605,911	(1,605,911)	-	9,272,861	(9,272,861)	-
Transfers	(174,131)	1,014,374	(1,188,505)	174,131	(1,014,374)	1,188,505	-
Increase (decrease) in net position	33,666,624	28,463,174	5,203,450	11,633,180	24,549,314	(12,916,134)	45,299,804
Net position - beginning of year, as restated	(4,740,670)	(32,708,052)	27,967,382	306,864,924	281,819,819	25,045,105	302,124,254
Net position - end of year	\$ 28,925,954	\$ (4,244,878)	\$ 33,170,832	\$ 318,498,104	\$ 306,369,133	\$ 12,128,971	\$ 347,424,058

*: Pt. Mallard amounts have been redassed from Business-Type Activities to Governmental Activities for comparison to 2023 presentation.

Management's Discussion and Analysis- Continued

	Governmental Activities			Business Type Activities			Total
	September 30, 2022	Pt Mallard 2022	Reclassified 2022	September 30, 2022	Pt Mallard 2022	Reclassified 2022	September 30, 2022
REVENUES							
Program revenues:							
Charges for services	\$ 16,246,138	\$ 5,144,403	\$ 21,390,541	\$ 177,194,470	\$ (5,144,403)	\$ 172,050,067	\$ 193,440,608
Operating grants and contributions	2,700,754	-	2,700,754	-	-	-	2,700,754
Capital grants and contributions	7,159,412	-	7,159,412	730,767	-	730,767	7,890,179
General revenues			-			-	
Sales taxes	61,120,053	-	61,120,053	-	-	-	61,120,053
Property taxes and payemnts in lieu of taxes	21,772,067	-	21,772,067	-	-	-	21,772,067
Other taxes	12,494,430	-	12,494,430	-	-	-	12,494,430
Interest on investments	(998,910)	-	(998,910)	2,061,311	-	2,061,311	1,062,401
Other revenue	579,096	1,116	580,212	96,700	(1,116)	95,584	675,796
Total revenues	121,073,040	5,145,519	126,218,559	180,083,248	(5,145,519)	174,937,729	301,156,288
EXPENSES							
General government	9,041,026	-	9,041,026	-	-	-	9,041,026
Public safety	28,248,293	-	28,248,293	-	-	-	28,248,293
Public works	10,238,921	-	10,238,921	-	-	-	10,238,921
Public services	11,268,150	5,483,738	16,751,888	-	-	-	16,751,888
Educational assistance	27,631,709	-	27,631,709	-	-	-	27,631,709
Community service contracts	3,393,276	-	3,393,276	-	-	-	3,393,276
Community development	2,420,240	-	2,420,240	-	-	-	2,420,240
Interest on long-term debt	1,169,828	-	1,169,828	-	-	-	1,169,828
Unallocated depreciation	1,480,489	-	1,480,489	-	-	-	1,480,489
Municipal Utilities Board	-	-	-	152,877,786	-	152,877,786	152,877,786
Point Mallard	-	-	-	5,483,738	(5,483,738)	-	-
Sanitary Landfill	-	-	-	5,769,116	-	5,769,116	5,769,116
Total expenses	94,891,932	5,483,738	100,375,670	164,130,640	(5,483,738)	158,646,902	259,022,572
Increase (decrease) in net position before transfer	26,181,108	(338,219)	25,842,889	15,952,608	338,219	16,290,827	42,133,716
Extraordinary item	1,605,911	-	1,605,911	9,272,861	-	9,272,861	10,878,772
Transfers	1,014,611	(237)	1,014,374	(1,014,611)	237	(1,014,374)	-
Increase (decrease) in net position	28,801,630	(338,456)	28,463,174	24,210,858	338,456	24,549,314	53,012,488
Net position - beginning of year, as restated	(33,542,300)	834,248	(32,708,052)	282,654,067	(834,248)	281,819,819	249,111,767
Net position - end of year	\$ (4,740,670)	\$ 495,792	\$ (4,244,878)	\$ 306,864,925	\$ (495,792)	\$ 306,369,133	\$ 302,124,255

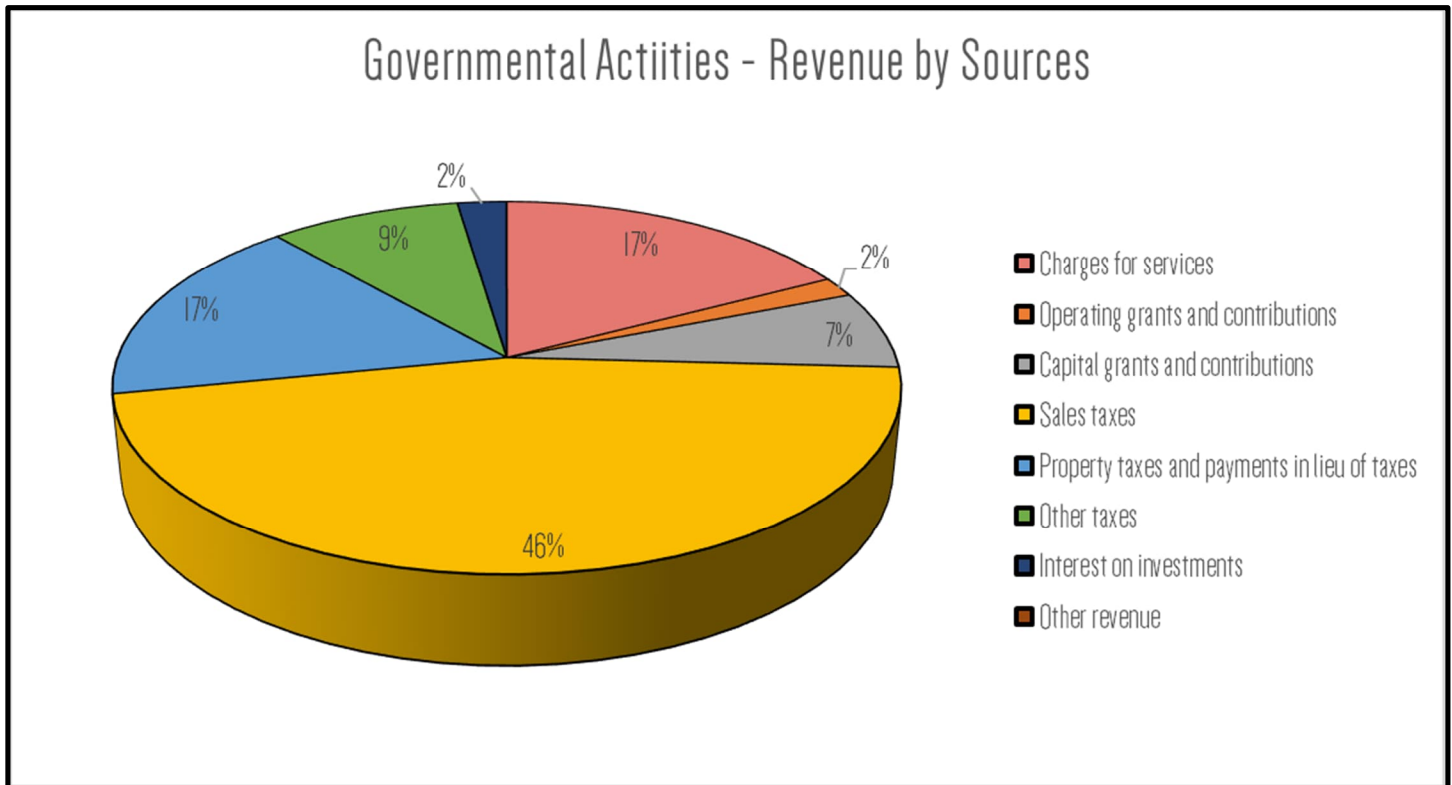
Management's Discussion and Analysis- Continued

Governmental Activities

The governmental activities net position increased \$33.1 million during fiscal year 2023. Total revenues, extraordinary items and transfers increased \$12.8 million, or 9.9% percent from fiscal year 2022. Significant changes in revenue include the following:

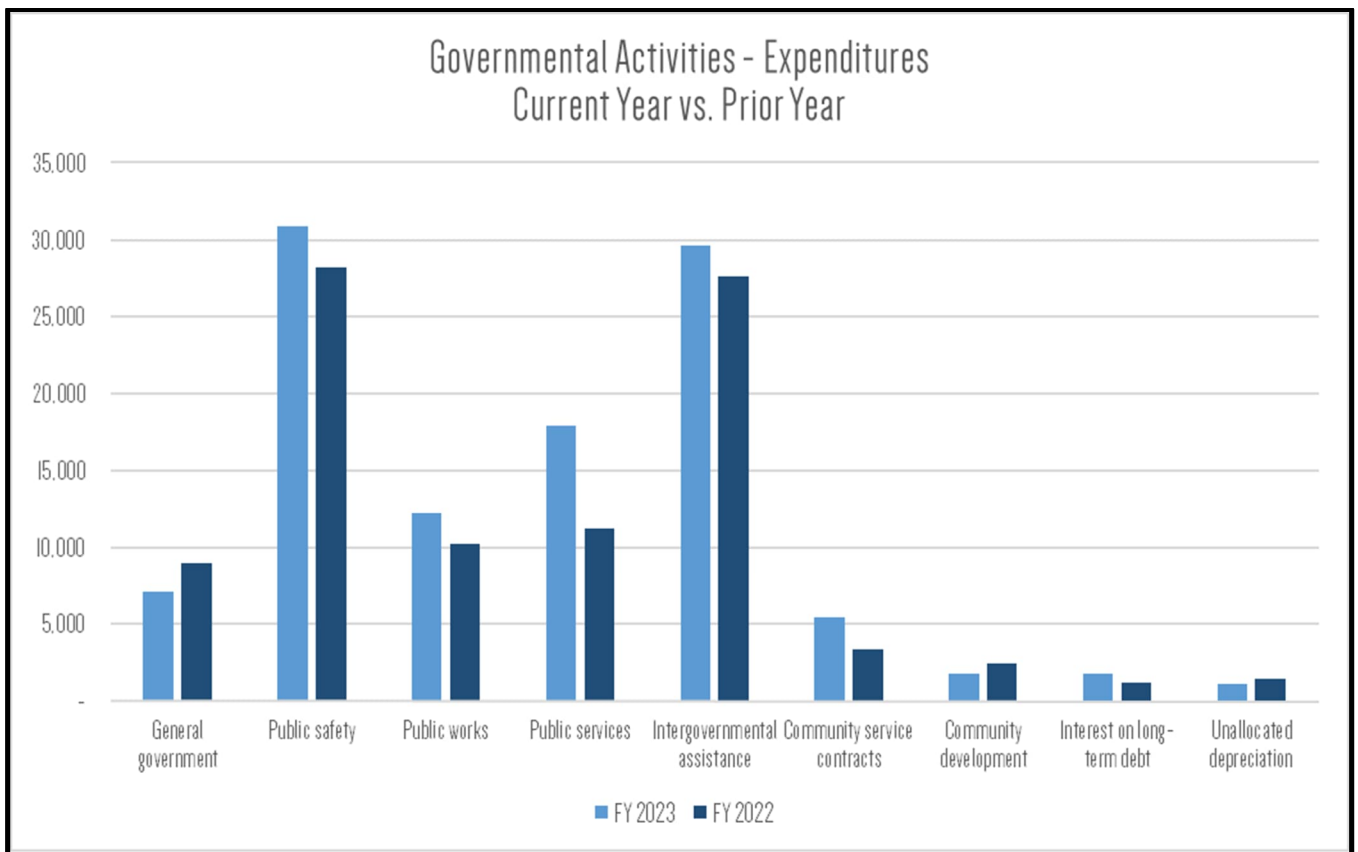
- Every revenue source other than operating grants and contributions experienced increases from the prior fiscal year with sales taxes and interest on investments showing the largest shifts. Interest on investments revenue experienced a \$4.3 million increase due to the investment of bond proceeds and the negotiation of better investment rates with financial institution where operations cash is deposited.
- Property taxes and payments in lieu of tax revenues increased \$1.7 million (7.9%) due to an increase in the certified property tax values.
- Sales tax revenue increased \$4.2 million (6.9%) due to inflationary effects on consumer spending. In addition, prioritization of essential goods and services as it relates to disposable income spending became important and the general segment of goods and services sold in the City could be deemed as essential.
- Operating grants and contributions continue to decrease with a \$234 thousand difference due primarily to the decline in Housing and Urban Development's CDBG revenues received in prior year related to COVID-19 response.
- Capital grants and contributions increased by \$2.4 million due to the continuing effort to improve infrastructure utilizing transportation grants as well as State and Local Fiscal Recovery Funds through the American Rescue Plan Act.

The following shows the breakdown of the General Revenues of Governmental Activities:



Management's Discussion and Analysis- Continued

- Total governmental activities expenses increased \$7.6 million (7.5%) from fiscal year 2022 which is primarily attributable to public safety, community development and educational assistance increases.
- General government expenses decreased \$1.9 million primarily due to the reduction in OPEB liability. The City discontinued the practice of paying other post-employment benefits for City personnel beginning service after October 2009. As a result, the expected long-term liability resulting from the OPEB benefits has steadily decreased and is expected to continue in this manner as no additional retirees are added to the plan.
- Public works increased \$2 million due primarily to the expenditures related to a bridge feasibility study.
- Public service expenses (include cultural and recreational expenses) increased \$1.1 million primarily due to increases in contract services for beautification and increased staffing of parks and recreation facilities.
- Public safety expenses increased \$2.6 million (9.2%) due mostly to Personnel Board recommended market-based adjustments in in salaries and wages along with a decrease in vacant budgeted positions, specifically in Police and Fire departments.
- Educational assistance expenses increased by \$2 million (7.3%) due to the increase in tax revenues shared with the school system.
- Community service contracts increased \$2 million over the prior year increasing the City's commitment to tourism, transportation and organizations that attract professionals to move to the City via appropriations.
- Interest on long-term debt increased \$584 thousand (50%) primarily due to interest payments on newly issued debt.



Business-Type Activities

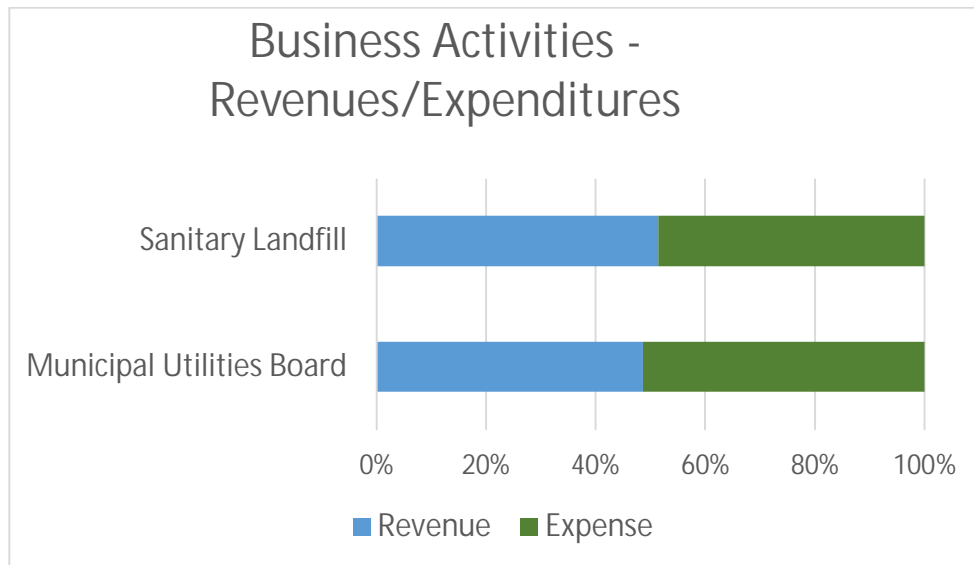
The business-type activities total net position increased \$12.1 million from the prior fiscal year.

Revenues

- Total revenues decreased by \$9.6 million primarily due to an \$11 million decrease in charges for services of Municipal Utilities Board discussed below.
- Electric System operating revenues decreased by \$6.1 million (5.98%) due to fluctuations in usage and purchase power component of rates during the current year.
- Gas System operating revenues decreased \$6.7 million (31.77%) due to lower purchased gas component of rates and sales volumes being below prior year.
- Operating revenues for the Water System increased by \$449 thousand (2.79%) as a result of rate adjustments.
- Operating revenues for the Wastewater System increased \$1.19 million (4.86%) due to increased rates and sales volumes.
- Sanitary Landfill operating revenues increased \$807 thousand from prior year due to primarily to dumping rate increases.

Expenditures

- Total operating expenditures decreased by \$327 thousand.
- OPEB liability decreased and pension liability increased for both entities which is discussed in detail in Notes 5D & 5E.
- For Electric System, there was a \$4.96 million (5.8%) decrease from the prior year in purchased power cost. Other operating expenses increased \$3 million (27.4%) over prior year. Net position increased 1.08% from the prior year.
- Gas System saw a \$5.5 million (34.38%) decrease in purchased gas cost and an increase of \$692 thousand in other operating expense. Net position decreased 1.61% from the prior year.
- In addition to the increases in usage in Water System, treatment expense increased by \$763 thousand (12.28%) driven by increases in chemical costs. Other operating expense increased \$1.2 million relating to pension liability increase. Net position increased 0.48% from the prior year.
- For Wastewater System, treatment expense increased \$418 thousand (10.95%) and other operating expense increased \$1.1 million. Net position increased 7.66% over the prior year.
- Sanitary Landfill saw an overall increase in operating expense of \$1.8 million from prior year primarily due to expenses related to cell closure and post closure maintenance. Net position increased \$1.85 million



Financial Analysis of Governmental 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, 2023 were \$118.5 million, an increase of \$39.2 million from the prior year. This increase can primarily be attributed to a \$34.2 million in committed fund balance, specifically the Capital Improvements Fund. The City participated in a \$35 million general obligation issuance for the construction of new recreational facilities at Wilson Morgan Park, Point Mallard and property adjacent to Austin High School. A state of the art recreation facility, softball/baseball fields and pickle ball/tennis courts will be constructed from this funding source.

Of this amount, \$25.4 million constitutes unassigned and \$87.1 million is committed fund balance, which is generally available for spending at the City's discretion, although it is subject to certain commitments made by resolution of the City Council.

Analysis of Individual Funds

The City has 3 major funds: General Fund, School Fund and Capital Improvements Fund.

The General Fund is the chief operating fund of the City. Fund balance of the General Fund increased \$2.8 million over the prior fiscal year for an ending balance of \$55,552,925. Of this balance, \$25.6 million, or 46.2%, is unassigned, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted or committed to indicate that it is (1) not in spendable form \$376,296, (2) restricted for particular purposes, \$1,588 or (3) committed for particular purposes, \$25,661,788.

The School Fund has a zero fund balance as all funds are remitted directly to the Board of Education on a monthly basis. \$2.9 million was the amount due to the School Fund as of 9/30/23.

Capital Improvements Fund is the fund the City utilizes for capital asset acquisition, construction and improvements. It has an ending fund balance of \$54.8 million, all of which is labeled committed.

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.

General Fund Budgetary Highlights

Original Budget compared to final budget

Differences between the General Fund original budget and the final amended budget include a revision to both the projected revenues and expenditures. Original revenue estimates for 2024, prepared in the summer of 2023, assumed moderate growth in the local and national economies. Original budget for annual operating expenditures is prepared based upon revenue projections. A mid-year review is done based upon trends and departmental needs and revisions are made to the budget as needed.

Total General Fund Revenue was originally projected to grow by 10% over the FY 2022 forecast amounts, primarily in sales and use taxes revenue budget.

Management's Discussion and Analysis- Continued

Final budget compared to actual results

The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source	Estimated Revenues	Actual Revenues	Variance
Taxes and PILOTs	56,820,906	64,638,875	7,817,969
Licenses and permits	7,890,800	8,792,803	902,003
Charges for current services	11,246,018	11,827,364	581,346

The surpluses in the above revenue sources were caused by cautious optimism in the budgeting process due to the uncertainty of inflation's effect on revenues. Most notably in final budget to actual is the category taxes and payments in lieu of taxes, which includes sales and use taxes that are directly driven by inflation. Although an increase in the cost of consumer goods would lead to an increase in sales and use tax revenues, the concern was that consumer spending would be curbed by inflation.

The difference between final budget and actuals for revenues from charges for current services is largely due to recreation and driving school revenues outperforming original forecasts.

Capital Asset and Debt Administration

- The City's investment in capital assets for governmental and business-type activities as of September 30, 2023 totals \$453.9 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 \$34.5 million from fiscal year 2022.
- Capital assets used by governmental activities increased \$14.1 million primarily attributable to various infrastructure improvements in progress.
- Capital assets used for business-type activities increased by \$20.3 million primarily due to normal expansions of the utility systems within the Municipal Utilities Board Fund as well as Landfill improvements and upgraded equipment.
- The City's capital assets by type at December 31, 2023 and 2022 are shown in Table 3 below.

Management's Discussion and Analysis- Continued

Table 3

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,
	2023	2022 *		2023	2022 *		2023	2022
Land	\$ 18,347,201	\$ 18,096,825	\$ 250,376	\$ 4,350,093	\$ 4,363,722	\$ (13,629)	\$ 22,697,294	\$ 22,460,547
Land improvements	9,263,710	8,502,266	761,444	-	-	-	9,263,710	8,502,266
Buildings and improvements	21,417,553	23,391,503	(1,973,950)	8,259,927	8,536,702	(276,775)	29,677,480	31,928,205
Infrastructure	45,297,301	28,864,783	16,432,518	-	-	-	45,297,301	28,864,783
Construction in progress	15,830,360	18,211,904	(2,381,544)	34,084,626	21,003,761	13,080,865	49,914,986	39,215,665
Machinery and equipment	11,429,760	10,337,616	1,092,144	6,648,627	2,396,202	4,252,425	18,078,387	12,733,818
Utility plant-in-service	-	-	-	279,037,137	275,774,915	3,262,222	279,037,137	275,774,915
	<u>\$ 121,585,885</u>	<u>\$ 107,404,897</u>	<u>\$ 14,180,988</u>	<u>\$ 332,380,410</u>	<u>\$ 312,075,302</u>	<u>\$ 20,305,108</u>	<u>\$ 453,966,295</u>	<u>\$ 419,480,199</u>

*: Pt. Mallard amount have been reclassified from Business-Type Activities to Governmental Activities for comparison to 2023 presentation.

	Governmental Activities			Business-Type Activities			Total	
	September 30,	Pt Mallard	Reclassified	September 30,	Pt Mallard	Reclassified	September 30,	Check
	2022	2022	2022	2022	2022	2022	2022	
Land	\$ 17,841,894	\$ 254,931	\$ 18,096,825	\$ 4,618,653	\$ (254,931)	\$ 4,363,722	\$ 22,460,547	\$ -
Land improvements	8,502,266	-	8,502,266	-	-	-	8,502,266	-
Buildings and improvements	20,286,097	3,105,406	23,391,503	11,642,108	(3,105,406)	8,536,702	31,928,205	-
Infrastructure	28,864,783	-	28,864,783	-	-	-	28,864,783	-
Construction in progress	18,211,904	-	18,211,904	21,003,761	-	21,003,761	39,215,665	-
Machinery and equipment	10,245,992	91,624	10,337,616	2,487,826	(91,624)	2,396,202	12,733,818	-
Utility plant-in-service	-	-	-	275,774,915	-	275,774,915	275,774,915	-
	<u>\$ 103,952,936</u>	<u>\$ 3,451,961</u>	<u>\$ 107,404,897</u>	<u>\$ 315,527,263</u>	<u>\$ (3,451,961)</u>	<u>\$ 312,075,302</u>	<u>\$ 419,480,199</u>	<u>\$ -</u>

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

Major Capital Events during the Fiscal Year

- \$6.9 million was spent on property and rights of way acquisition, engineering and construction, for major road projects beneficial to the City's transportation needs and also promote residential and commercial growth.
- \$6.7 million was spent on construction of a new downtown parking deck.
- \$5 million was spent on construction of a new municipal solid waste disposal area at the Morgan County Regional Landfill.
- \$4.9 million was spent on heavy equipment for the Landfill and Recycling Departments.
- \$2.7 million was spent on heavy equipment and vehicles for the Sanitation Department, as part of the annual asset lifecycle program.
- \$441 thousand was spent on construction of a new softball complex.
- \$305 thousand was spent on renovations to the Fire & Police Department Training Center.
- \$256 thousand was spend on upgrades to heating and cooling systems at City Hall and other various City facilities.
- \$266 thousand was spent on enhancements and improvement of traffic flow for 6th Avenue, as part of the beginning stages in the 6th Avenue Rehabilitation and Beautification project.
- \$210 thousand was spent on heavy equipment and vehicles for the Parks and Recreation Department.
- \$191 thousand was spent on planning and design of a new recreation center at Wilson Morgan Park.

Management's Discussion and Analysis- Continued

Long-Term Debt

As of September 30, 2023, the City had \$283.6 million in long-term debt outstanding. Debt by type can be identified in Table 4. Of this amount, \$198.8 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt).

Governmental Activities

\$83.2 million is debt backed by the full faith and credit of the City. Long-term debt of the governmental activities increased by \$29.5 million due in large part to the issuance of additional general obligation warrants for recreational facility and infrastructure construction and improvements.

Business-Type Activities

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.

Table 4

City of Decatur's Outstanding Debt								
General Obligation and Revenue Debt								
	Governmental Activities			Business-Type Activities			Total	
	September 30, 2023	September 30, 2022	Change	September 30, 2023	September 30, 2022	Change	September 30, 2023	September 30, 2022
Governmental Activities								
General obligation warrants	\$ 83,270,000	\$ 54,770,000	\$ 28,500,000	\$ -	\$ -	\$ -	\$ 83,270,000	\$ 54,770,000
Revenue warrants	-	-	-	198,845,000	204,010,000	(5,165,000)	198,845,000	204,010,000
Lease obligations	1,490,275	452,428	1,037,847	-	-	-	1,490,275	452,428
	<u>\$ 84,760,275</u>	<u>\$ 55,222,428</u>	<u>\$ 29,537,847</u>	<u>\$ 198,845,000</u>	<u>\$ 204,010,000</u>	<u>\$ (5,165,000)</u>	<u>\$ 283,605,275</u>	<u>\$ 259,232,428</u>

Bond Ratings

The City's general obligation bond rating:

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

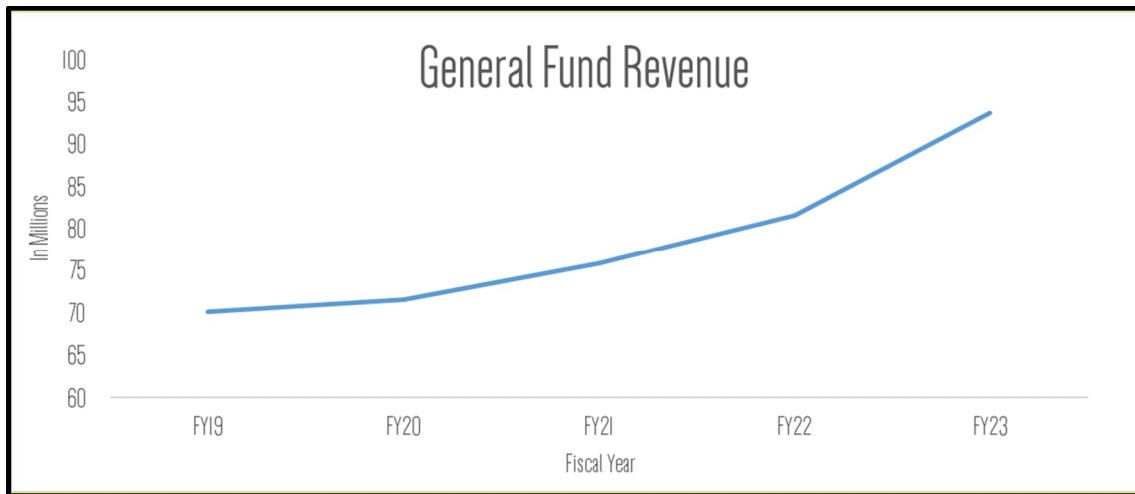
Moody's Investor Services, Inc. **Aa2**

Other than debt paid from proprietary fund revenue sources (e.g. revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2023, the City's allocable debt outstanding was \$88.2 million less than the legal debt limit. Additional information regarding the City's long-term debt and leases can be found in Notes 4D and 4E of the Notes to the Financial Statements.

Economic Factors and Next Year's Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2024 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. FY24's General Fund budget was prepared with an overall increase in revenues and expenditures of 14.2% from FY23's budget with FY23 being more conservative due to the concern of lingering inflation.

While projecting General Fund revenues, City management considered the fact that General Fund revenues have increased historically over the past 5 years and feel confident the trend will continue.



With the expansion of commercial and residential growth, City management believes revenues will meet budgetary goals. Real property in the City has not experienced decreases in taxable assessed value and no decrease is anticipated. Management also believes the segment of goods or services purchased in the City would be classified as essential, thus protecting a fluctuation in estimated revenues, although the national economic climate may portray otherwise.

Lodgings tax increased from 7% to 10% in FY23. In addition, an 80 room hotel opened in January 2024 with the new City parking deck slated to be complete in April 2024 bringing retail spaces for lease on the bottom floor and parking revenues.

With unemployment in the City remaining relatively unchanged for several years and a reported 2.8% rate as of February 2024, management is optimistic about consumer confidence and spending.

Department expenditures were level funded in operations to accommodate normal salary increases as well as current vacancies with active recruitment. The emerging competitive pay environment in North Alabama specifically, remained constant from last year. A cost analysis of workforce and how management can afford to maximize personnel costs resulted in a 3% market adjustment for the 2024 fiscal year, as well as specific labor groups uniquely adjusted for recruiting purposes.

Efforts to replace city vehicles and heavy equipment according to a life cycle method have been implemented and maintained in fiscal year 2024.

Budgeted expenditures are expected to meet goals as original budgets were forecasted with price inflation taken into consideration.

Management's Discussion and Analysis- Continued

With the City Council's concerted effort to improve facilities and infrastructure for the City's residents, there is also a focus on seeking and utilizing grants and other funding to help offset the cost of these capital projects therefore maximizing the potential of tax revenues.

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.decaturalabamusa.com.

BASIC FINANCIAL STATEMENTS



City of Decatur
Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
ASSETS				
Cash & investments, at cost	\$ 170,839,621	\$ 94,466,865	\$ 265,306,486	\$ 39,154,479
Receivables (net of allowances)				
Accounts	1,878,355	15,526,474	17,404,829	-
Taxes	6,592,551	-	6,592,551	-
Leases	1,674,126	-	1,674,126	-
Due from governmental entities	3,292,376	-	3,292,376	29,091,007
Inventories	126,500	3,475,431	3,601,931	318,236
Prepaid items	165,092	2,357	167,449	-
Other	317,126	188,919	506,045	-
Internal balances	11,254	(11,254)	-	-
Restricted assets				
Cash & investments, at cost	-	165,676,613	165,676,613	82,469,814
Capital assets				
Land and construction in process	34,177,561	38,434,719	72,612,280	23,451,063
Other assets, net of accumulated depreciation	87,408,324	293,945,691	381,354,015	152,171,623
Right to use leased assets, net of accumulated amortization	1,494,144	-	1,494,144	567,072
TOTAL ASSETS	307,977,030	611,705,815	919,682,845	327,223,294
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	701,357	1,909,543	2,610,900	-
OPEB contributions subsequent to measurement date	7,319,129	6,372,666	13,691,795	25,519,313
Pension contributions subsequent to measurement date	24,150,277	11,684,759	35,835,036	47,499,969
TOTAL DEFERRED OUTFLOWS OF RESOURCES	32,170,763	19,966,968	52,137,731	73,019,282

City of Decatur
Statement of Net Position
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Decatur City Board of Education
LIABILITIES				
Accounts payable	4,236,280	13,562,184	17,798,464	1,697,113
Accrued liabilities	2,827,723	3,030,154	5,857,877	10,142,403
Contract retainages	354,526	-	354,526	-
Due to component units	2,960,034	-	2,960,034	-
Due to governmental entities	449,689	-	449,689	-
Customer deposits	574,665	12,393,792	12,968,457	-
Unearned revenue	51,104,770	11,743,483	62,848,253	29,507
Liabilities payable from restricted assets:				
Matured warrants payable	-	5,220,000	5,220,000	-
Noncurrent liabilities				
Due within one year	5,188,006	177,515	5,365,521	4,626,232
Due in more than one year	223,607,726	258,841,023	482,448,749	345,000,875
TOTAL LIABILITIES	291,303,419	304,968,151	596,271,570	361,496,130
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	19,550,000
Lease related	1,589,422	-	1,589,422	-
Net difference between projected and actual earnings on OPEB plan investments	18,312,988	6,216,194	24,529,182	62,320,947
Net difference between projected and actual earnings on pension plan investments	16,010	1,990,334	2,006,344	7,255,000
TOTAL DEFERRED INFLOWS OF RESOURCES	19,918,420	8,206,528	28,124,948	89,125,947
NET POSITION				
Net investment in capital assets	83,548,310	271,483,592	355,031,902	44,527,022
Restricted for:				
Debt service	-	21,154,775	21,154,775	91,619,716
Capital improvement	1,269,750	-	1,269,750	-
Opioid abatement	2,301,755	-	2,301,755	-
Law enforcement/corrections	1,375,979	-	1,375,979	-
Highways and streets	148,573	-	148,573	-
Special events	1,588	-	1,588	4,948,456
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	1,515,707	-	1,515,707	-
Unrestricted	(61,235,708)	25,859,737	(35,375,971)	(191,474,695)
TOTAL NET POSITION	\$ 28,925,954	\$ 318,498,104	\$ 347,424,058	\$ (50,379,501)

City of Decatur
Statement of Activities
For the Year Ended September 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET REVENUE (EXPENSE) & CHANGES IN NET ASSETS			COMPONENT UNITS
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT								
<i>GOVERNMENTAL ACTIVITIES</i>								
General government	\$ 7,136,978	\$ 7,986,655	\$ -	\$ 533,348	\$ 1,383,025	\$ -	\$ 1,383,025	\$ -
Public safety	30,843,325	5,326,132	125,491	10,000	(25,381,702)	-	(25,381,702)	-
Public works	12,294,056	5,342,629	1,147,415	9,264,937	3,460,925	-	3,460,925	-
Public services	17,890,148	5,934,305	32,929	202,026	(11,720,888)	-	(11,720,888)	-
Educational assistance	29,644,755	-	-	-	(29,644,755)	-	(29,644,755)	-
Community development	1,783,146	-	1,160,330	(432,542)	(1,055,358)	-	(1,055,358)	-
Community service contracts	5,484,151	-	-	-	(5,484,151)	-	(5,484,151)	-
Interest on long-term debt	1,754,576	-	-	-	(1,754,576)	-	(1,754,576)	-
Unallocated depreciation	1,160,152	-	-	-	(1,160,152)	-	(1,160,152)	-
<i>TOTAL GOVERNMENTAL ACTIVITIES</i>	<u>107,991,287</u>	<u>24,589,721</u>	<u>2,466,165</u>	<u>9,577,769</u>	<u>(71,357,632)</u>	<u>-</u>	<u>(71,357,632)</u>	<u>-</u>
<i>BUSINESS-TYPE ACTIVITIES</i>								
Municipal Utilities Board	150,727,657	153,020,556	-	1,505,894	-	3,798,793	3,798,793	-
Sanitary Landfill	7,592,032	8,633,344	-	30,521	-	1,071,833	1,071,833	-
<i>TOTAL BUSINESS-TYPE ACTIVITIES</i>	<u>158,319,689</u>	<u>161,653,900</u>	<u>-</u>	<u>1,536,415</u>	<u>-</u>	<u>4,870,626</u>	<u>4,870,626</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>266,310,976</u>	<u>186,243,621</u>	<u>2,466,165</u>	<u>11,114,184</u>	<u>(71,357,632)</u>	<u>4,870,626</u>	<u>(66,487,006)</u>	<u>-</u>
COMPONENT UNIT								
Decatur City Board of Education	146,443,195	8,589,063	78,933,452	9,058,569	-	-	-	(49,862,111)
TOTAL COMPONENT UNIT	<u>\$ 146,443,195</u>	<u>\$ 8,589,063</u>	<u>\$ 78,933,452</u>	<u>\$ 9,058,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,862,111)</u>
GENERAL REVENUES								
Sales & use taxes					65,363,192	-	65,363,192	26,725,717
Property taxes and payments in lieu of taxes					23,492,401	-	23,492,401	23,376,660
Other taxes					12,995,042	-	12,995,042	966,605
Interest on investments					3,324,831	6,571,087	9,895,918	2,113,405
Other					22,921	17,336	40,257	4,740,311
Transfers					(174,131)	174,131	-	-
TOTAL GENERAL REVENUES & TRANSFERS					<u>105,024,256</u>	<u>6,762,554</u>	<u>111,786,810</u>	<u>57,922,698</u>
CHANGE IN NET POSITION								
Net position, beginning					(4,740,670)	306,864,924	302,124,254	(58,440,088)
NET POSITION, ENDING					<u>\$ 28,925,954</u>	<u>\$ 318,498,104</u>	<u>\$ 347,424,058</u>	<u>\$ (50,379,501)</u>

The accompanying notes are an integral part of these financial statements.

City of Decatur
Governmental Funds
Balance Sheet
September 30, 2023

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash & investments	\$ 49,288,055	\$ 1,422,252	\$ 96,409,042	\$ 19,437,961	\$ 166,557,310
Cash with fiscal agents	3,629,228	-	-	653,083	4,282,311
Investments	-	-	-	-	-
Receivables (net of allowances)					
Accounts	762,136	528	49,355	1,066,336	1,878,355
Taxes	5,200,961	1,344,084	-	47,506	6,592,551
Leases	1,674,126	-	-	-	1,674,126
Due from other funds	826,700	22,756	-	62,132	911,588
Due from component units	-	-	-	-	-
Due from governmental entities	508,543	170,414	111,824	2,501,595	3,292,376
Deposits	71,405	-	228,717	17,004	317,126
Prepays	165,092	-	-	-	165,092
Inventories	126,500	-	-	-	126,500
Total assets	62,252,746	2,960,034	96,798,938	23,785,617	185,797,335
Deferred Outflows of Resources	-	-	-	-	-
Liabilities					
Accounts payable	1,924,318	-	767,638	1,544,324	4,236,280
Accrued liabilities	1,724,789	-	-	41,835	1,766,624
Contract retainages	-	-	354,526	-	354,526
Due to other funds	388,227	-	-	512,107	900,334
Due to component units	-	2,960,034	-	-	2,960,034
Due to governmental entities	19,912	-	122,612	307,165	449,689
Customer deposits	574,665	-	-	-	574,665
Other	-	-	-	-	-
Total liabilities	4,631,911	2,960,034	1,244,776	2,405,431	11,242,152
Deferred Inflows of Resources					
Unavailable revenue	478,488	-	40,732,903	13,244,882	54,456,273
Lease related	1,589,422	-	-	-	1,589,422
Total deferred inflows of resources	2,067,910	-	40,732,903	13,244,882	56,045,695
Fund balance					
Nonspendable	376,296	-	-	1,515,707	1,892,003
Restricted	1,588	-	-	4,120,497	4,122,085
Committed	29,513,253	-	54,821,259	2,761,289	87,095,801
Unassigned	25,661,788	-	-	(262,189)	25,399,599
Total fund balance	55,552,925	-	54,821,259	8,135,304	118,509,488
Total liabilities, deferred inflows and fund balance	\$ 62,252,746	\$ 2,960,034	\$ 96,798,938	\$ 23,785,617	\$ 185,797,335

City of Decatur
 Governmental Funds
 Reconciliation of the Balance Sheet to the Statement of Net Position
 September 30, 2023

Total fund balance per Governmental Funds Balances Sheet \$ 118,509,488

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

Capital assets and right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	123,080,029
Other long-term receivables are not available for current-period expenditures and, therefore, are deferred inflows in the funds.	3,351,503
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	(49,225,792)
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.	(72,371,688)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(94,417,586)</u>
Net position of governmental activities	<u>\$ 28,925,954</u>

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2023

	General Fund	School Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Sales & use taxes	\$ 49,824,198	\$ 15,538,994	\$ -	\$ -	\$ 65,363,192
Property taxes	4,988,470	12,072,072	-	-	17,060,542
Other taxes	9,826,207	1,670,016	-	548,088	12,044,311
Licenses & permits	8,792,804	-	-	-	8,792,804
Fines & forfeitures	822,928	-	-	633,577	1,456,505
Revenues from money & property	908,535	-	2,152,032	555,650	3,616,217
Charges for services	11,827,364	-	-	-	11,827,364
Intergovernmental	6,429,378	607,800	3,179,425	9,221,236	19,437,839
Gifts & donations	60,449	-	25,000	10,000	95,449
Other revenues	239,880	-	-	165,975	405,855
Total revenues	93,720,213	29,888,882	5,356,457	11,134,526	140,100,078
Expenditures					
Current					
General government	17,360,360	-	70,388	1,358,400	18,789,148
Public safety	29,216,352	-	176,933	408,090	29,801,375
Public works	11,203,159	-	10,411,341	2,968,843	24,583,343
Public services	17,211,282	-	1,417,969	467,415	19,096,666
Educational assistance	-	29,644,755	-	-	29,644,755
Community services contracts	4,990,024	244,127	-	250,000	5,484,151
Community development	480,065	-	-	4,891,068	5,371,133
Debt service					
Principal	3,526,874	-	-	1,015,885	4,542,759
Interest and fiscal charges	1,101,692	-	-	137,386	1,239,078
Debt issuance costs	-	-	389,968	-	389,968
Total expenditures	85,089,808	29,888,882	12,466,599	11,497,087	138,942,376
Excess (deficiency) of revenues over expenditures	8,630,405	-	(7,110,142)	(362,561)	1,157,702
Other Financing Sources (Uses)					
General obligation warrants issued	-	-	32,745,000	-	32,745,000
Premium on debt issued	-	-	2,652,253	-	2,652,253
Leases (as lessee)	1,335,604	-	-	-	1,335,604
Transfers in	553,086	-	5,049,241	3,420,254	9,022,581
Transfers (out)	(7,709,984)	-	-	(39,363)	(7,749,347)
Total other financing (uses) sources	(5,821,294)	-	40,446,494	3,380,891	38,006,091
Net change in fund balance	2,809,111	-	33,336,352	3,018,330	39,163,793
Fund balance, beginning	52,743,814	-	21,484,907	5,116,974	79,345,695
Fund balance, ending	\$ 55,552,925	\$ -	\$ 54,821,259	\$ 8,135,304	\$ 118,509,488

City of Decatur
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance of Governmental Funds
 to the Statement of Activities
 For the Year Ended September 30, 2023

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

Net change in fund balances - total governmental funds	\$ 39,163,793
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.	20,303,264
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.	(557,629)
Revenues in the statement of activities that do not provide current financial resources	(46,631)
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.	(32,127,833)
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>7,988,003</u>
Change In Net Position Of Governmental Activities	<u>\$ 34,722,967</u>

City of Decatur
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
For the Year Ended September 30, 2023

	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	\$ 56,820,906	\$ 56,820,906	\$ 64,638,875	\$ 7,817,969	\$ 26,737,822	\$ 27,737,822	\$ 29,888,882	\$ 2,151,060
Licenses and permits	7,890,800	7,890,800	8,792,804	902,004	-	-	-	-
Fines and forfeitures	435,800	435,800	822,928	387,128	-	-	-	-
Revenues from money and property	935,500	935,500	908,535	(26,965)	-	-	-	-
Charges for services	11,247,018	11,247,018	11,827,364	580,346	-	-	-	-
Intergovernmental	6,039,201	6,039,201	6,429,378	390,177	752,322	752,322	607,800	(144,522)
Gifts and donations	-	-	60,449	60,449	-	-	-	-
Other revenues	1,038,727	1,038,727	239,880	(798,847)	-	-	-	-
Total revenues	84,407,952	84,407,952	93,720,213	9,312,261	27,490,144	28,490,144	30,496,682	2,006,538
Expenditures								
Current								
General government	17,973,769	18,372,683	17,360,360	1,012,323	-	-	-	-
Public safety	30,753,567	31,497,614	29,216,352	2,281,262	-	-	-	-
Public works	9,303,273	14,297,076	11,203,159	3,093,917	-	-	-	-
Public services	15,243,584	18,505,706	17,211,282	1,294,424	-	-	-	-
Educational assistance	-	-	-	-	27,246,017	28,246,017	29,644,755	(1,398,738)
Community services contracts	3,709,458	4,877,615	4,990,024	(112,409)	244,127	244,127	244,127	-
Community development	685,433	685,433	480,065	205,368	-	-	-	-
Debt service								
Principal	3,478,952	3,607,060	3,526,874	80,186	-	-	-	-
Interest	1,113,974	1,130,515	1,101,692	28,823	-	-	-	-
Total expenditures	82,262,010	92,973,702	85,089,808	7,883,894	27,490,144	28,490,144	29,888,882	(1,398,738)
Excess of revenues over expenditures	2,145,942	(8,565,750)	8,630,405	17,196,155	-	-	607,800	(607,800)
Other Financing Sources (Uses)								
Leases (as lessee)	-	1,331,064	1,335,604	4,540	-	-	-	-
Transfers in	26,555	26,555	553,086	526,531	-	-	-	-
Transfers out	(2,393,840)	(8,026,922)	(7,709,984)	316,938	-	-	-	-
Total other financing sources (uses)	(2,367,285)	(6,669,303)	(5,821,294)	848,009	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(221,343)	(15,235,053)	2,809,111	18,044,164	-	-	607,800	(607,800)
Fund balance, beginning	52,743,814	52,743,814	52,743,814	-	-	-	-	-
Fund balance, ending	\$ 52,522,471	\$ 37,508,761	\$ 55,552,925	\$ 18,044,164	\$ -	\$ -	\$ 607,800	\$ (607,800)

The accompanying notes are an integral part of these financial statements.

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2023

	Municipal Utilities Board	Other Enterprise Funds	Totals
Assets			
Current assets			
Cash & cash equivalents	\$ 67,836,200	\$ 26,630,665	\$ 94,466,865
Receivables (net of allowance)			
Accounts	12,989,980	926,884	13,916,864
Other	1,609,610	-	1,609,610
Due from other funds	-	606,856	606,856
Prepaid items	-	2,357	2,357
Inventories, at cost	3,475,431	-	3,475,431
Other	188,919	-	188,919
Total current assets	86,100,140	28,166,762	114,266,902
Noncurrent assets			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	165,676,613	-	165,676,613
Capital assets:			
Land	3,058,294	1,291,799	4,350,093
Buildings	5,759,827	2,365,396	8,125,223
Improvements other than buildings	-	8,769,221	8,769,221
Furniture & equipment	-	11,392,062	11,392,062
Utility plant in service	496,399,192	-	496,399,192
Construction work in progress	27,776,132	6,308,494	34,084,626
Less accumulated depreciation	(217,362,054)	(13,377,953)	(230,740,007)
Total capital assets (net of accumulated depreciation)	315,631,391	16,749,019	332,380,410
TOTAL NONCURRENT ASSETS	481,308,004	16,749,019	498,057,023
Total assets	567,408,144	44,915,781	612,323,925
Deferred Outflows of Resources			
OPEB contribution	6,152,877	219,789	6,372,666
Pension contributions subsequent to measurement date	10,776,578	908,181	11,684,759
Deferred cost on refunding	1,909,543	-	1,909,543
Total deferred outflows of resources	18,838,998	1,127,970	19,966,968

City of Decatur
Proprietary Funds
Statement of Net Position
September 30, 2023

	Municipal Utilities Board	Other Enterprise Funds	Totals
Liabilities			
Current liabilities			
Accounts payable	11,670,188	1,891,996	13,562,184
Accrued liabilities	2,907,583	122,571	3,030,154
Compensated absences	114,635	12,880	127,515
Claims payable	-	50,000	50,000
Customer deposits	12,393,792	-	12,393,792
Revenue warrants payable - current	5,220,000	-	5,220,000
Deferred revenue	11,743,168	315	11,743,483
Due to other funds	618,110	-	618,110
Total current liabilities	44,667,476	2,077,762	46,745,238
Noncurrent liabilities			
Landfill closure and post-closure care costs	-	6,189,850	6,189,850
Revenue notes payable	199,332,321	-	199,332,321
Compensated absences	1,031,712	115,919	1,147,631
Claims payable	-	50,000	50,000
Net pension liability	28,058,074	2,692,283	30,750,357
Net other postemployment benefit liability	19,862,870	1,507,994	21,370,864
Total noncurrent liabilities	248,284,977	10,556,046	258,841,023
Total liabilities	292,952,453	12,633,808	305,586,261
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	5,579,426	636,768	6,216,194
Net difference between projected and actual earnings on pension plan investments	1,985,185	5,149	1,990,334
Total deferred inflows of resources	7,564,611	641,917	8,206,528
Net Position			
Net investment in capital assets	254,734,573	16,749,019	271,483,592
Restricted for debt service	21,154,775	-	21,154,775
Unrestricted	9,840,730	16,019,007	25,859,737
Total net position	\$ 285,730,078	\$ 32,768,026	\$ 318,498,104

City of Decatur
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2023

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating revenue			
Charges for services	\$ 153,020,556	\$ 8,633,344	\$ 161,653,900
 Total operating revenue	 153,020,556	 8,633,344	 161,653,900
Operating expenses			
Personnel, operations & maintenance	118,501,291	3,735,314	122,236,605
Closure and postclosure costs	-	1,963,708	1,963,708
Depreciation and amortization	14,374,398	1,258,084	15,632,482
Administrative costs	12,607,744	634,926	13,242,670
 Total operating expenses	 145,483,433	 7,592,032	 153,075,465
 Operating income (loss)	 7,537,123	 1,041,312	 8,578,435
Nonoperating revenue (expenses)			
Interest income	5,828,849	742,238	6,571,087
Interest expense	(5,244,224)	-	(5,244,224)
Intergovernmental grant income	-	30,521	30,521
Gain (loss) on disposition of assets	(20,501)	-	(20,501)
Miscellaneous revenue (expense)	-	37,837	37,837
 Total nonoperating revenue (expenses)	 564,124	 810,596	 1,374,720
 Income (loss) before contributions, transfers & special items	 8,101,247	 1,851,908	 9,953,155
Capital contributions	1,505,894	-	1,505,894
Special item	-	-	-
Transfers in	1,428,190	3,478,577	4,906,767
Transfers (out)	(765,713)	(3,966,923)	(4,732,636)
 Change in net position	 10,269,618	 1,363,562	 11,633,180
 Total net position, beginning	 275,460,460	 31,404,464	 306,864,924
 Total net position, ending	 \$ 285,730,078	 \$ 32,768,026	 \$ 318,498,104

City of Decatur
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2023

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating activities			
Receipts from customers and users	\$150,235,539	\$ 8,251,046	\$ 158,486,585
Payments to suppliers	(112,676,162)	(1,689,169)	(114,365,331)
Payments to employees	(15,669,262)	(1,937,267)	(17,606,529)
Non-operating cash payments	-	38,152	38,152
Net cash provided by operating activities	21,890,115	4,662,762	26,552,877
Noncapital financing activities			
Payments received from advances to other funds	-	131,202	131,202
Grant proceeds	-	30,521	30,521
Transfers in	1,428,190	7,446	1,435,636
Transfers (out)	(765,713)	(604,671)	(1,370,384)
Net cash provided by noncapital financing activities	662,477	(435,502)	226,975
Capital and related financing activities			
Acquisition and construction of capital assets	(25,882,535)	(10,055,058)	(35,937,593)
Proceeds from sale of capital assets	-	-	-
Proceeds from issuing warrants	-	-	-
Capital contributions	1,505,894	-	1,505,894
Principal payments on warrants	(5,165,000)	-	(5,165,000)
Interest paid on warrants	(5,289,034)	-	(5,289,034)
Extraordinary item	-	-	-
Net cash (used) by capital and related financing activities	(34,830,675)	(10,055,058)	(44,885,733)
Investing activities			
Decrease (increase) in restricted assets	9,723,944	-	9,723,944
Miscellaneous non-operating income	(18,940)	-	(18,940)
Interest received	5,827,238	742,238	6,569,476
Net cash provided (used) by investing activities	15,532,242	742,238	16,274,480
Net increase (decrease) in cash and cash equivalents	3,254,159	(5,085,560)	(1,831,401)
Cash and cash equivalents, beginning	64,582,041	31,716,225	96,298,266
Cash and cash equivalents, ending	\$ 67,836,200	\$ 26,630,665	\$ 94,466,865

City of Decatur
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2023

	Municipal Utilities Board	Other Enterprise Funds	Totals
Operating income (loss)	\$ 7,537,123	\$ 1,041,312	\$ 8,578,435
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	14,374,398	1,258,084	15,632,482
Landfill postclosure costs	-	1,650,074	1,650,074
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	1,227,799	(382,298)	845,501
Accounts payable	(1,895,084)	1,753,659	(141,425)
Claims payable	-	(50,000)	(50,000)
Inventory	(970,355)	-	(970,355)
Prepaid items	43,455	2,357	45,812
Due to (from) other funds	19,124	-	19,124
Accrued liabilities	-	35,381	35,381
Net pension liability	1,991,347	133,229	2,124,576
Net OPEB obligation	(1,484,683)	(817,188)	(2,301,871)
Customer deposits	72,643	-	72,643
Net cash provided by operating activities	<u>\$ 21,890,115</u>	<u>\$ 4,662,762</u>	<u>\$ 26,552,877</u>

City of Decatur
Municipal Utilities Board
Statement of Fiduciary Net Position – OPEB Plan
September 30, 2023

	Municipal Utilities Board
Assets	
Cash & cash equivalents	\$ 858,343
Miscellaneous accounts receivable	109,988
Investments	
Equity	7,729,518
Balanced	313,895
Fixed	1,216,805
Other exchange products	293,208
Total investments	<u>9,553,426</u>
Net position available for benefits	10,521,757
Liabilities	<u>-</u>
Net position restricted for pensions	<u>\$ 10,521,757</u>

City of Decatur
Municipal Utilities Board
Statement of Changes in Fiduciary Net Position – OPEB Plan
For the Year Ended September 30, 2023

	Municipal Utilities Board
Additions	
Contributions	
Employer	\$ 2,112,838
Investment income	
Interest and dividend income	278,604
Realized gains (losses)	(245,445)
Net appreciation (loss) in fair value of investments	735,567
Total investment income	<u>768,726</u>
Total additions	<u>2,881,564</u>
Deductions	
Benefit payments	1,033,512
Administrative expenses	41,656
Total deductions	<u>1,075,168</u>
Net change in fiduciary net position	1,806,396
Net position restricted for pensions	
Beginning of year	<u>8,715,361</u>
End of year	<u>\$ 10,521,757</u>

NOTES TO THE FINANCIAL STATEMENTS



City of Decatur
Notes to the Financial Statements

Table of Contents

Note 1 – Summary of Significant Accounting Policies	39
A. Reporting Entity	39
B. Government-wide and Fund Financial Statements	40
C. Measurement Focus, Basis of Accounting and Basis of Presentation	40
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	42
E. GASB Accounting Pronouncements	46
Note 2 – Reconciliation of Government-Wide and Fund Financial Statements	47
A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position 47	
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 47	
Note 3 - Stewardship, Compliance and Accountability	49
A. Budgetary Information	49
B. Excess of Expenditures over Appropriations	50
Note 4 – Detailed Notes on All Funds	51
A. Deposits and Investments	51
B. Capital Assets	55
C. Interfund Receivables, Payables and Transfers	58
D. Leases	59
E. Long-Term Debt	61
F. Conduit Debt Obligations	67
G. Fund Balance Constraints	68
H. Tax Equivalents	70
I. Closure and Postclosure Care Cost	70
Note 5 – Other Information	70
A. Contingent Liabilities and Commitments	70
B. Jointly Governed Organizations	72
C. Related Organizations	73
D. Pension Plans	73
E. Other Post-Employment Benefit Plans	88
F. Risk Financing Programs	103
G. Tax Abatements	104
H. Opioid Settlements	104
I. Subsequent Events	104

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The City of Decatur, Alabama (the “City”) was established in 1820, incorporated in 1826, and since October 1968 has been governed by an elected Mayor and five-member Council. The City is the County Seat of Morgan County.

The City complies with Accounting Principles Generally Accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The blended component unit, although a legally separate entity, is in substance part of the government's operations, and so data from this unit is combined with data of the primary government. The City has one component unit that meets the blended criteria. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. Each blended and discretely presented component unit has a September 30 year-end.

Primary Government

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

Note 1 – Summary of Significant Accounting Policies - Continued

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

Board of Education
302 Fourth Avenue Northeast
Decatur, Alabama 35601

Separate financial statements are not prepared for the Personnel Board.

B. Government-wide and Fund Financial Statements

Financial information of the City, the primary government, and the Board of Education, the City's component unit, is presented as follows:

- *Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- *Government-wide financial statements* consist of a statement of net position and a statement of activities.

These statements report all activities of the primary government and its component units. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges from services and are usually intended by management to be financially self-sustaining.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

- *Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental and proprietary funds.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the City are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 – Summary of Significant Accounting Policies - Continued

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

The following are the City's major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the government, except those accounted for in another fund.
- The *Capital Improvements Fund* 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 from debt issued and settlement income directly committed to capital projects
- 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 from bond proceeds and other sources which have been committed for future capital projects.
- The *Permanent Fund* accounts for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds:

- *Enterprise Funds* account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Note 1 – Summary of Significant Accounting Policies - Continued

Fiduciary Funds:

- *The Fiduciary Fund for the Municipal Utilities Board's defined benefit OPEB plan* accounts for the accumulation of resources for OPEB benefit payments to qualified employees.

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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 1 – Summary of Significant Accounting Policies - Continued

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, 2023, was \$670,008 due from Morgan County for various tax receivables, \$799,452 due from the State of Alabama through the Alabama Department of Transportation for reimbursement on various grant and other infrastructure projects, \$512,983 due from the Appalachian Regional Commission related to reimbursement on a bridge feasibility study, and \$975,560 due from the State of Alabama related to the City’s share of opioid litigation settlement funds.

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.

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 \$527,520.

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.

Note 1 – Summary of Significant Accounting Policies - Continued

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.

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 Sanitary Landfill, a nonmajor proprietary fund. All reimbursable leave is paid at the time of an employee's resignation or retirement.

Note 1 – Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources

The City has deferred outflows and deferred inflows of resources. The deferred outflows of resources are a consumption of net assets by the City that is applicable to a future reporting period and consists of the unamortized amounts for losses on debt refundings as well as pension contributions made subsequent to the measurement date for reporting of net pension liabilities. Deferred inflows of resources are an acquisition of net assets by the City that is applicable to a future reporting period and consists of unavailable revenue and net differences between projected and actual earnings on pension plan investments.

Net Position

Net position is classified and displayed in three components, as applicable:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at fiscal year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of net investment in capital assets.

Restricted - Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense/expenditure is incurred for purposes for which there are both restricted and unrestricted assets available, it is the City's policy to apply those expenses/expenditures to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted - All other assets that constitute the components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

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.

Note 1 – Summary of Significant Accounting Policies - Continued

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.

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 \$20 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.

E. GASB Accounting Pronouncements

Pronouncements effective for the 2023 Financial Statements:

The City plans to adopt GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for fiscal periods beginning after December 15, 2021, in fiscal 2023. There was no impact of this pronouncement to the City's financial statements.

In May 2020 the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This Statement is effective for fiscal periods beginning after June 15, 2022. There was no impact of this pronouncement to the City's financial statements.

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

The City plans to adopt GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62* required for fiscal years beginning after June 15, 2023, in fiscal 2025. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The City plans to adopt GASB Statement No. 101, *Compensated Absences* required for fiscal years beginning after December 15, 2023, in fiscal 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$94,417,586 difference are as follows:

Warrants Payable	\$ 87,355,112
Leases payable	1,490,276
Accrued interest payable	1,061,099
Compensated absences	3,647,097
Claims Payable	864,002
	<u>\$ 94,417,586</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 \$19,246,921 difference are as follows:

Capital outlay	\$ 23,563,382
Capital contributions	2,150,901
Depreciation expense on capital assets	(8,211,130)
Amortization expense on right to use leased assets	(280,003)
Transfers in of capital assets from Business-Type Activities	3,451,961
Transfers out of capital assets to Business-Type Activities	(1,428,190)
	<u>\$ 19,246,921</u>

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

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 \$32,127,833 difference are as follows:

Debt issued or incurred:	
General Obligation Refunding debt	\$ (32,745,000)
Lease obligations	(1,335,604)
Principal repayments:	
General obligation debt	4,245,000
Lease obligations	297,759
Deferral of premiums	(2,652,253)
Amortization of premium, discounts, and refunding loss	62,265
	<u>\$ (32,127,833)</u>

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 \$7,988,003 difference is as follows:

Compensated absences	\$ (622,613)
Claims	(70,591)
Accrued interest	(577,763)
Net pension obligation	(5,873,944)
Other postemployment expenses	15,132,914
	<u>\$ 7,988,003</u>

(This Section Intentionally Left Blank)

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

Opioid Settlement Fund

Governmental Funds Not Annually-Budgeted

Special Revenue Funds

Grant Fund

Municipal Court Fund

Capital Projects Funds

Capital Improvement 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.

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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 3 - Stewardship, Compliance and Accountability – Continued

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

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

B. Excess of Expenditures over Appropriations

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2023:

General Fund – Public Safety Function	
Inspection – Operating Expenses	\$ 541
General Fund – Public Works Function	
Sanitation – Operating Expenses	\$ 14,068
General Fund – Public Services Function	
Pt. Mallard Event Center – Operating Expenses	\$ 4,851
General Fund – Community Service Contracts	
Morgan County Emergency Management Dist.	\$ 1
Decatur Convention and Visitors' Bureau	119,408
Tourism Development	50,000

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

City of Decatur
Notes to the Financial Statements
September 30, 2023

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	\$ 408,838,352
Certificates of deposit	6,978,303
Money market mutual funds	<u>123,119</u>
Total cash & cash equivalents	415,939,774
US Government Guaranteed Small Business Investment Companies	9,926,554
US Government Guaranteed Small Business Administration Obligations	<u>5,116,771</u>
Total Fixed income investments	<u>15,043,325</u>
Total	<u>\$ 430,983,099</u>
Per Governmental Funds Balance Sheet	
Cash and investments	166,557,310
Cash with fiscal agents	<u>4,282,311</u>
	<u>170,839,621</u>
Per Proprietary Funds Statement of Net Position	
Cash and investments	94,466,865
Restricted cash for debt service	<u>165,676,613</u>
	<u>260,143,478</u>
Total	<u>\$ 430,983,099</u>

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Component Unit

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

Investments

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

Interest rate risk

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

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

	<u>Fair Value</u>	<u>Percent of Total</u>
Less than five years	\$ 1,210,553	9.61%
Five to ten years	7,210,651	57.23%
Ten to twenty years	715,128	5.68%
Twenty to thirty years	<u>3,462,062</u>	<u>27.48%</u>
	<u>\$12,598,394</u>	<u>100.00%</u>

Credit risks

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.

Note 4 – Detailed Notes on All Funds – Continued

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.

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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

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

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

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

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, 2023, 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	8,232,593	2	N/A
U.S. Government Guaranteed Small Business Administration Obligations	<u>4,365,801</u>	2	N/A
	<u>\$12,598,394</u>		

As of September 30, 2023, the Municipal Utilities Board's OPEB Trust had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Credit Quality</u>
Equity Securities:			
Mutual Funds	\$ 4,625,697	1	N/A
Exchange Trade Products	1,410,399	1	
Common Stocks	<u>351,399</u>	1	N/A
	<u>\$ 6,387,495</u>		
Balanced Funds	278,203	1	N/A
Fixed	1,432,188	1	
Other exchange products	<u>259,663</u>	1	N/A
	<u>\$ 8,357,549</u>		

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

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.

B. Capital Assets

Capital asset activity for governmental activities for the year ended September 30, 2023 was as follows:

	Balance September 30, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Transfers In/ <u>(Transfers Out)</u>	Balance September 30 <u>2023</u>
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 17,841,894	\$ 401,519	\$ (381,101)	\$ 484,889	\$ 18,347,201
Construction in progress	18,211,904	16,670,552	-	(19,052,096)	15,830,360
<hr/>					
Total capital assets, not being depreciated / amortized	36,053,798	17,072,071	(381,101)	(18,567,207)	34,177,561
<hr/>					
Building and improvements	52,505,212	501,410	(722,681)	7,903,072	60,187,013
Land improvements	30,045,802	484,698	(25,523)	11,098,553	41,603,530
Furniture, equipment, and other	35,636,894	4,154,801	(300,547)	-	39,491,148
Infrastructure	118,179,151	2,164,957	-	16,608,517	136,952,625
Leased buildings	442,181	55,706	(20,600)	-	477,287
Leased equipment	289,385	1,280,640	(279,969)	-	1,290,056
<hr/>					
Total capital assets, being depreciated / amortized	237,098,625	8,642,212	(1,349,320)	35,610,142	280,001,659
<hr/>					
Less accumulated depreciation/ amortization for:					
Building and improvements	(32,219,115)	(1,344,253)	722,681	(5,928,773)	(38,769,460)
Land improvements	(21,543,536)	(1,569,861)	25,523	(9,251,946)	(32,339,820)
Furniture, equipment, and other	(25,390,902)	(2,963,537)	1,192,143	(899,092)	(28,061,388)
Infrastructure	(89,314,368)	(2,333,479)	-	(7,477)	(91,655,324)
Leased buildings	(124,999)	(128,073)	20,600	-	(232,472)
Leased equipment	(168,766)	(151,930)	279,969	-	(40,727)
<hr/>					
Total accumulated depreciation / amortization	(168,761,686)	(8,491,133)	2,240,916	(16,087,288)	(191,099,191)
<hr/>					
Total capital assets, being depreciated / amortized, net	68,336,939	151,079	891,596	19,522,854	88,902,468
<hr/>					
Governmental activities capital assets, net	\$ 104,390,737	\$ 17,223,150	\$ 510,495	\$ 955,647	\$ 123,080,029

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Capital asset activity for business-type activities for the year ended September 30, 2023 was as follows:

<u>Business-Type Activities:</u>	Balance September 30, 2022	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2023
Capital assets, not being depreciated:					
Land	\$ 4,618,653	\$ 36,984	\$ (50,613)	\$ (254,931)	\$ 4,350,093
Construction in progress	21,003,761	31,387,827	(18,306,962)	-	34,084,626
Total capital assets, not being depreciated	25,622,414	31,424,811	(18,357,575)	(254,931)	38,434,719
Capital assets, being depreciated:					
Buildings and improvements	34,895,337	506,893	(214,186)	(18,293,601)	16,894,443
Furniture, equipment and other	8,210,183	4,941,027	(768,429)	(990,718)	11,392,063
Utility plant-in-service	481,498,084	18,211,310	(3,310,202)	-	496,399,192
Total capital assets, being depreciated	524,603,604	23,659,230	(4,292,817)	(19,284,319)	524,685,698
Less accumulated depreciation for:					
Buildings and improvements	(23,253,229)	(569,482)	-	15,188,195	(8,634,516)
Furniture, equipment and other	(5,722,357)	(688,602)	768,429	899,094	(4,743,436)
Utility plant-in-service	(205,723,169)	(14,374,398)	2,735,512	-	(217,362,055)
Total accumulated depreciation	(234,698,755)	(15,632,482)	3,503,941	16,087,289	(230,740,007)
Total capital assets, being depreciated, net	289,904,849	8,026,748	(788,876)	(3,197,030)	293,945,691
Business-Type activities capital assets, net	\$ 315,527,263	\$ 39,451,559	\$ (19,146,451)	\$ (3,451,961)	\$ 332,380,410

Depreciation expense of \$1,160,152 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	\$ 685,175
Public Safety	2,001,641
Public Works	2,042,217
Public Services	2,601,948
Total allocated depreciation/amortization expense	
- governmental activities	7,330,981
Total unallocated depreciation expense - governmental activities	1,160,152
Total depreciation/amortization expense - governmental activities	\$ 8,491,133

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Business-type Activities:

Municipal Utilities Board Fund	\$ 14,374,398
Sanitary Landfill Fund	1,258,084
Point Mallard Fund	-
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 15,632,482</u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2023 was as follows:

	Balance September 30, 2022	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30 2023
Capital assets, not being depreciated / amortized:					
Land	\$ 9,878,009	\$ -	\$ -	\$ -	\$ 9,878,009
Construction in progress	3,650,137	9,922,917	-	-	13,573,054
					<hr/>
Total capital assets, not being depreciated	13,528,146	9,922,917	-	-	23,451,063
Capital assets, being depreciated / amortized:					
Buildings and improvements	227,877,108	60,479	-	-	227,937,587
Furniture, equipment and other	15,772,520	1,103,403	(925,173)	-	15,950,750
Leased equipment	850,607	-	-	-	850,607
					<hr/>
Total capital assets, being depreciated	244,500,235	1,163,882	(925,173)	-	244,738,944
Less accumulated depreciation / amortization for:					
Buildings and improvements	(76,063,600)	(6,467,482)	-	-	(82,531,082)
Furniture, equipment and other	(8,978,592)	(988,400)	781,360	-	(9,185,632)
Leased equipment	(70,884)	(212,651)	-	-	(283,535)
					<hr/>
Total accumulated depreciation / amortization	(85,113,076)	(7,668,533)	781,360	-	(92,000,249)
					<hr/>
Total capital assets, being depreciated, net	159,387,159	(6,504,651)	(143,813)	-	152,738,695
					<hr/>
Component Unit capital assets, net	<u>\$ 172,915,305</u>	<u>\$ 3,418,266</u>	<u>\$ (143,813)</u>	<u>\$ -</u>	<u>\$ 176,189,758</u>

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2023 is as follows:

		Due To:				Total Due From
		General Fund	School Fund	Non-major Government	Non-major Proprietary	
Due From:	General Fund	\$ -	\$ -	\$ -	\$ 388,227	\$ 388,227
	Municipal Utilities Board	533,222	22,756	62,132	-	618,110
	Non-Major Government	293,478	-	-	218,629	512,107
	Total Due To	\$ 826,700	\$ 22,756	\$ 62,132	\$ 606,856	\$ 1,518,444

\$409,154 of the balance due to the general fund and \$327,323 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.

\$410,735 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 To:				Total Out
		General Fund	Capital Improvements Fund	Non-major Government	Non-major Proprietary	
Transfers From:	General Fund	\$ -	\$ 5,049,241	\$ 2,654,541	\$ 6,202	\$ 7,709,984
	Capital Improvement Fund	-	-	-	-	-
	Municipal Utilities Board	-	-	765,713	-	765,713
	Non-Major Government	38,119	-	-	1,244	39,363
	Non-Major Proprietary	514,967	-	-	-	514,967
	Total In	\$ 553,086	\$ 5,049,241	\$ 3,420,254	\$ 7,446	\$ 9,030,027

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, \$1,428,190 of capital assets were transferred from Governmental Activities to the Municipal Utilities Board which have not been shown in the above schedule.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Effective October 1, 2023, the City determined the Point Mallard, a non-major proprietary fund, no longer operated as a proprietary fund and therefore, transferred all assets and liabilities of that fund to the General Fund. As a result an additional \$3,451,961 of capital assets were transferred from Point Mallard to Governmental Activities. Also, a transfer out from Governmental Activities to Point Mallard of \$3,471,136 was made to record the long-term liabilities of the Point Mallard fund (representing Point Mallard’s share of compensated absences, long-term claims, pension liability and related deferred outflows and inflows, and OPEB liability and related deferred outflows and inflows). These 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.

		Due To:	
		Component Unit Board of Education	Total In
Due From:	Primary Government-School Fun	\$ 2,960,034	\$ 2,960,034
	Total Out	\$ 2,960,034	\$ 2,960,034

D. Leases

Lessee

The City is a lessee for several leases of land, equipment, and office space (buildings). The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of the lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease-related amortization expense of approximately \$297,759 was recorded in fiscal year 2023.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. Lease-related interest expense under all leases totaled approximately \$32,031 for the fiscal year ended September 30, 2023. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The aggregate amortization schedule for the non-cancellable lease liability is as follows:

<u>Governmental Activities:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 373,258	\$ 95,356
2025	329,072	75,454
2026	255,587	54,240
2027	276,896	32,932
2028	255,463	10,093
Total governmental activities	<u>\$ 1,490,276</u>	<u>\$ 268,075</u>

Board of Education

On June 20, 2022, the Board entered into a 48-month lease for copiers at various locations in the district. An initial lease and corresponding right-to-use asset was recorded in the amount of \$850,607. The lease has an interest rate of 3.38% and the equipment lease has an estimated useful life of 48 months. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The aggregate amortization schedule for the non-cancellable lease liability is as follows:

Component Unit - Board of Education:		
	<u>Principal</u>	<u>Interest</u>
2024	\$ 211,304	\$ 15,502
2025	218,491	8,314
2026	149,747	1,456
Total governmental activities	<u>\$ 579,542</u>	<u>\$ 25,272</u>

The Board has also entered into several short-term leased for use of storage. These leases are not required to be presented in the Statement of Net Position.

Lessor

The City is a lessor for several leases of office space, building, property/land, and cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City, initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. For the current fiscal year, the City recognized approximately \$80,931 in lease revenue and approximately \$24,430 in lease related interest revenue.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. The value of future minimum installment purchase payments as of September 30, 2023, is as follows:

Primary Government		
<u>Governmental Activities:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 164,737	\$ 51,987
2025	151,917	46,607
2026	129,094	42,225
2027	138,579	37,889
2028	148,578	33,238
2029-2033	418,319	109,181
2034-2038	271,353	64,190
2039-2043	209,073	20,080
2044-2048	42,474	1,276
Total governmental activities	<u>\$ 1,674,124</u>	<u>\$ 406,673</u>

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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

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 Room Occupancy	General Fund Room Occupancy
G.O. warrants- infrastructure and economic development	General Fund Sewer Fund	General Fund Sewer Fund
<u>Business-Type Activities:</u>		
Revenue warrants	Municipal Utilities Board Fund	Municipal Utilities Board Fund

Outstanding Debt

The amount of debt outstanding at September 30, 2023 was as follows:

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
<u>Governmental activities:</u>							
<i>G.O. Warrants - general purposes</i>							
2016-A	\$ 21,630	5/12/2016	8/7/2022	2.0-3.0%	305-2,765	\$ 15,105	\$ 2,605
2016-B	5,140	11/2/2016	10/1/2036	2.0 - 3.0%	210-320	3,815	235
2021-Taxable Refunding	17,770	12/22/2020	10/1/2036	.26 - 1.82%	1,070-1,540	13,420	1,465
2021-B	16,150	12/7/2021	12/1/2046	3.0 - 4.0%	710-1,105	16,150	-
2021-C Taxable	2,035	12/7/2021	12/1/2029	1.53 - 1.76%	665-690	2,035	-
2023	32,745	4/13/2023	4/1/2048	4.0 - 5.0%	930-2,240	32,745	-
Total Governmental Activities	\$ 95,470					\$ 83,270	\$ 4,305

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
Business-Type activities:							
<i>Water System Revenue Warrants</i>							
2020	\$ 9,375	11/5/2020	8/15/2033	.50-2.20%	703-823	\$ 7,602	\$ 713
2021	<u>8,405</u>	2/17/2021	2/15/2051	2.125-4.0%	305-600	<u>7,585</u>	<u>325</u>
	<u>\$ 17,780</u>					<u>\$ 15,187</u>	<u>\$ 1,038</u>
<i>Wastewater System Revenue Warrants</i>							
2019	25,655	8/15/2019	8/15/2033	2.0-3.5%	715 - 880	6,555	760
2020	64,445	11/5/2020	8/15/2033	.50-2.2%	715 - 880	20,803	1,952
2021-A	95,815	2/17/2021	2/15/1951	2.125-4.0%	130-10,305	63,640	135
2021-B	<u>4,758</u>	2/17/2021	8/15/2033	2.125-4.0%	1,330-7,360	<u>92,660</u>	<u>1,335</u>
	<u>\$ 190,673</u>					<u>\$ 183,658</u>	<u>\$ 4,182</u>
Total Business-Type Activities	<u>\$ 208,453</u>					<u>\$ 198,845</u>	<u>\$ 5,220</u>
Total Primary Government	<u>\$ 303,923</u>					<u>\$ 282,115</u>	<u>\$ 9,525</u>

(This Section Intentionally Left Blank)

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Discretely Presented Component Unit

Board of Education

Series	Face Amount (in thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities	Ending Balance	Amount Due Within One Year
<i>G.O. Warrants - general purposes</i>							
2010 QSCB	\$ 1,050	2010	9/1/2027	5.15%	1,050	\$ 1,050	\$ -
2011 QZAB	5,000	2011	5/1/2026	4.60%	5,000	5,000	-
2013 BRAC	1,830	2013	6/1/2025	3.25-5.00%	82-533	189	93
Series 2013	30,325	2013	2/1/2035	2.75-5.00%	1,260-9,230	20,785	1,475
Series 2015	87,750	2015	2/1/2028	2.00-5.00%	980-6,535	80,280	1,120
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	428	213
Series 2019	5,995	2020	2/1/2045	1.69 - 4.00%	165-1,575	5,485	175
Series 2020	90,045	2020	2/1/2045	1.57 - 3.03%	800-1,360	87,600	845
2020 BRAC	<u>980</u>	2021	6/1/2033	.253 - 2.44%	800-1,360	<u>948</u>	<u>16</u>
	226,175					203,515	3,937
<i>Direct Borrowings</i>							
PNC Bank Note							
Payable	<u>500</u>	2020	8/22/2026	2.20%	87- 93	<u>273</u>	<u>89</u>
	<u>\$ 226,675</u>					<u>\$203,788</u>	<u>\$ 4,026</u>

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

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2023 are shown below. There is \$1,455,270 available in the Municipal Utilities Board Enterprise Fund to service the revenue warrants.

Primary Government <u>Governmental Activities:</u>	(thousands) G.O. Warrants	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,305	\$ 2,498
2025	4,370	2,566
2026	4,435	2,496
2027	4,510	2,420
2028	3,760	2,362
2029-2033	18,415	10,276
2034-2038	14,325	7,228
2039-2043	13,840	4,412
2044-2048	15,310	1,600
Total governmental activities	<u>\$ 83,270</u>	<u>\$ 35,858</u>
 <u>Business-Type Activities:</u>	 <u>Principal</u>	 <u>Interest</u>
2023	\$ 5,220	\$ 5,198
2024	5,285	5,134
2025	5,355	5,062
2026	5,445	4,975
2027	5,535	4,881
2028-2032	29,405	22,681
2033-2037	32,920	19,173
2038-2042	37,405	14,684
2043-2047	42,735	9,351
2048-2051	29,540	1,709
Total business-type activities	<u>\$ 198,845</u>	<u>\$ 92,848</u>

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

Component Unit - Board of Education	(thousands) G.O. Warrants		(thousands) Note Payable	
	Principal	Interest	Principal	Interest
<u>Governmental Activities: Board of Education</u>				
2024	\$ 3,937	\$ 7,099	\$ 89	\$ 6
2025	77,553	5,321	91	4
2026	8,999	3,546	93	2
2027	5,441	3,174	-	-
2028	8,062	3,014	-	-
2029-2033	23,123	12,922	-	-
2034-2038	28,630	9,227	-	-
2039-2043	33,075	4,781	-	-
2044-2048	14,695	449	-	-
Total Governmental Activities - Comp. Unit	<u>\$ 203,515</u>	<u>\$ 49,533</u>	<u>\$ 273</u>	<u>\$ 12</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows (in thousands):

Primary Government
Primary Government

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
General obligation warrants	\$ 54,770	\$ 32,745	\$ (4,245)	\$ 83,270	\$ 4,305
Less amounts deferred for:					
Issue discounts & premiums	<u>2,290</u>	<u>2,652</u>	<u>(156)</u>	<u>4,786</u>	<u>-</u>
Total warrant, bonds, & notes	57,060	35,397	(4,401)	88,056	4,305
Leases	453	1,335	(298)	1,490	372
Compensated absences	3,024	1,048	(425)	3,647	365
Claims Payable	793	325	(254)	864	146
Net pension Liability	75,704	2,274	(16,600)	61,378	-
Net OPEB Liability	<u>48,587</u>	<u>24,773</u>	<u>-</u>	<u>73,360</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 185,621</u>	<u>\$ 65,152</u>	<u>\$ (21,978)</u>	<u>\$ 228,795</u>	<u>\$ 5,188</u>

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

<u>Business-Type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Revenue warrants	\$ 204,010	\$ -	\$ (5,165)	\$ 198,845	\$ 5,220
Less amounts deferred for: Issue discounts & premiums	5,937	-	(230)	5,707	-
Total warrants	209,947	-	(5,395)	204,552	5,220
Landfill closure and postclosure	4,540	1,650	-	6,190	-
Compensated absences	1,372	253	(350)	1,275	128
Claims payable	150	-	(50)	100	50
Net pension Liability	19,532	11,218	-	30,750	-
Net OPEB Liability	25,063	-	(3,692)	21,371	-
Business-Type Activities Long-Term Liabilities	<u>\$ 260,604</u>	<u>\$ 13,121</u>	<u>\$ (9,487)</u>	<u>\$ 264,238</u>	<u>\$ 5,398</u>

Component Units – Board of Education

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities					
Revenue Warrants	\$ 207,312	\$ -	\$ (3,797)	\$ 203,515	\$ 3,937
Notes Payable	360	-	(87)	273	89
Issue discounts & premiums	3,188	-	(163)	3,025	163
Financed Purchases	1,517	-	(219)	1,298	226
Leases	784	-	(204)	580	211
Net pension Liability	76,139	48,253	-	124,392	-
Net OPEB Liability	46,126	-	(29,582)	16,544	-
Governmental Activities Long-Term Liabilities	<u>\$ 335,426</u>	<u>\$ 48,253</u>	<u>\$ (34,052)</u>	<u>\$ 349,627</u>	<u>\$ 4,626</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, 2023, there was one series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the outstanding issue was approximately \$74,600,000. The original issue amounts of these series totaled \$86,000,000.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

G. Fund Balance and Net Position Constraints

The Statement of net position shows certain amounts as restricted net position. These amounts are restricted as to their use by parties outside of the City such as creditors, grantors/or contributors, or law or regulation. Components of restricted net position include:

<u>Activity</u>	<u>Restricted By</u>	<u>Amount</u>
Opioid abatement	Law - Legal Settlement	\$ 2,301,755
Perpetual care - nonspendable	Contributors	1,515,707
Law Enforcement / Corrections	Law	1,375,979
Capital Improvement	Law	1,269,750
Highways and Streets	Law	148,573
Special Events	Contributors	1,588
		<u>\$ 6,613,352</u>

(This Section Intentionally Left Blank)

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 4 – Detailed Notes on All Funds – Continued

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	Capital Improvements Fund	Other Governmental Funds	Total
Fund Balances				
Nonspendable:				
Inventory	\$ 126,500	\$ -	\$ -	\$ 126,500
Prepaid	165,092	-	-	165,092
Lease related	84,704	-	-	84,704
Permanent Fund	-	-	1,515,707	1,515,707
Total Nonspendable	376,296	-	1,515,707	1,892,003
Restricted:				
Special Revenues	-	-	4,120,497	4,120,497
Tri-Centennial	1,588	-	-	1,588
Total Restricted	1,588	-	4,120,497	4,122,085
Committed:				
OPEB Reserve	2,817,626	-	-	2,817,626
Reserve Policy	22,787,351	-	-	22,787,351
Water for Resale	443,868	-	-	443,868
Sanitation	338,927	-	-	338,927
Alley Fees	387,223	-	-	387,223
Ingalls Rental Fees	90,785	-	-	90,785
Room Occupancy Designation	273,286	-	892,595	1,165,881
Encumbrances	2,289,535	-	-	2,289,535
Capital Improvements	-	54,821,259	618,070	55,439,329
Personnel Board	-	-	121,690	121,690
Sewer Extension	-	-	1,128,934	1,128,934
Other	84,652	-	-	84,652
Total Committed	29,513,253	54,821,259	2,761,289	87,095,801
Unassigned:	25,661,788	-	(262,189)	25,399,599
Total Fund Balance:	\$ 55,552,925	\$ 54,821,259	\$ 8,135,304	\$ 118,509,488

City of Decatur
Notes to the Financial Statements
September 30, 2023

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 2023 was \$1,884,168 by the Electric System, \$78,716 by the Gas System, \$636,996 by the Water System and \$84,324 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 \$6,189,850 reported for landfill closure and postclosure care liability at September 30, 2023 within the proprietary statement of net position, represents the cumulative amount reported to date based on the use of 59.75 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$2,835,438 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, 2023. The City expects to close the landfill in the year 2042. 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, 2023, 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, 2023. 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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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 (TVA). The rates for such purchases are subject to review periodically. Additionally, the Electric System has entered into a TVA agreement that allows customers to finance new and/or replacement HVAC units and repay on their monthly utility bill. DU serves as the collection agent for repayment of these loans. The outstanding balance of these loans receivable was \$6,267,434 and the outstanding balance due to TVA for collection of the loans was also \$6,267,434

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, 2023 contract commitments total \$2,423,950 for fiscal year 2024, \$2,489,100 for fiscal year 2025, and \$1,796,100 for fiscal year 2026.

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

Decatur Utilities entered into a 30- year agreement with Southeast Gas Authority for the supply of 62 to 275 MMBtu of natural gas per day at an index-based price. This agreement began November 1, 2021 and will expire October 31, 2051.

Decatur Utilities entered into a 30- year agreement with Southeast Gas Authority for the supply of 223 to 1,053 MMBtu of natural gas per day at an index-based price. This agreement began December 1, 2022 and will expire November 30, 2052.

Decatur Utilities entered into a 30-year agreement with Southeast Gas Authority for the supply of 87 to 2,332 MMBtu of natural gas per day at an index-based price plus a \$.02 premium. This agreement began July 1, 2023 and will expire November 30, 2053.

Decatur Utilities entered into a 30-year agreement with Southeast Gas Authority for the supply of 846 to 1,730 MMBtu of natural gas per day at an index-based price. This agreement began December 1, 2023 and will expire November 30, 2053.

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 \$450,000, \$200,000 and \$50,000 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, 2023. \$200,000 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 \$150,000 and \$50,000 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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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, 2023.

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

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

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

Jointly Governed

Decatur-Morgan County Emergency Management Agency provides measures for the mobilization, organization, and direction of the civilian population and necessary support agencies to prevent, or minimize, the effect of fire, flood, earthquake and epidemic. The officers and employees of the City and Morgan County comprise the agency. The City provided \$35,000 in appropriations during the fiscal year ending September 30, 2023.

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 \$460,446 in appropriations during the fiscal year.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information – Continued

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 \$149,383 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 Annual Comprehensive Financial Report.

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 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Note 5 – Other Information – Continued

The ERS Board of Control consists of 15 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. Eight 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) One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - (d) One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - (e) One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - (f) One vested active employee of a participating employer other than a municipality, city or county 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, 2023

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.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 680 employers adopted Act 2019-132 as of September 30, 2022.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, the City's membership consisted of:

	City of Decatur	Municipal Utilities Board
Retired members and their beneficiaries currently receiving benefits	409	131
Vested inactive members	18	47
Non-vested inactive members	77	34
Active members	507	180
Post-DROP retired members still in active service	1	-
	1,012	392

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.

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 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information – Continued

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2023 (or other year-end if not September), the City's and Municipal Utilities Board's active employee contribution rate were 5.00% percent of covered employee payroll, and the City's and Municipal Utilities Board's average contribution rate to fund the normal and accrued liability costs were 251.21 and 203.42 percent of pensionable payroll, respectively.

The City's and Municipal Utilities Board's contractually required contribution rates for the year ended September 30, 2023, were 16.80% and 15.36% of pensionable pay for Tier 1 employees, respectively, and 16.72% and 13.78% of pensionable pay for Tier 2 employees, respectively. These required contribution rates are based upon the actuarial valuation as of September 30, 2020, 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 \$4,990,644 and \$1,627,316 for the year ended September 30, 2023, respectively.

(Section Left Blank Intentionally)

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information – Continued

Net Pension Liability

The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 rolled forward to September 30, 2022 using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability <i>as of September 30, 2021</i>	\$ 160,131,692	\$ 162,882,027	\$ 162,946,405
(b) Discount Rate	7.70%	7.45%	7.45%
(c) Entry Age Normal Cost for <i>October 1, 2021 - September 30, 2022</i>	2,761,045	2,761,045	2,763,186
(d) Transfers Among Employees	-	(291,701)	(291,701)
(e) Actual Benefit Payments and Refunds for <i>October 1, 2021 - September 30, 2022</i>	(10,501,289)	(10,501,289)	(10,501,289)
(f) Total Pension Liability <i>as of September 30, 2022</i> [(a) x (1 + (b))] + (c) + (d) + [(e) x 1+0.5* (b)]]	<u>\$ 164,317,289</u>	<u>\$ 166,593,619</u>	<u>\$ 166,664,934</u>
(g) Difference between expected and actual		\$ 2,663,534	
(h) Less Liability Transferred for Immediate Recognition		<u>291,701</u>	
(i) Difference between Expected and Actual - Experience (gain) / loss		<u>\$ 2,955,235</u>	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (gain) / loss			\$ 71,315

(Section Left Blank Intentionally)

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information – Continued

The Municipal Utility Board's (the "Board") net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 rolled forward to September 30, 2022 using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability		
<i>as of September 30, 2021</i>	\$ 61,357,149	\$ 63,934,294
(b) Discount Rate	7.45%	7.45%
(c) Entry Age Normal Cost for		
<i>October 1, 2021 - September 30, 2022</i>	1,057,446	1,057,446
(d) Transfers Among Employees	-	110,413
(e) Actual Benefit Payments and Refunds for		
<i>October 1, 2021 - September 30, 2022</i>	(4,082,594)	(4,082,594)
(f) Total Pension Liability		
<i>as of September 30, 2022</i>		
$[(a) \times (1 + (b))] + (c) + (d) + [(e) \times 1 + 0.5 \times (b)]$	\$ 62,751,032	\$ 65,630,587
(g) Difference between expected and actual		\$ 2,879,556
(h) Less Liability Transferred for Immediate Recognition		(110,413)
(i) Difference between expected and actual (g) - (h)		\$ 2,769,143

Actuarial assumptions

The total pension liability in the September 30, 2022 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information – Continued

Mortality rates were based on the sex distinct Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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	15.00%	2.80%
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%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Discount rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - City of Decatur

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a)-(b)
Balances at 09/30/2021	\$ 160,131,692	\$ 108,905,997	\$ 51,225,695
Changes for the year:			
Service cost	2,761,045	-	2,761,045
Interest	11,538,638	-	11,538,638
Changes of benefit terms	71,315	-	71,315
Changes of assumptions	-	-	-
Differences between expected and actual experience	2,955,235	-	2,955,235
Contributions - employer	-	4,276,059	(4,276,059)
Contributions - employee	-	1,853,224	(1,853,224)
Net investment income	-	(13,629,697)	13,629,697
Benefit payments, including refunds of employee contributions	(10,501,289)	(10,501,289)	-
Administrative expense	-	-	-
Transfers among Employers	(291,701)	(291,701)	-
Net changes	\$ 6,533,243	\$ (18,293,404)	\$ 24,826,647
Balances at 9/30/2022	\$ 166,664,935	\$ 90,612,593	\$ 76,052,342

(Section Left Blank Intentionally)

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Changes in Net Pension Liability - Municipal Utilities Board

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a)-(b)
Balances at 09/30/2021	\$ 61,357,149	\$ 44,463,872	\$ 16,893,277
Changes for the year:			
Service cost	1,057,446	-	1,057,446
Interest	4,419,031	-	4,419,031
Changes of assumptions	53,676	-	53,676
Differences between expected and actual experience	2,769,142	-	2,769,142
Contributions - employer	-	1,950,507	(1,950,507)
Contributions - employee	-	791,803	(791,803)
Net investment income	-	(5,607,813)	5,607,813
Benefit payments, including refunds of employee contributions	(4,082,594)	(4,082,594)	-
Administrative expense	-	-	-
Transfers among employers	110,413	110,413	-
Net Changes	4,327,114	(6,837,684)	11,164,798
Balances at 09/30/2022	\$ 65,684,263	\$ 37,626,188	\$ 28,058,075

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 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
City's net pension liability	\$ 95,615,881	\$ 76,052,342	\$ 59,658,621
Board's net pension liability	\$ 35,342,477	\$ 28,058,075	\$ 21,884,779

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor's report 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 <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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

Year ended September 30:	City of Decatur		Municipal Utilities Board	
2024	\$	10,833,946	\$	3,896,015
2025		4,679,367		1,653,939
2026		3,736,990		1,010,702
2027		5,568,091		2,176,440
2028		218,905		54,297
Thereafter		-		-

Amounts reported as deferred outflows of resources, deferred inflows of resources, and net pension liability of the City have been allocated between governmental activities and business-type activities. The same balances of the Municipal Utilities Board are also reported within the business-type activities column of the Statement of Net Position. The following presents the further allocation of the deferred outflows of resources, deferred inflows of resources, and net pension liability of the City as a whole amongst the governmental and business-type activities:

	Governmental		Business-Type Activities		Total
	Activities		(less MUB as shown below)		
Deferred Outflows	\$	24,150,277	\$	908,181	\$ 25,058,458
Net Pension Liability	\$	73,360,059	\$	2,692,283	\$ 76,052,342
Deferred Inflows	\$	16,010	\$	5,149	\$ 21,159

	Municipal		Nonmajor		Total
	Utilities Board		Proprietary Funds		
Deferred Outflows	\$	10,776,578	\$	908,181	\$ 11,684,759
Net Pension Liability	\$	28,058,074	\$	2,692,283	\$ 30,750,357
Deferred Inflows	\$	1,985,185	\$	5,149	\$ 1,990,334

Note 5 – Other Information - Continued

Component Unit

Plan Description

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

Benefits provided

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

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

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

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 June 30 are paid to a qualified beneficiary.

Note 5 – Other Information - Continued

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6% to 6.2% of earnable compensation to the TRS as required by statute. of the TRS contribute 6% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters' contribution rate increased from 7% to 7.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the year ended September 30, 2022 was 12.43% of annual pay for Tier 1 members and 11.32% 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 \$7,470,026 for the year ended September 30, 2023.

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

At September 30, 2023 the Board reported a liability of \$124,392,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021. 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, 2022 the Board's proportion was .800425%, which was an increase of .007822% from its proportion measured as of September 30, 2021.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Mortality rates for TRS were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019 :

Group	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63-67 Female: 112% ages , 69; 98% > 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

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	15.00%	2.80%
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%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Discount rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.45%. 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 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
Board's proportionate share of collective net pension liability	\$ 160,958,000	\$ 124,392,000	\$ 93,592,000

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detailed by employer and 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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Plan Membership

At September 30, 2022, the valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	309
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Active Employees	189
	498

Benefits Provided

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

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

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

Funding Policy

Retirees with family coverage are required to pay premiums for a portion of the benefits in an amount established by City Ordinance, which is \$100 or 8.58% (for individuals not yet reaching the age of retirement) and 13.48% (for those over the age of 65) of the total cost to the City as of September 30, 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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Total OPEB Liability

The City's total OPEB liability of \$62,885,823 was measured as of September 30, 2022 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, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rate	
Prior Measurement Date	2.26%
Measurement Date	4.02%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025
Dental	3.50%
Vision	2.00%

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

Mortality rates for active employees were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2022 valuation were based on the actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement System of Alabama on September 14, 2021.

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, 2022 valuation were based on a review of recent plan experience performed concurrently with the September 30, 2022 valuation.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Changes in the Total OPEB Liability

Balances at 09/30/2021	\$ 80,302,452
Changes for the year:	
Service cost	1,866,872
Interest	1,781,715
Changes in benefit terms	(5,422,618)
Differences between expected and actual experience	(973,230)
Changes of assumptions or other inputs	(11,721,902)
Benefit payments, including refunds of employee contributions	(2,947,466)
Administrative expense	-
Net changes	<u>\$ (17,416,629)</u>
Balances at 9/30/2022	<u>\$ 62,885,823</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 4.02%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate:

	<u>1% Decrease</u> <u>(3.02%)</u>	<u>Current Rate</u> <u>(4.02%)</u>	<u>1% Increase</u> <u>(5.02%)</u>
Total Other Post-Employment Benefit Liability	\$ 70,040,727	\$ 62,885,823	\$ 56,811,830

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	\$ 56,239,510	\$ 62,885,823	\$ 70,840,443

City of Decatur
Notes to the Financial Statements
September 30, 2023

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, 2023, the City had an overall reduction in OPEB expense of \$18,591,150. At September 30, 2023, 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	\$ 9,122	\$ 10,328,592
Changes of assumption	4,612,721	8,621,164
Employer contributions subsequent to the measurement date	2,917,075	-
Total	\$ 7,538,918	\$ 18,949,756

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

Year ended September 30:	
2024	\$ (6,382,100)
2025	(4,235,290)
2026	(793,448)
2027	-
2028	-
Thereafter	-

\$2,917,075 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023.

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, 2023 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the City. During the year ended September 30, 2023 there were no administrative expenses paid by the City.

City of Decatur
Notes to the Financial Statements
September 30, 2023

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, 2023 are detailed in the following tables. Table 1A shows the net OPEB liability as of September 30, 2023, 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, 2023 in order to be in compliance with GASB Statement No. 75.

	(a) Total OPEB Liability (TOL)	(b) Plan Fiduciary Net Position	(a) - (b) Net OPEB Liability
Balances at 09/30/2022	<u>\$ 29,192,404</u>	<u>\$ 8,727,882</u>	<u>\$ 20,464,522</u>
Changes for the year:			
Service cost	446,733	-	446,733
Interest	1,535,758	-	1,535,758
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	-	-	-
Contributions - Employer	-	2,112,838	(2,112,838)
Contributions - Employee	-	-	-
Net investment income	-	471,306	(471,306)
Benefit payments, including refunds of employee contributions	(1,199,175)	(1,199,175)	-
Administrative expense	-	-	-
Net changes	<u>\$ 783,316</u>	<u>\$ 1,384,969</u>	<u>\$ (601,653)</u>
Balances at 9/30/2023	<u>\$ 29,975,720</u>	<u>\$ 10,112,851</u>	<u>\$ 19,862,869</u>

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Actuarial Methods and Assumptions

The valuation was based on information provided by the Utility as of October 1, 2022 and only those not frozen in the defined benefit plan.

Plan Membership

Actives (with medical coverage)	166
Actives (without medical coverage)	19
Retirees (with medical coverage)	92
Retirees (without medical coverage)	44
Beneficiaries (without medical coverage)	3
Total participants	<u>324</u>
Annual Projected Payroll	\$ 12,213,047
Average Projected Earnings	\$ 66,016

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, 2021, 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: 6.00% to grade uniformity to 5.50% over a 3 year period Dental: 5.0% per annum
Actuarial Cost Method	Entry age normal - level percent of pay
Mortality Rate	Pub-2010 General Headcount weighted Mortality Tables with improvement Scale MP-2021.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of an actuarial experience study for the period ending October 1, 2022.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Discount rate

The discount rate used to measure the total OPEB liability was 5.40 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:

	1% Decrease 5.00% Decreasing to 4.50%	Current Rate 6.00% Decreasing to 5.50%	1% Increase 7.00% Decreasing to 6.50%
Total Other Post-Employment Benefit Liability	\$ 26,453,796	\$ 29,975,720	\$ 34,239,398
Plan Fiduciary Net Position	10,112,851	10,112,851	10,112,851
Net OPEB Liability	<u>\$ 16,340,945</u>	<u>\$ 19,862,869</u>	<u>\$ 24,126,547</u>

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 4.40%	Current Rate 5.40%	1% Increase 6.40%
Total Other Post-Employment Benefit Liability	\$ 33,823,395	\$ 29,975,720	\$ 26,772,903
Plan Fiduciary Net Position	10,112,851	10,112,851	10,112,851
Net OPEB Liability	<u>\$ 23,710,544</u>	<u>\$ 19,862,869</u>	<u>\$ 16,660,052</u>

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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

For the year ended September 30, 2023, the System recognized OPEB expense of \$278,493. At September 30, 2023, 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	\$ 5,517,541	\$ 940,902
Changes of assumption	-	4,638,523
Investment losses (gains)	635,335	
Post-measurement contribution	-	-
Total	\$ 6,152,876	\$ 5,579,425

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, 2023:

Year ended September 30:	
2024	\$ (661,381)
2025	294,819
2026	608,269
2027	399,172
2028	(67,428)
Thereafter	-

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

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At September 30, 2023 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the year ended September 30, 2023 there were no administrative expenses paid by the Municipal Utilities Board.

Amounts reported as deferred outflows of resources, deferred inflows of resources, and net pension liability of the City have been allocated between governmental activities and business-type activities. The same balances of the Municipal Utilities Board are also reported within the business-type activities column of the Statement of Net Position. The following presents the further allocation of the deferred outflows of resources, deferred inflows of resources, and net pension liability of the City as a whole amongst the governmental and business-type activities:

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information – Continued

	Governmental Activities	Business-Type Activities <i>(less MUB as shown below)</i>	Total
Deferred Outflows	\$ 7,319,129	\$ 219,789	\$ 7,538,918
Net OPEB Liability	\$ 61,377,829	\$ 1,507,994	\$ 62,885,823
Deferred Inflows	\$ 18,312,988	\$ 636,768	\$ 18,949,756

	Municipal Utilities Board	Nonmajor Proprietary Funds	Total
Deferred Outflows	\$ 6,152,877	\$ 219,789	\$ 6,372,666
Net OPEB Liability	\$ 19,862,870	\$ 1,507,994	\$ 21,370,864
Deferred Inflows	\$ 5,579,426	\$ 636,768	\$ 6,216,194

Component Units

Plan Description

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

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

Note 5 – Other Information - Continued

Benefits Provided

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

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

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

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

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the Code of Alabama 1975, Section, 16-25A-8.1 provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill. For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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, 2023, the Board reported a liability of \$16,544,96 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. 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, 2022, the Board's proportion was .94947396 percent, which was a decrease of .05672896% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the Board recognized revenue from the OPEB plan of \$7,907,851 with no special funding situations. At September 30, 2023, 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	\$ 758,788	\$ 33,450,803
Changes of assumption	13,419,522	24,080,928
Net differences between projected and actual earnings on OPEB plan investments	2,080,577	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,900,576	4,789,216
Employer contributions reported subsequent to the measurement date	-	-
	<u>1,359,860</u>	<u>-</u>
Total	\$ 25,519,323	\$ 62,320,947

\$1,359,860 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, 2024.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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

Year ended September 30:	
2024	\$ (9,315,845)
2025	(9,846,949)
2026	(4,720,118)
2027	(4,336,080)
2028	(6,077,014)
Thereafter	(3,865,488)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases (1)	3.25% - 5.00%
Long-term investment rate of return (2)	7.00%
Municipal Bond Index Rate at the Measurement Date	4.40%
Municipal Bond Index Rate at the Prior Measurement Date	2.29%
Projected year for fiduciary net position (FNP) to be depleted	N/A
Single equivalent interest rate at the measurement date	7.00%
Single equivalent interest rate at the prior measurement date	3.97%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.50% in 2031
Medicare Eligible	4.50% in 2027

(1): Includes 2.75% wage inflation.

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

**Initial Medicare claims are set based on scheduled increases through plan year 2025

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below:

Group	Membership Table	Set Forward (+) / Setback (-)	Adjustment to Rates
Active Members	Teacher Employee - Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63-67 Female: 112% ages , 69; 98% > 74 Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2, Female: None	None

The decremental assumptions used in the valuation were selected based on actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 14, 2021.

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, 2022 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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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

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

*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 was 7.00%. 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. Currently, the monthly employer rate is \$800 per non-university active member. Approximately, 15.257% of the employer contributions were used to assist in funding retiree benefit payments in 2022 and it is assumed that the amount will increase at the same rate as expected benefit payments for the close group reaching 20.00%. It is assumed the \$800 rate will increase with inflation at 2.50% starting in 2027. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. 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 2120.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

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

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

	5.50% Decreasing to 3.50% for pre- medicare, Known decreasing to 3.50% or Medicare	6.50% Decreasing to 4.50% for pre- medicare, Known decreasing to 4.50% or Medicare	7.50% Decreasing to 5.50% for pre- medicare, Known decreasing to 5.50% or Medicare
Net OPEB Liability	\$ 12,545,421	\$ 16,544,096	\$ 21,448,093

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 7.00%, 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 6.00%	Current Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	\$ 20,454,331	\$ 16,544,096	\$ 13,261,570

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, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. 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, 2022 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.

City of Decatur
Notes to the Financial Statements
September 30, 2023

Note 5 – Other Information - Continued

Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to possibly be paid within the next fiscal year, even if not reported to the City until after September 30, 2022, 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, 2023 are as follows:

	<u>Workers Compensation</u>		<u>Legal Claims</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Unpaid claims, beginning of year	\$ 643,411	\$ 1,007,330	\$ 150,000	\$ 200,000	\$ 793,411	\$ 1,207,330
Incurred claims	784,593	511,853	131,904	135,444	916,497	647,297
Less claim payments	<u>(714,002)</u>	<u>(875,772)</u>	<u>(131,904)</u>	<u>(185,444)</u>	<u>(845,906)</u>	<u>(1,061,216)</u>
Unpaid claims, end of year	<u>\$ 714,002</u>	<u>\$ 643,411</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 864,002</u>	<u>\$ 793,411</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 \$1,237,189 in sales and use tax and \$812,009 in property tax were abated during the fiscal year.

H. Opioid Settlements

The City has joined the State of Alabama, along with other participating political subdivisions and litigating government public health entities, in settlements with certain manufacturers, distributors, and retailers to resolve legal claims for those entities' role in the opioid crisis. As of the September 30, 2023, some settlement agreements have resulted in distribution of funds in the amount of \$1,326,195 with future annual distributions expected for up to ten years subsequent to this date. The amount of known and expected payments in subsequent years have been recorded as due and further presented as deferred inflows as of year end within the nonmajor Opioid Settlement Fund. Future settlements are expected but no determination of these amounts is known as of year end.

I. Subsequent Events

The City has evaluated subsequent events through May 31, 2024, the date on which the financial statements were available for issue, noting no items which require further disclosure.

REQUIRED SUPPLEMENTAL INFORMATION



ALABAMA CENTER FOR THE ARTS



133

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Total pension liability										
Service cost	\$ 2,761,045	\$ 2,449,812	\$ 2,282,555	\$ 2,262,003	\$ 2,207,466	\$ 2,140,584	\$ 2,145,903	\$ 2,168,298	\$ 2,211,718	
Interest	11,538,638	11,134,296	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	71,315	-	1,233,984	-	-	-	-	-	-	
Differences between actual & expected experience	2,955,235	831,663	3,595,277	1,394,060	1,039,217	(1,290,531)	(436,981)	633,364	-	
Changes of assumptions	-	5,766,327	-	-	712,513	-	5,451,626	-	-	
Benefit payments, including refunds of employee contributions	(10,501,289)	(9,701,166)	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)	
Transfers among employers	(291,701)	198,929	75,748	(135,985)	83,525	116,885	(231,427)	-	-	
Net change in total pension liability	6,533,243	10,679,861	8,509,457	4,565,582	5,964,463	2,798,014	8,515,702	4,853,385	3,522,657	
Total pension liability - beginning	160,131,692	149,451,831	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)	\$ 166,664,935	\$ 160,131,692	\$ 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	4,276,059	3,947,956	3,697,742	3,677,388	3,109,240	2,996,885	2,844,967	2,967,587	3,049,380	
Contribution-employee	1,853,224	1,874,466	1,620,552	1,617,455	1,513,027	1,393,984	1,431,785	1,451,728	1,488,936	
Net investment income	(13,629,697)	20,123,999	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	(10,501,289)	(9,701,166)	(9,177,342)	(9,104,968)	(7,879,869)	(7,758,396)	(7,635,873)	(6,815,284)	(7,256,603)	
Transfers among employers	(291,701)	198,929	75,748	(135,985)	83,525	116,885	(231,427)	127,694	(47,845)	
Net change in plan fiduciary net position - beginning	(18,293,404)	16,444,184	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	108,905,997	92,461,813	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)	90,612,593	108,905,997	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)	76,052,342	51,225,695	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	54.37%	68.01%	61.87%	64.67%	68.02%	67.43%	63.49%	64.62%	68.55%	
Covered payroll	30,273,871	28,914,760	27,352,778	27,352,778	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	251.21%	177.16%	208.35%	182.06%	173.46%	163.41%	195.74%	173.52%	142.74%	

* 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 CHANGES IN NET PENSION LIABILITY - Continued
EMPLOYEES' RETIREMENT SYSTEMS OF ALABAMA
LAST 10 FISCAL YEARS ENDING SEPTEMBER 30*

	Municipal Utilities Board									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Total pension liability										
Service cost	\$ 1,057,446	\$ 910,080	\$ 840,218	\$ 830,571	\$ 785,826	\$ 765,318	\$ 762,211	\$ 735,009	\$ 719,118	
Interest	4,419,031	4,544,535	4,218,387	4,049,796	3,861,606	3,777,084	3,701,363	3,669,670	3,551,873	
Changes in benefit terms	53,676	-	355,337	-	-	-	-	-	-	
Differences between actual & expected experience	2,769,142	(3,088,085)	2,446,011	675,369	976,957	(414,798)	(37,776)	(1,104,264)	-	
Changes of assumptions	-	1,767,980	-	-	272,995	-	1,011,888	-	-	
Benefit payments, including refunds of employee contributions	(4,082,594)	(3,734,235)	(3,493,226)	(3,365,784)	(3,112,066)	(2,878,582)	(3,069,854)	(2,738,647)	(2,858,415)	
Transfers among employers	110,413	69,816	(10,534)	63,270	109,124	(41,676)	6,054	-	-	
Net change in total pension liability	4,327,114	470,091	4,356,193	2,253,222	2,894,442	1,207,346	2,373,886	561,768	1,412,576	
Total pension liability - beginning	61,357,149	60,887,058	56,530,865	54,277,643	51,383,201	50,175,855	47,801,969	47,240,201	45,827,625	
Total pension liability - ending (a)	\$ 65,684,263	\$ 61,357,149	\$ 60,887,058	\$ 56,530,865	\$ 54,277,643	\$ 51,383,201	\$ 50,175,855	\$ 47,801,969	\$ 47,240,201	
Plan fiduciary net position										
Contribution-employer	1,950,507	1,630,854	1,479,041	1,457,804	1,440,567	1,415,404	1,451,760	1,481,898	1,439,683	
Contribution-employee	791,803	700,082	587,421	591,191	547,638	533,792	517,917	588,751	478,274	
Net investment income	(5,607,813)	8,200,831	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	(4,082,594)	(3,734,235)	(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	110,413	69,816	(10,534)	63,270	109,124	(41,675)	6,054	(103,901)	96,722	
Net change in plan fiduciary net position - beginning	(6,837,684)	6,867,348	633,790	(312,458)	2,185,738	3,066,951	1,916,226	(414,388)	2,471,187	
Plan fiduciary net position - beginning	44,463,874	37,596,526	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 - ending (b)	37,626,190	44,463,874	37,596,526	36,962,736	37,275,194	35,089,456	32,022,505	30,106,279	30,520,667	
Net pension liability (asset) - ending (a)-(b)	28,058,073	16,893,275	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	57.28%	72.47%	61.75%	65.39%	68.68%	68.29%	63.82%	62.98%	64.61%	
Covered payroll	13,294,216	12,756,883	11,641,834	11,307,292	11,388,209	10,665,563	10,397,431	9,916,527	9,655,596	
Net pension liability (asset) as a percentage of covered payroll	211.05%	132.42%	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								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,990,644	\$ 4,357,857	\$ 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	4,990,644	4,357,857	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	\$ 30,904,886	\$ 30,273,871	\$ 28,914,760	\$ 27,352,778	\$ 27,352,778	\$ 25,145,773	\$ 25,990,353	\$ 23,801,380	\$ 24,283,101
Contribution as percentage of covered payroll	16.15%	14.39%	13.90%	13.82%	13.69%	12.63%	11.77%	12.47%	12.56%

	Municipal Utilities Board								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,627,316	\$ 1,857,012	\$ 1,695,643	\$ 1,469,435	\$ 1,409,907	\$ 1,391,790	\$ 1,415,401	\$ 1,481,898	\$ 1,481,882
Contributions in relation to the actuarially determined contribution	1,627,316	1,857,012	1,695,643	1,469,435	1,409,907	1,391,790	1,415,401	1,481,898	1,481,882
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 13,294,216	\$ 13,294,216	\$ 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	12.24%	13.97%	13.29%	12.62%	12.47%	12.22%	13.27%	14.25%	14.94%

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 2022 were based on the September 30, 2019 actuarial valuation.

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

Actuarial cost method

Amortization method

Remaining amortization period

Asset valuation method

Inflation

Salary increases

Investment rate of return

Entry Age

Level percent closed

27.9 years and 25.5 years, respectively

Five year smoothed market

2.75%

3.25 - 5.00%, including inflation

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>2022</u>	<u>2021</u>	<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	0.800425%	0.808247%	0.737322%	0.822118%	0.761579%	0.758570%	0.757463%	0.761109%	0.785686%
System's proportionate share of the net pension liability	\$124,392,000	\$ 76,139,000	\$ 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	\$ 62,222,750	\$ 59,061,450	\$ 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	199.91%	128.91%	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	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,289,969	\$ 7,470,026	\$ 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>8,289,969</u>	<u>7,470,026</u>	<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>	<u>-</u>	<u>-</u>
System's covered payroll	\$ 68,655,481	\$ 62,222,750	\$ 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	12.07%	12.01%	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					
	2022	2021	2020	2019	2018	2017	2023	2022	2021	2020	2019	2018
Total OPEB liability												
Service cost	\$ 1,866,872	\$ 1,709,166	\$ 2,657,721	\$ 1,710,615	\$ 2,448,333	\$ 2,832,229	\$ 446,733	\$ 404,942	\$ 387,319	\$ 373,572	\$ 424,692	\$ 577,544
Interest	1,781,715	1,753,889	3,168,951	3,849,902	3,574,276	3,139,256	1,535,758	1,148,612	1,157,651	1,039,156	1,269,752	1,076,050
Changes in benefit terms	(5,422,618)	-	(88,269)	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	(973,230)	18,528	(46,800,681)	(13,870)	(3,600,770)	86,792	0	8,196,997	-	193,875	(5,687,159)	-
Changes of assumptions	(11,721,902)	(1,142,106)	3,820,394	23,952,717	(7,889,102)	(10,658,776)	-	(5,397,417)	-	(3,367,893)	(1,338,994)	-
Benefit payments, including refunds of employee contributions	(2,947,466)	(2,781,876)	(2,278,532)	(2,646,946)	(2,457,754)	(2,389,744)	(1,199,175)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Net change in OPEB liability	(17,416,629)	(442,399)	(39,520,416)	26,852,418	(7,925,017)	(6,990,243)	783,316	2,591,874	497,444	(2,644,631)	(6,273,120)	831,529
Total OPEB liability - beginning	80,302,449	80,744,848	120,265,264	93,412,846	101,337,863	108,328,106	29,192,404	26,600,530	26,103,086	28,747,717	35,020,837	34,189,308
Total OPEB liability - ending (a)	<u>\$62,885,820</u>	<u>\$ 80,302,449</u>	<u>\$ 80,744,848</u>	<u>\$ 120,265,264</u>	<u>\$ 93,412,846</u>	<u>\$ 101,337,863</u>	<u>\$29,975,720</u>	<u>\$ 29,192,404</u>	<u>\$26,600,530</u>	<u>\$ 26,103,086</u>	<u>\$ 28,747,717</u>	<u>\$ 35,020,837</u>
Plan fiduciary net position												
Contributions - employer	\$ 2,917,075	\$ 2,948,212	\$ 2,757,353	\$ 3,745,335	\$ 2,457,754	\$ 2,378,069	\$ 2,112,838	\$ 1,507,635	\$ 1,741,315	\$ 8,875,780	\$ 941,411	\$ 822,065
Contributions - employee	-	-	-	-	-	-	-	285,605	-	294,342	-	-
Net investment income	-	-	-	-	-	-	471,306	(619,707)	377,073	545	-	-
Benefit payments, including refunds of employee contributions	(2,917,075)	(2,948,212)	(2,757,353)	(3,745,335)	(2,457,754)	(2,378,069)	(1,199,175)	(1,761,260)	(1,047,526)	(883,341)	(941,411)	(822,065)
Administrative expenses	-	-	-	-	-	-	-	(42,579)	-	-	-	-
Net change in OPEB liability	-	-	-	-	-	-	1,384,969	(630,306)	1,070,862	8,287,326	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	8,727,882	9,358,188	8,287,326	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,112,851</u>	<u>\$ 8,727,882</u>	<u>\$ 9,358,188</u>	<u>\$ 8,287,326</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset) - ending (a) - (b)	62,885,820	80,302,449	80,744,848	120,265,264	93,412,846	101,337,863	19,862,869	20,464,522	17,242,342	17,815,760	28,747,717	35,020,837
Covered-employee payroll	12,368,546	25,721,743	25,721,743	16,244,063	15,582,742	16,915,903	12,518,373	12,213,047	10,840,661	10,576,255	9,259,586	9,721,892
Fiduciary Liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	33.74%	29.90%	35.18%	31.75%	0.00%	0.00%
Net pension liability (asset) as a percentage of covered payroll	508.43%	312.20%	313.92%	740.36%	599.46%	599.07%	158.67%	167.56%	159.05%	168.45%	310.46%	360.23%

* 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.

Note: The Municipal Utilities Board has established a trust for the purposes of accumulating assets to be used for paying benefits of the OPEB Plan. The City of Decatur has not established such a trust and pays for benefits as incurred.

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB	9.494740%	0.892745%	0.855759%	0.964650%	0.898192%	0.868568%
System's proportionate share of the net OPEB liability	\$ 16,544,096	\$ 46,126,468	\$ 55,537,568	\$ 36,394,005	\$ 73,819,943	\$ 64,512,270
System's covered payroll	\$ 62,222,750	\$ 59,061,450	\$ 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	26.59%	78.10%	97.18%	67.50%	145.45%	128.94%
Plan fiduciary net position as a percentage of the total pension liability	48.39%	27.11%	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*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,359,860	\$ 1,808,159	\$ 1,539,446	\$ 1,738,148	\$ 2,719,129	\$ 2,218,461
Contributions in relation to the contractually required contribution	<u>1,359,860</u>	<u>1,808,159</u>	<u>1,539,446</u>	<u>1,738,148</u>	<u>2,719,129</u>	<u>2,218,461</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
System's covered payroll	\$ 68,655,481	\$ 62,222,750	\$ 59,061,450	\$ 57,149,454	\$ 53,916,727	\$ 50,752,590
Contributions as a percentage of covered payroll	1.98%	2.91%	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.*

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

Note A - Change in actuarial assumptions

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

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

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.

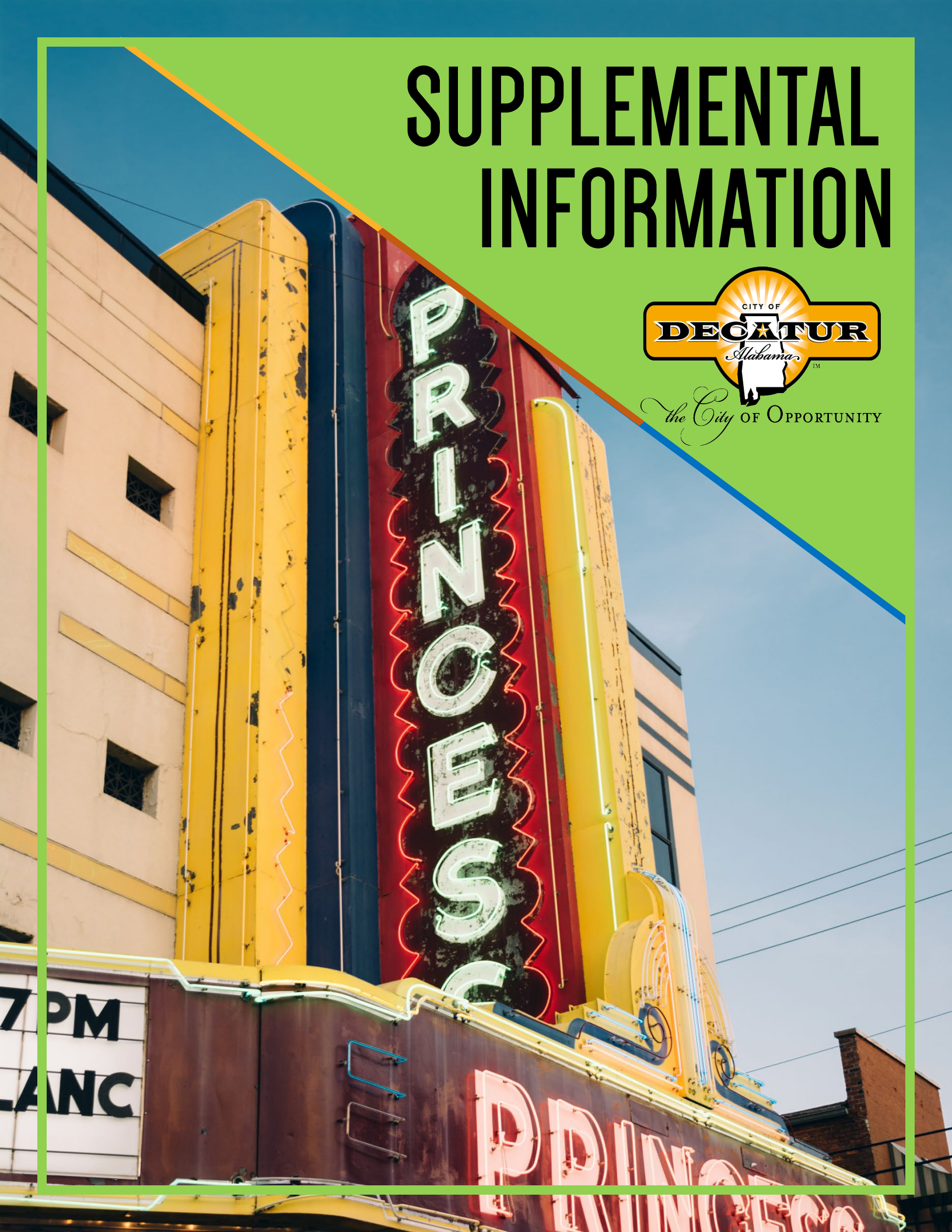
Note C - Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, 2019, 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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	22 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible*	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible
	2024 Medicare Eligible
Optional Plans Trend Rate	2.00%
Investment Rate of Return	5.00%, including inflation

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

SUPPLEMENTAL INFORMATION



City of Decatur
General Fund
Balance Sheet
September 30, 2023

Assets	
Cash & investments	\$ 49,288,055
Cash with fiscal agent	3,629,228
Receivables (net of allowances):	
Accounts	762,136
Taxes	5,200,961
Leases	1,674,126
Due from other funds	826,700
Due from other governmental entities	508,543
Deposits	71,405
Prepays	165,092
Inventories	<u>126,500</u>
Total assets	<u>\$ 62,252,746</u>
Deferred Outflows of Resources	<u>-</u>

City of Decatur
General Fund
Balance Sheet
September 30, 2023

Liabilities and Fund Balance

Liabilities

Accounts payable	\$	1,924,318
Accrued liabilities		1,724,789
Contract retainages		-
Due to other funds		388,227
Due to other governmental entities		19,912
Customer deposits		<u>574,665</u>

Total liabilities 4,631,911

Deferred Inflows of Resources

Unavailable revenue		478,488
Lease related deferred inflows		<u>1,589,422</u>

Total deferred inflows of resources 2,067,910

Fund Balance

Nonspendable		376,296
Restricted		1,588
Committed		29,513,253
Unassigned		<u>25,661,788</u>

Total fund balance 55,552,925

Total liabilities, deferred resources and fund balance \$ 62,252,746

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Report & Actual
 For the Year Ended September 30, 2023

	Report		Actual	Variance with
	Original	Final		Final Report Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	\$ 56,820,906	\$ 56,820,906	\$ 64,638,875	\$ 7,817,969
Licenses and permits	7,890,800	7,890,800	8,792,804	902,004
Fines and forfeitures	435,800	435,800	822,928	387,128
Revenues from money and property	935,500	935,500	908,535	(26,965)
Charges for services	11,247,018	11,247,018	11,827,364	580,346
Intergovernmental	6,039,201	6,039,201	6,429,378	390,177
Gifts and donations	-	-	60,449	60,449
Other revenues	1,038,727	1,038,727	239,880	(798,847)
TOTAL REVENUES	84,407,952	84,407,952	93,720,213	9,312,261
EXPENDITURES				
Current				
General government	17,973,769	18,372,683	17,360,360	1,012,323
Public safety	30,753,567	31,497,614	29,216,352	2,281,262
Public works	9,303,273	14,297,076	11,203,159	3,093,917
Public services	15,243,584	18,505,706	17,211,282	1,294,424
Community services contracts	3,709,458	4,877,615	4,990,024	(112,409)
Community development	685,433	685,433	480,065	205,368
Debt service:				
Principal	3,478,952	3,607,060	3,526,874	80,186
Interest and fiscal charges	1,113,974	1,130,515	1,101,692	28,823
TOTAL EXPENDITURES	82,262,010	92,973,702	85,089,808	7,883,894
EXCESS OF REVENUES OVER EXPENDITURES	2,145,942	(8,565,750)	8,630,405	17,196,155
OTHER FINANCING SOURCES (USES)				
Leases (as lessee)	-	1,331,064	1,335,604	4,540
Operating transfers in	26,555	26,555	553,086	526,531
Operating transfers out	(2,393,840)	(8,026,922)	(7,709,984)	316,938
Total other financing sources (uses)	(2,367,285)	(6,669,303)	(5,821,294)	848,009
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(221,343)	(15,235,053)	2,809,111	18,044,164
Fund balance, beginning	52,743,814	52,743,814	52,743,814	-
FUND BALANCE, ENDING	\$ 52,522,471	\$ 37,508,761	\$ 55,552,925	\$ 18,044,164

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Report & Actual - By Activity
 For the Year Ended September 30, 2023

	Report		Actual	Variance with Final Report Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	43,050,000	43,050,000	49,824,198	6,774,198
Ad valorem	4,928,906	4,928,906	4,988,470	59,564
Other	8,842,000	8,842,000	9,826,207	984,207
Total	56,820,906	56,820,906	64,638,875	7,817,969
Licenses and permits				
Motor Vehicle	180,000	180,000	195,253	15,253
Business Licenses and Permits	6,835,800	6,835,800	7,224,856	389,056
Building Permits and Inspection Fees	875,000	875,000	1,372,695	497,695
Total	7,890,800	7,890,800	8,792,804	902,004
Fines and forfeitures				
	435,800	435,800	822,928	387,128
Revenues from money and property				
Interest	710,500	710,500	709,346	(1,154)
Recreational receipts				-
Other	225,000	225,000	199,189	(25,811)
Total	935,500	935,500	908,535	(26,965)
Charges for current services				
Recreation	377,550	377,550	496,875	119,325
Animal shelter	24,900	24,900	32,176	7,276
General government	495,950	495,950	469,055	(26,895)
Public safety	105,300	105,300	193,941	88,641
Public works	5,320,018	5,320,018	5,342,629	22,611
Cemetery	70,000	70,000	63,800	(6,200)
Youth services	9,500	9,500	6,080	(3,420)
Point Mallard	4,843,800	4,843,800	5,222,808	379,008
Total	11,247,018	11,247,018	11,827,364	580,346
Intergovernmental				
Tax equivalents	5,149,501	5,149,501	5,441,893	292,392
State Grants	-	-	36,010	36,010
State Shared Taxes	889,700	889,700	951,475	61,775
Total	6,039,201	6,039,201	6,429,378	390,177
Gifts & donations				
	-	-	60,449	60,449
Other revenues	1,038,727	1,038,727	239,880	(798,847)
TOTAL REVENUES	84,407,952	84,407,952	93,720,213	9,312,261

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
CURRENT EXPENDITURES				
<i>General Government</i>				
Mayor and Council				
Personnel services	407,395	407,395	323,001	84,394
Operating expenses	348,256	348,256	318,713	29,543
Total	755,651	755,651	641,714	113,937
Legal Services				
Personnel services	646,316	656,316	652,665	3,651
Operating expenses	90,289	90,289	37,036	53,253
Capital outlay	182,000	224,949	126,564	98,385
Total	918,605	971,554	816,265	155,289
Municipal Court				
Personnel services	1,049,669	1,049,669	1,035,253	14,416
Operating expenses	11,151	11,151	9,211	1,940
Total	1,060,820	1,060,820	1,044,464	16,356
City Clerk				
Personnel services	407,319	415,319	414,579	740
Operating expenses	86,475	78,475	60,983	17,492
Total	493,794	493,794	475,562	18,232
Revenue department				
Personnel services	385,039	385,039	306,767	78,272
Operating expenses	52,250	52,250	23,577	28,673
Total	437,289	437,289	330,344	106,945
Finance department				
Personnel services	927,629	927,629	875,073	52,556
Operating expenses	16,455	16,455	8,734	7,721
Total	944,084	944,084	883,807	60,277

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public building				
Personnel services	271,217	271,217	259,448	11,769
Operating expenses	443,430	277,100	230,090	47,010
Capital outlay	25,000	65,872	-	65,872
Total	739,647	614,189	489,538	124,651
Economic and community development				
Personnel services	1,108,665	1,108,665	1,043,148	65,517
Operating expenses	184,949	196,449	186,920	9,529
Capital outlay	-	41,072	200	40,872
Total	1,293,614	1,346,186	1,230,268	115,918
Garage				
Personnel services	368,912	368,912	316,244	52,668
Operating expenses	88,746	88,746	74,271	14,475
Capital outlay	-	24,569	-	24,569
Total	457,658	482,227	390,515	91,712
Purchasing				
Personnel services	174,048	174,048	166,733	7,315
Operating expenses	6,450	6,450	4,989	1,461
Total	180,498	180,498	171,722	8,776
Information services				
Personnel services	1,274,084	1,315,584	1,314,752	832
Operating expenses	2,196,273	2,385,246	2,072,703	312,543
Capital outlay	450,510	544,819	162,076	382,743
Total	3,920,867	4,245,649	3,549,531	696,118
Miscellaneous				
Workman's compensation	800,000	800,000	775,506	24,494
Insurance	453,430	701,430	657,185	44,245
Other	5,366,400	5,179,400	5,764,939	(585,539)
Total	6,619,830	6,680,830	7,197,630	(516,800)

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Safety				
Personnel services	102,632	102,982	102,891	91
Operating expenses	48,780	56,930	36,109	20,821
Total	151,412	159,912	139,000	20,912
Total general government	17,973,769	18,372,683	17,360,360	1,012,323
<i>Public Safety</i>				
Fire				
Personnel services	11,226,108	11,286,108	10,942,590	343,518
Operating expenses	890,586	1,012,897	968,272	44,625
Capital outlay	170,000	772,964	565,215	207,749
Total	12,286,694	13,071,969	12,476,077	595,892
Inspection				
Personnel services	1,030,966	1,027,966	968,006	59,960
Operating expenses	42,070	45,070	45,611	(541)
Capital outlay	-	40,872	-	40,872
Total	1,073,036	1,113,908	1,013,617	100,291
Police				
Personnel services	13,771,157	13,771,157	12,634,268	1,136,889
Operating expenses	2,798,361	2,883,061	2,687,502	195,559
Capital outlay	330,000	-	-	-
Total	16,899,518	16,654,218	15,321,770	1,332,448
Sign Shop				
Personnel services	321,562	316,562	277,433	39,129
Operating expenses	172,757	225,957	127,455	98,502
Capital outlay	-	115,000	-	115,000
Total	494,319	657,519	404,888	252,631
Total public safety	30,753,567	31,497,614	29,216,352	2,281,262

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Public Works</i>				
Director				
Personnel services	257,339	257,339	245,139	12,200
Operating expenses	7,863	7,863	5,017	2,846
Total	265,202	265,202	250,156	15,046
Streets				
Personnel services	1,831,762	1,831,762	1,585,019	246,743
Operating expenses	401,905	412,972	349,755	63,217
Capital outlay	251,000	734,610	542,599	192,011
Total	2,484,667	2,979,344	2,477,373	501,971
Projects				
Operating expenses	18,000	1,534,589	961,958	572,631
Capital outlay	-	105,090	19,062	86,028
Total	18,000	1,639,679	981,020	658,659
Engineering				
Personnel services	496,612	496,612	468,300	28,312
Operating expenses	61,900	61,900	58,190	3,710
Capital outlay	-	967,556	387,311	580,245
Total	558,512	1,526,068	913,801	612,267
Sanitation				
Personnel services	1,897,337	1,812,837	1,778,678	34,159
Operating expenses	1,874,150	2,057,993	2,072,061	(14,068)
Capital outlay	2,205,405	4,015,953	2,730,070	1,285,883
Total	5,976,892	7,886,783	6,580,809	1,305,974
<i>Total public works</i>	9,303,273	14,297,076	11,203,159	3,093,917

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Public Services</i>				
Animal Shelter				
Personnel services	596,806	576,806	532,201	44,605
Operating expenses	130,600	150,600	115,601	34,999
Capital outlay	-	59,078	47,317	11,761
Total	727,406	786,484	695,119	91,365
Parks and recreation				
Personnel services	4,885,492	5,199,294	5,175,707	23,587
Operating expenses	3,323,569	4,405,508	4,344,544	60,964
Capital outlay	10,000	612,242	496,271	115,971
Total	8,219,061	10,217,044	10,016,522	200,522
Landscape and beautification				
Personnel services	112,253	230,853	73,484	157,369
Operating expenses	-	242,948	241,836	1,112
Capital outlay	-	176,495	170,693	5,802
Total	112,253	650,296	486,013	164,283
Cemetery				
Personnel services	131,687	131,687	89,996	41,691
Operating expenses	117,600	177,000	100,652	76,348
Total	249,287	308,687	190,648	118,039
Youth services				
Personnel services	857,673	857,673	791,611	66,062
Operating expenses	160,062	249,546	190,614	58,932
Capital outlay	-	46,496	46,496	-
Total	1,017,735	1,153,715	1,028,721	124,994
Culture				
Old Bank	91,200	99,574	91,511	8,063
Train Depot	21,500	22,450	10,081	12,369
Princess	10,000	400,765	377,730	23,035
Total	122,700	522,789	479,322	43,467

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Point Mallard Aquatic Center				
Personnel services	1,649,472	1,667,472	1,567,395	100,077
Operating expenses	1,111,600	1,119,970	880,767	239,203
Capital outlay	-	40,872	-	40,872
Total	2,761,072	2,828,314	2,448,162	380,152
Point Mallard Golf Course				
Personnel services	644,765	744,265	729,889	14,376
Operating expenses	389,236	398,578	349,421	49,157
Capital outlay	-	38,365.00	-	38,365
Total	1,034,001	1,181,208	1,079,310	101,898
Point Mallard Event Center				
Operating expenses	5,900	5,900	10,751	(4,851)
Total	5,900	5,900	10,751	(4,851)
Point Mallard Campground				
Personnel services	263,490	295,840	294,273	1,567
Operating expenses	152,300	146,950	133,088	13,862
Total	415,790	442,790	427,361	15,429
Point Mallard General Park				
Personnel services	152,279	152,279	129,167	23,112
Operating expenses	426,100	256,200	220,186	36,014
Total	578,379	408,479	349,353	59,126
<i>Total public services</i>	15,243,584	18,505,706	17,211,282	742,670

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Community Service Contracts				
Wheeler Basin Regional Library Board	377,936	377,936	377,936	-
Morgan County Emergency Management Dist.	460,445	460,445	460,446	(1)
Decatur-Morgan County Emergency Mgt. Agency	35,000	35,000	35,000	-
NARCOG:				
Transport Planning	300,000	300,000	300,000	-
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				
Agency of North Alabama:				
Meals on Wheels	14,227	14,227	14,227	-
Foster Grandparents	7,200	7,200	7,200	-
Decatur-Morgan County Seniors' Council, Inc.	51,000	51,000	51,000	-
Decatur Convention and Visitors' Bureau	1,189,550	1,189,550	1,308,958	(119,408)
Morgan County Rescue Squad	15,000	15,000	15,000	-
Pryor Field Airport Authority	30,000	149,383	149,383	-
Volunteer Center	5,000	5,000	5,000	-
Carnegie Visual Arts	17,000	17,000	17,000	-
Free Health Clinic	75,000	75,000	75,000	-
Morgan County Child Advocacy Center	21,000	21,000	-	21,000
Downtown Redevelopment Authority	84,100	234,100	234,100	-
Decatur Youth Symphony	15,000	15,000	-	15,000
Boys and Girls Club	21,000	21,000	-	21,000
Princess Theatre	80,000	80,000	80,000	-
DMCCC Partnership 5 Year Plan	50,000	50,000	50,000	-
Entrepreneurial Center	600,000	600,000	600,000	-
DDMBA / 3rd Friday	-	10,000	10,000	-
Tourism Development	-	888,774	938,774	(50,000)
DMCCC Business Development Board	50,000	50,000	50,000	-
Total Community Services Contract	3,709,458	4,877,615	4,990,024	(112,409)

City of Decatur
 General Fund
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget & Actual - By Activity
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Community Development</i>				
Planning department				
Personnel services	303,897	303,897	223,762	80,135
Operating expenses	44,536	44,536	14,805	29,731
Total	348,433	348,433	238,567	109,866
Business development				
Operating expenses	337,000	337,000	241,498	95,502
Total	337,000	337,000	241,498	95,502
<i>Total community development</i>	685,433	685,433	480,065	205,368
<i>Debt Service Expenditures</i>				
Principal	3,478,952	3,607,060	3,526,874	80,186
Interest and fiscal charges	1,113,974	1,130,515	1,101,692	28,823
<i>Total Debt Service Expenditures</i>	4,592,926	4,737,575	4,628,566	109,009
TOTAL EXPENDITURES	82,262,010	92,973,702	85,089,808	7,332,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,145,942	(8,565,750)	8,630,405	17,196,155
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	1,331,064	1,335,604	4,540
Operating transfers in	26,555	26,555	553,086	526,531
Operating transfers out	(2,393,840)	(8,026,922)	(7,709,984)	316,938
Total other financing sources (uses)	(2,367,285)	(6,669,303)	(5,821,294)	848,009
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(221,343)	(15,235,053)	2,809,111	18,044,164
Fund balance, beginning	52,743,814	52,743,814	52,743,814	-
FUND BALANCE, ENDING	\$ 52,522,471	\$ 37,508,761	\$ 55,552,925	\$ 18,044,164

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

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.

Grant Fund 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.

Alabama Capital Improvement 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.

Opioid Settlement Fund - to account for the receipt of funds distributed from the State of Alabama from various settlements with manufacturers, distributors and retailers stemming from opioid-related legal agreements which are restricted for opioid abatement and remediation along with administrative costs.

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.

City of Decatur
 Non-Major Governmental Funds (by fund type)
 Combining Balance Sheet
 September 30, 2023

	Special Revenue Funds												
	7 Cent	4 & 5 Cent	2019	Personnel	Municipal	Alabama Capital		Docket	Drug	Room	Opioid		
	Gas Tax	Gas Tax	Gas Tax			Grant	Board						Court
Assets													
Cash & investments, at cost	\$ 1,068	\$ -	\$ 67,169	\$ 11,016,069	\$ 148,996	\$ 107,398	\$ 1,275,446	\$ 434,910	\$ 553,587	\$ 373,732	\$ 1,299,971	\$ 1,326,195	
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	37,033	-	
Investments, at cost													
Receivables (net of allowances)													
Accounts	-	-	-	997,553	-	-	-	19,970	6,005	-	-	-	
Taxes	-	-	-	-	-	-	-	-	-	-	47,506	-	
Due from other funds													
Due from governmental entities	12,824	28,626	36,552	1,448,033	-	-	-	-	-	-	-	975,560	
Deposits	10,181	6,823	-	-	-	-	-	-	-	-	-	-	
Total assets	\$ 24,073	\$ 35,449	\$ 103,721	\$ 13,461,655	\$ 148,996	\$ 107,398	\$ 1,275,446	\$ 454,880	\$ 559,592	\$ 373,732	\$ 1,384,510	\$ 2,301,755	
Deferred Outflows of Resources													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities													
Accounts payable	-	-	-	1,444,145	5,443	73,871	5,696	1,366	2,538	6,326	-	-	
Accrued liabilities	-	-	-	10,377	21,863	7,600	-	1,995	-	-	-	-	
Due to other funds	-	14,670	-	-	-	-	-	-	-	-	491,915	-	
Due to other governmental entities	-	-	-	-	-	25,927	-	-	-	-	-	-	
Total liabilities	-	14,670	-	1,454,522	27,306	107,398	5,696	3,361	2,538	6,326	491,915	-	
Deferred Inflows of Resources													
Unavailable revenue	-	-	-	12,269,322	-	-	-	-	-	-	-	975,560	
Total deferred inflows of resources	-	-	-	12,269,322	-	-	-	-	-	-	-	975,560	
Fund Balances													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted	24,073	20,779	103,721	-	-	-	1,269,750	451,519	557,054	367,406	-	1,326,195	
Committed	-	-	-	-	121,690	-	-	-	-	-	892,595	-	
Unassigned	-	-	-	(262,189)	-	-	-	-	-	-	-	-	
Total fund balance (deficit)	24,073	20,779	103,721	(262,189)	121,690	-	1,269,750	451,519	557,054	367,406	892,595	1,326,195	
Total liabilities, deferred inflows and fund balance	\$ 24,073	\$ 35,449	\$ 103,721	\$ 13,461,655	\$ 148,996	\$ 107,398	\$ 1,275,446	\$ 454,880	\$ 559,592	\$ 373,732	\$ 1,384,510	\$ 2,301,755	

City of Decatur
 Non-Major Governmental Funds (by fund type)
 Combining Balance Sheet
 September 30, 2023

Permanent Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	2016 Capital Improvements Fund	Sewer Fund	
\$ 464,638	\$ 866,961	\$ 450,752	\$ 18,386,892
-	-	616,050	653,083
1,051,069	-	-	1,051,069
5,522	37,286	-	1,066,336
-	-	-	47,506
-	-	62,132	62,132
-	-	-	2,501,595
-	-	-	17,004
<u>\$ 1,521,229</u>	<u>\$ 904,247</u>	<u>\$ 1,128,934</u>	<u>\$ 23,785,617</u>
-	-	-	-
-	4,939	-	1,544,324
-	-	-	41,835
5,522	-	-	512,107
-	281,238	-	307,165
<u>5,522</u>	<u>286,177</u>	<u>-</u>	<u>2,405,431</u>
-	-	-	13,244,882
-	-	-	13,244,882
1,515,707	-	-	1,515,707
-	-	-	4,120,497
-	618,070	1,128,934	2,761,289
-	-	-	(262,189)
<u>1,515,707</u>	<u>618,070</u>	<u>1,128,934</u>	<u>8,135,304</u>
<u>\$ 1,521,229</u>	<u>\$ 904,247</u>	<u>\$ 1,128,934</u>	<u>\$ 23,785,617</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, 2023

	Special Revenue Funds												
	7 Cent	4 & 5 Cent	2019	Personnel	Municipal	Alabama Capital		Docket	Drug	Room	Opioid		
	Gas Tax	Gas Tax	Gas Tax			Grant	Board						Court
Revenue													
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 548,088	\$ -	
Fines & forfeitures	-	-	-	-	-	-	-	487,966	145,611	-	-	-	-
Revenues from money & property	1,119	985	4,378	287,555	-	-	-	8,239	-	10,069	103	23,020	
Intergovernmental	140,866	313,864	410,184	6,403,406	-	-	533,348	-	-	82,223	-	1,303,175	
Gifts & donations	-	-	-	10,000	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	155,475	-	-	-	-	-	10,500	-	-	-
Total revenues	141,985	314,849	414,562	6,856,436	-	-	533,348	496,205	145,611	102,792	548,191	1,326,195	
Expenditures													
Current													
General government	-	-	-	-	966,240	-	249,804	111,454	30,902	-	-	-	-
Public safety	-	-	-	175,219	-	-	-	103,810	-	129,061	-	-	-
Public works	131,763	339,358	510,584	1,590,967	-	-	154,113	-	-	-	-	-	-
Public services	-	-	-	150,000	-	-	317,415	-	-	-	-	-	-
Community development	-	-	-	4,891,068	-	-	-	-	-	-	-	-	-
Debt service													
Principal	-	-	-	3,506	-	-	-	45,654	-	-	133,344	-	-
Interest and fiscal charges	-	-	-	301	-	-	-	2,862	-	-	14,902	-	-
Total expenditures	131,763	339,358	510,584	6,811,061	966,240	-	721,332	263,780	30,902	129,061	398,246	-	
Excess (deficiency) of revenues over expenditures	10,222	(24,509)	(96,022)	45,375	(966,240)	-	(187,984)	232,425	114,709	(26,269)	147,146	1,326,195	
Other Financing Sources (Uses)													
Transfers in	-	-	-	1,642,644	1,011,897	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	(2,799)	-	-
Total other financing sources (uses)	-	-	-	1,642,644	1,011,897	-	-	-	-	-	(2,799)	-	
Net change in fund balance	10,222	(24,509)	(96,022)	1,688,019	45,657	-	(187,984)	232,425	114,709	(26,269)	147,146	1,326,195	
Fund balance (deficit), beginning	13,851	45,288	199,743	(1,950,208)	76,033	-	1,457,734	219,094	442,345	393,675	745,449	-	
Fund balance (deficit), ending	\$ 24,073	\$ 20,779	\$ 103,721	\$ (262,189)	\$ 121,690	\$ -	\$ 1,269,750	\$ 451,519	\$ 557,054	\$ 367,406	\$ 892,595	\$ 1,326,195	

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, 2023

Permanent Fund	Capital Projects Fund		Total Nonmajor Governmental Funds
	2016 Capital Improvements Fund	Sewer Fund	
\$ -	\$ -	\$ -	\$ 548,088
-	-	-	633,577
134,277	25,478	60,427	555,650
-	34,170	-	9,221,236
-	-	-	10,000
-	-	-	165,975
<u>134,277</u>	<u>59,648</u>	<u>60,427</u>	<u>11,134,526</u>
-	-	-	1,358,400
-	-	-	408,090
-	242,058	-	2,968,843
-	-	-	467,415
-	-	-	4,891,068
-	-	833,381	1,015,885
-	-	119,321	137,386
-	<u>242,058</u>	<u>952,702</u>	<u>11,497,087</u>
<u>134,277</u>	<u>(182,410)</u>	<u>(892,275)</u>	<u>(362,561)</u>
-	-	765,713	3,420,254
<u>(36,564)</u>	<u>-</u>	<u>-</u>	<u>(39,363)</u>
<u>(36,564)</u>	<u>-</u>	<u>765,713</u>	<u>3,380,891</u>
97,713	(182,410)	(126,562)	3,018,330
<u>1,417,994</u>	<u>800,480</u>	<u>1,255,496</u>	<u>5,116,974</u>
<u>\$ 1,515,707</u>	<u>\$ 618,070</u>	<u>\$ 1,128,934</u>	<u>\$ 8,135,304</u>

City of Decatur
7 Cent Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 140,866	\$ 866
Revenues from money and property	1,000	1,000	1,119	119
Total revenues	141,000	141,000	141,985	985
EXPENDITURES				
Operating expenses	146,400	146,400	131,763	14,637
Total expenditures	146,400	146,400	131,763	14,637
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,400)	(5,400)	10,222	15,622
NET CHANGE IN FUND BALANCE	(5,400)	(5,400)	10,222	15,622
Fund balance, beginning	13,851	13,851	13,851	-
FUND BALANCE, ENDING	\$ 8,451	\$ 8,451	\$ 24,073	\$ 15,622

City of Decatur
 4 and 5 Cent Gas Tax Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 312,000	\$ 312,000	\$ 313,864	\$ 1,864
Revenues from money and property	1,500	1,500	985	(515)
Total revenues	313,500	313,500	314,849	1,349
EXPENDITURES				
Operating expenses	307,934	342,934	339,358	3,576
Total expenditures	307,934	342,934	339,358	3,576
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,566	(29,434)	(24,509)	4,925
NET CHANGE IN FUND BALANCE	5,566	(29,434)	(24,509)	4,925
Fund balance, beginning	45,288	45,288	45,288	-
FUND BALANCE, ENDING	\$ 50,854	\$ 15,854	\$ 20,779	\$ 4,925

City of Decatur
2019 Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 410,184	\$ 10,184
Revenues from money and property	1,000	1,000	4,378	3,378
Total revenues	401,000	401,000	414,562	13,562
EXPENDITURES				
Operating expenses	538,744	588,744	510,584	78,160
Total expenditures	538,744	588,744	510,584	78,160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(137,744)	(187,744)	(96,022)	91,722
NET CHANGE IN FUND BALANCE	(137,744)	(187,744)	(96,022)	91,722
Fund balance, beginning	199,743	199,743	199,743	-
FUND BALANCE, ENDING	\$ 61,999	\$ 11,999	\$ 103,721	\$ 91,722

City of Decatur
 Personnel Board Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Other revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Personnel services	743,129	743,129	732,728	10,401
Operating expenses	268,769	276,269	233,512	42,757
Total expenditures	1,011,898	1,019,398	966,240	53,158
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,011,898)	(1,019,398)	(966,240)	53,158
OTHER FINANCING SOURCES				
Operating transfers in	1,011,897	1,011,897	1,011,897	-
Total other financing sources (uses)	1,011,897	1,011,897	1,011,897	-
NET CHANGE IN FUND BALANCE	(1)	(7,501)	45,657	53,158
Fund balance, beginning	76,033	76,033	76,033	-
FUND BALANCE, ENDING	\$ 76,032	\$ 68,532	\$ 121,690	\$ 53,158

City of Decatur
Alabama Capital Improvement Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 525,000	\$ 525,000	\$ 533,348	\$ 8,348
Total revenues	525,000	525,000	533,348	8,348
EXPENDITURES				
Personal services	-	-	-	-
Operating expenses	100,000	100,000	100,000	-
Capital outlay	1,704,000	2,401,847	621,332	1,780,515
Total expenditures	1,804,000	2,501,847	721,332	1,780,515
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,279,000)	(1,976,847)	(187,984)	1,788,863
NET CHANGE IN FUND BALANCE	(1,279,000)	(1,976,847)	(187,984)	1,788,863
Fund balance, beginning	1,457,734	1,457,734	1,457,734	-
FUND BALANCE, ENDING	\$ 178,734	\$ (519,113)	\$ 1,269,750	\$ 1,788,863

City of Decatur
 Corrections Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 253,000	\$ 253,000	\$ 487,966	\$ 234,966
Revenues from money and property	1,500	1,500	8,239	6,739
Total revenues	254,500	254,500	496,205	241,705
EXPENDITURES				
Personnel services	188,680	200,180	184,401	15,779
Operating expenses	120,180	71,664	30,863	40,801
Capital outlay	-	-	-	-
Debt service				
Principal	-	45,654	45,654	-
Interest	-	2,862	2,862	-
Total expenditures	308,860	320,360	263,780	56,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(54,360)	(65,860)	232,425	298,285
NET CHANGE IN FUND BALANCE	(54,360)	(65,860)	232,425	298,285
Fund balance, beginning	219,094	219,094	219,094	-
FUND BALANCE, ENDING	\$ 164,734	\$ 153,234	\$ 451,519	\$ 298,285

City of Decatur
Docket Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Fines and Forfeitures	\$ 74,200	\$ 74,200	\$ 145,611	\$ 71,411
Total revenues	74,200	74,200	145,611	71,411
EXPENDITURES				
Personnel services	-	-	-	-
Operating expenses	41,450	41,450	30,902	10,548
Capital outlay	90,000	90,000	-	90,000
Total expenditures	131,450	131,450	30,902	100,548
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(57,250)	(57,250)	114,709	171,959
NET CHANGE IN FUND BALANCE	(57,250)	(57,250)	114,709	171,959
Fund balance, beginning	442,345	442,345	442,345	-
FUND BALANCE, ENDING	\$ 385,095	\$ 385,095	\$ 557,054	\$ 171,959

City of Decatur
Drug Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 82,223	\$ 17,223
Revenues from money and property	5,500	5,500	10,069	4,569
Other	-	10,500	10,500	-
Total revenues	70,500	81,000	102,792	21,792
EXPENDITURES				
Personal services	2,500	2,500	2,488	12
Operating expenses	49,300	49,300	38,186	11,114
Capital outlay	-	88,387	88,387	-
Total expenditures	51,800	140,187	129,061	11,126
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,700	(59,187)	(26,269)	32,918
NET CHANGE IN FUND BALANCE	18,700	(59,187)	(26,269)	32,918
Fund balance, beginning	393,675	393,675	393,675	-
FUND BALANCE, ENDING	\$ 412,375	\$ 334,488	\$ 367,406	\$ 32,918

City of Decatur
Room Occupancy Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2023

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes and Payments in lieu of taxes	\$ 560,000	\$ 560,000	\$ 548,088	\$ (11,912)
Revenues from money and property	-	-	103	103
Total revenues	560,000	560,000	548,191	(11,809)
EXPENDITURES				
Operating expenses	-	300,000	250,000	50,000
Debt service				
Principal	133,350	133,350	133,344	6
Interest	14,903	14,903	14,902	1
Operating expenses				
Total expenditures	148,253	448,253	398,246	50,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	411,747	111,747	149,945	38,198
OTHER FINANCING USES				
Operating transfers in	-	-	-	-
Operating transfers (out)	(2,797)	(2,797)	(2,799)	(2)
Total other financing sources	(2,797)	(2,797)	(2,799)	(2)
NET CHANGE IN FUND BALANCE	408,950	108,950	147,146	38,196
Fund balance, beginning	745,449	745,449	745,449	-
FUND BALANCE, ENDING	\$ 1,154,399	\$ 854,399	\$ 892,595	\$ 38,196

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Net Position
 September 30, 2023

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash & investments, at cost	\$ -	\$ 26,630,665	\$26,630,665
Receivables (net of allowance)			
Accounts	-	926,884	926,884
Due from other funds	-	606,856	606,856
Prepaid items	-	2,357	2,357
Inventories, at cost	-	-	-
TOTAL CURRENT ASSETS	-	28,166,762	28,166,762
NONCURRENT ASSETS			
Capital assets:			
Land	-	1,291,799	1,291,799
Buildings	-	2,365,396	2,365,396
Improvements other than buildings	-	8,769,221	8,769,221
Furniture & equipment	-	11,392,062	11,392,062
Construction work in progress	-	6,308,494	6,308,494
Less accumulated depreciation	-	(13,377,953)	(13,377,953)
Total capital assets (net of accumulated depreciation)	-	16,749,019	16,749,019
TOTAL NONCURRENT ASSETS	-	16,749,019	16,749,019
TOTAL ASSETS	-	44,915,781	44,915,781
DEFERRED OUTFLOWS OF RESOURCES			
OPEB contribution	-	219,789	219,789
Pension contributions subsequent to measurement date	-	908,181	908,181
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	1,127,970	1,127,970

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Net Position
 September 30, 2023

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	1,891,996	1,891,996
Accrued liabilities	-	122,571	122,571
Compensated absences	-	12,880	12,880
Claims payable	-	50,000	50,000
TOTAL CURRENT LIABILITIES	-	2,077,762	2,077,762
NONCURRENT LIABILITIES			
Landfill closure and post-closure care costs	-	6,189,850	6,189,850
Compensated absences	-	115,919	115,919
Claims payable	-	50,000	50,000
Net pension liability	-	2,692,283	2,692,283
Net other postemployment benefit liability	-	1,507,994	1,507,994
TOTAL NONCURRENT LIABILITIES	-	10,556,046	10,556,046
TOTAL LIABILITIES	-	12,633,808	12,633,808
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual earnings on OPEB plan investments	-	636,768	636,768
Net difference between projected and actual earnings on pension plan investments	-	5,149	5,149
TOTAL DEFERRED INFLOWS OF RESOURCES	-	641,917	641,917
NET POSITION			
Net investment in capital assets	-	16,749,019	16,749,019
Unrestricted	-	16,019,007	16,019,007
TOTAL NET POSITION	\$ -	\$ 32,768,026	\$ 32,768,026

City of Decatur
 Non-major Proprietary Funds
 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
 For the Year Ended September 30, 2023

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for services	\$ -	\$ 8,633,344	\$ 8,633,344
TOTAL OPERATING REVENUE	-	8,633,344	8,633,344
OPERATING EXPENSES			
Personnel, operations & maintenance	-	3,735,314	3,735,314
Closure and postclosure costs	-	1,963,708	1,963,708
Depreciation and amortization	-	1,258,084	1,258,084
Administrative costs	-	634,926	634,926
TOTAL OPERATING EXPENSES	-	7,592,032	7,592,032
OPERATING INCOME (LOSS)	-	1,041,312	1,041,312
NONOPERATING REVENUES (EXPENSES)			
Interest income	-	742,238	742,238
Intergovernmental grant income	-	30,521	30,521
Miscellaneous revenue	-	37,837	37,837
Total nonoperating revenue	-	810,596	810,596
INCOME (LOSS) BEFORE CONTRIBUTIONS, TRANSFERS & SPECIAL ITEMS	-	1,851,908	1,851,908
Transfers in	3,471,131	7,446	3,478,577
Transfers (out)	(3,966,923)	-	(3,966,923)
CHANGE IN NET POSITION	(495,792)	1,859,354	1,363,562
Total net position, beginning	495,792	30,908,672	31,404,464
TOTAL NET POSITION, ENDING	\$ -	\$ 32,768,026	\$ 32,768,026

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Cash Flows
 For the Year Ended September 30, 2023

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING ACTIVITIES			
Receipts from customers and users	\$ -	\$ 8,251,046	\$ 8,251,046
Payments to suppliers	-	(1,689,169)	(1,689,169)
Payments to employees	-	(1,937,267)	(1,937,267)
Non-operating cash receipts	-	38,152	38,152
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	4,662,762	4,662,762
NONCAPITAL FINANCING ACTIVITIES			
Payments received from advances to other funds	-	131,202	131,202
Grant proceeds	-	30,521	30,521
Operating transfers in	-	7,446	7,446
Operating transfers (out)	(604,671)	-	(604,671)
NET CASH (USED) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(604,671)	169,169	(435,502)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(10,055,058)	(10,055,058)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(10,055,058)	(10,055,058)
INVESTING ACTIVITIES			
Interest received	-	742,238	742,238
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	742,238	742,238
NET DECREASE IN CASH AND CASH EQUIVALENTS	(604,671)	(4,480,889)	(5,085,560)
Cash and cash equivalents, beginning	604,671	31,111,554	31,716,225
CASH AND CASH EQUIVALENTS, ENDING	\$ -	\$ 26,630,665	\$ 26,630,665

City of Decatur
 Non-major Proprietary Funds
 Combining Statement of Cash Flows
 For the Year Ended September 30, 2023

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
OPERATING INCOME (LOSS)	\$ -	\$ 1,041,312	\$ 1,041,312
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	-	1,258,084	1,258,084
Landfill postclose costs	-	1,650,074	1,650,074
Miscellaneous items	-	37,837	37,837
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	-	(382,298)	(382,298)
Accounts payable	-	1,753,659	1,753,659
Claims payable	-	(50,000)	(50,000)
Inventory	-	-	-
Prepaid items	-	2,357	2,357
Accrued liabilities	-	35,381	35,381
Net pension liability	-	133,229	133,229
Net OPEB obligation	-	(817,188)	(817,188)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ -	\$ 4,662,762	\$ 4,662,762

STATISTICAL SECTION (UNAUDITED)



This part of the City of Decatur's annual comprehensive 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	B-1
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	C-1
These schedules contain information to help the reader assess the city's most significant local revenue source, the sales tax.	
Debt Capacity	D-1
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.	
Demographic and Economic Information	E-1
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	F-1
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.	

Source:

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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.

This Page Intentionally Left Blank

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 83,548,310	\$ 68,734,208	\$ 57,492,241	\$ 55,707,351	\$ 45,494,769	\$ 34,773,577	\$ 37,209,341	\$ 31,327,171	\$ 29,561,806	\$ 30,447,007
Restricted	6,613,352	6,534,968	6,264,941	6,206,701	3,570,597	3,509,162	3,682,814	3,788,357	4,318,971	3,885,349
Unrestricted	(61,235,708)	(80,009,846)	(97,299,482)	(112,616,183)	(106,609,293)	(113,665,669)	(43,961,640)	(38,088,919)	(35,016,581)	(2,825,187)
Total governmental activities net position	28,925,954	(4,740,670)	(33,542,300)	(50,702,131)	(57,543,927)	(75,382,930)	(3,069,485)	(2,973,391)	(1,135,804)	31,507,169
Business-type activities										
Net investment in capital assets	271,483,592	260,360,162	257,574,347	249,319,906	243,198,235	226,886,818	201,146,976	188,974,450	168,779,187	123,170,516
Restricted	21,154,775	19,744,950	7,881,333	15,482,625	24,012,716	23,603,852	23,056,896	28,639,263	40,071,044	47,773,019
Unrestricted	25,859,737	26,759,813	17,198,387	8,563,733	(4,323,534)	(2,938,616)	37,772,340	35,861,212	33,133,776	82,333,175
Total business-type activities net position	318,498,104	306,864,925	282,654,067	273,366,264	262,887,417	247,552,054	261,976,212	253,474,925	241,984,007	253,276,710
Primary government										
Net investment in capital assets	355,031,902	329,094,370	315,066,588	305,027,257	288,693,004	261,660,395	238,356,317	220,301,621	198,340,993	153,617,523
Restricted	27,768,127	26,279,918	14,146,274	21,689,326	27,583,313	27,113,014	26,739,710	32,427,620	44,390,015	51,658,368
Unrestricted	(35,375,971)	(53,250,033)	(80,101,095)	(104,052,450)	(110,932,827)	(116,604,285)	(6,189,300)	(2,227,707)	(1,882,805)	79,507,988
Total primary government net assets	\$ 347,424,058	\$ 302,124,255	\$ 249,111,767	\$ 222,664,133	\$ 205,343,490	\$ 172,169,124	\$ 258,906,727	\$ 250,501,534	\$ 240,848,203	\$ 284,783,879

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

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

Expenses	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities:										
General Government	\$ 7,136,978	\$ 9,041,026	\$ 12,944,319	\$ 21,666,828	\$ 9,470,149	\$ 23,144,821	\$ 18,363,409	\$ 16,044,080	\$ 13,957,454	\$ 14,264,188
Public safety	30,843,325	28,248,293	27,027,485	26,646,533	26,386,902	25,480,437	25,332,134	23,111,083	23,949,879	22,981,334
Public works	12,294,056	10,238,921	9,927,356	7,784,652	8,228,481	7,741,903	9,539,842	6,950,859	8,129,042	10,452,310
Public services	17,890,148	11,268,150	9,859,751	9,483,645	11,193,931	10,568,698	10,272,836	10,196,003	9,805,856	8,795,026
Educational assistance	29,644,755	27,631,709	26,016,676	23,314,576	23,232,204	21,974,908	21,097,369	20,423,095	20,133,524	19,647,186
Community development	1,783,146	2,420,240	2,756,394	1,489,956	2,794,596	1,260,539	1,310,902	1,218,223	1,026,451	2,121,523
Community service contracts	5,484,151	3,393,276	2,955,611	2,690,067	1,293,569	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354
Personnel board	-	-	-	-	-	-	801,764	611,900	620,764	580,781
Interest on long-term debt	1,754,576	1,169,828	895,287	1,292,456	1,417,048	1,529,897	1,625,845	1,586,551	1,774,419	1,837,110
Unallocated depreciation	1,160,152	1,480,489	1,609,561	1,801,728	1,985,191	2,093,773	2,173,814	2,320,990	2,366,814	2,449,953
Total governmental activities expense	107,991,287	94,891,932	93,992,440	96,170,441	86,002,071	96,488,136	92,992,480	84,819,997	84,003,232	85,478,765
Business-type activities:										
Municipal Utilities Board	150,727,657	152,877,786	135,880,186	124,503,538	135,287,508	134,675,442	130,290,772	129,940,544	134,707,491	141,507,769
Point Mallard	-	5,483,738	5,137,263	3,715,716	5,718,591	5,885,957	5,587,125	5,591,696	5,614,318	5,382,914
Sanitary Landfill	7,592,032	5,769,116	5,831,354	4,566,388	5,665,053	10,265,722	6,676,493	5,946,289	5,579,541	5,593,042
Total business-type activities expenses	158,319,689	164,130,640	146,848,803	132,785,642	146,671,152	150,827,121	142,554,390	141,478,529	145,901,350	152,483,725
Total primary government expenses	266,310,976	259,022,572	240,841,243	228,956,083	232,673,223	247,315,257	235,546,870	226,298,526	229,904,582	237,962,490
Program Revenues										
Governmental activities:										
Charges for services:										
General government	7,986,655	8,204,274	6,912,263	7,180,587	7,032,271	6,903,145	6,495,047	6,101,001	6,642,236	6,546,578
Public safety	5,326,132	2,380,924	1,449,303	1,448,207	1,784,133	2,003,560	1,959,213	2,008,137	2,245,642	2,213,545
Public works	5,342,629	4,917,476	4,648,056	4,526,901	4,438,798	4,286,515	3,930,481	3,918,168	3,920,619	3,358,806
Public services	5,934,305	743,464	697,436	420,542	667,645	684,203	704,558	692,853	703,562	714,905
Intergovernmental assistance	-	-	-	-	-	-	-	-	-	264,600
Educational assistance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	1,944	2,911	7,716	15,068
Operating grants and contributions	2,466,165	2,700,754	3,122,439	2,472,564	1,673,621	1,246,909	3,930,964	2,191,970	1,322,425	2,837,884
Capital grants and contributions	9,577,769	7,159,412	7,155,168	4,318,927	6,750,266	6,397,687	3,436,810	2,011,637	2,205,732	1,060,037
Total governmental activities program revenues	36,633,655	26,106,304	23,984,665	20,367,728	22,346,734	21,522,019	20,459,017	16,926,677	17,047,932	17,011,423
Business-type activities:										
Charges for services:										
Municipal Utilities Board	153,020,556	164,224,211	139,850,512	131,913,145	144,243,694	145,366,327	139,081,130	137,016,266	141,001,444	146,862,667
Point Mallard	-	5,144,403	4,939,976	1,846,806	5,155,091	5,375,310	5,076,812	5,016,486	5,154,135	4,760,368
Sanitary Landfill	8,633,344	7,825,856	7,650,951	7,507,008	7,029,190	6,900,730	6,040,839	6,022,126	6,094,943	5,926,274
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,536,415	730,767	921,133	1,246,220	3,907,937	359,349	1,195,833	2,539,845	1,205,802	405,913
Total business-type activities program revenues	163,190,315	177,925,237	153,362,572	142,513,179	160,335,912	158,001,716	151,394,614	150,594,723	153,456,324	157,955,222
Total primary government program revenues	199,823,970	204,031,541	177,347,237	162,880,907	182,682,646	179,523,735	171,853,631	167,521,400	170,504,256	174,966,645
Net (Expense)/Revenue										
Governmental activities	(71,357,632)	(68,785,628)	(70,007,775)	(75,802,713)	(63,655,337)	(74,966,117)	(72,533,463)	(67,893,320)	(66,955,300)	(68,467,342)
Business-type activities	4,870,626	13,794,597	6,513,769	9,727,537	13,664,760	7,174,595	8,840,224	9,116,194	7,554,974	5,471,497
Total primary government net expense	(66,487,006)	(54,991,031)	(63,494,006)	(66,075,176)	(49,990,577)	(67,791,522)	(63,693,239)	(58,777,126)	(59,400,326)	(62,995,845)

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Sales & use taxes	65,363,192	61,120,053	55,838,932	49,930,964	48,372,767	44,540,749	42,306,443	39,102,654	37,490,197	36,975,155
Property taxes	23,492,401	21,772,067	20,596,224	20,507,015	20,754,352	19,733,997	19,644,780	18,863,532	19,300,964	19,453,927
Alcoholic beverage taxes*	2,226,992	2,093,118	2,125,967	1,972,204	1,836,545	1,807,517	1,867,412	1,848,981	1,768,182	1,750,197
Gasoline taxes*	860,355	1,050,623	817,441	770,700	806,139	753,123	790,070	813,437	762,676	762,635
Automobile taxes*	2,246,521	1,912,941	1,665,894	1,530,617	1,470,708	1,416,741	1,439,929	1,468,633	1,393,212	1,385,352
Lodging taxes*	2,982,724	2,656,308	2,362,706	1,882,644	1,661,859	1,473,513	1,707,366	1,502,491	1,290,241	1,298,503
Rental taxes*	1,861,227	1,721,259	1,667,263	1,396,080	1,526,752	1,259,248	1,174,924	1,160,898	1,075,881	1,061,858
Other taxes*	2,817,223	3,060,181	2,518,376	2,843,597	3,200,153	3,162,870	2,270,700	2,640,531	2,603,581	2,433,363
Interest on investments	3,324,831	(998,910)	1,644,900	1,125,044	1,032,167	216,775	163,743	85,679	75,454	99,328
Other	22,921	579,096	164,001	287,769	37,239	383,589	206,279	711,482	953,234	766,711
Extraordinary item		1,605,911								
Transfers	(174,131)	1,014,611	(2,234,098)	396,735	795,661	(9,188,159)	865,723	(2,142,585)	930,600	(4,891)
Total governmental activities	105,024,256	97,587,258	87,167,606	82,643,369	81,494,341	65,559,963	72,437,369	66,055,733	67,644,222	65,982,138
Business-type activities:										
Interest on investments	6,571,087	2,061,311	475,867	1,081,704	1,883,254	1,329,049	438,987	182,828	173,935	212,843
Forgiveness of Long-term debt		-	-	-	-	-	-	-	-	-
Other	17,336	96,700	(71,715)	66,343	583,010	(145,266)	87,779	49,311	46,454	138,555
Extraordinary item		9,272,861								
Transfers	174,131	(1,014,611)	2,234,098	(396,737)	(795,661)	9,188,159	(865,723)	2,142,585	(930,600)	4,891
Total business-type activities	6,762,554	10,416,261	2,638,250	751,310	1,670,603	10,371,942	(338,957)	2,374,724	(710,211)	356,289
Total primary government	111,786,810	108,003,519	89,805,856	83,394,679	83,164,944	75,931,905	72,098,412	68,430,457	66,934,011	66,338,427
Change in Net Position										
Governmental activities	33,666,624	28,801,630	17,159,831	6,840,656	17,839,004	(9,406,154)	(96,094)	(1,837,587)	688,922	(2,485,204)
Business-type activities	11,633,180	24,210,858	9,152,019	10,478,847	15,335,363	17,546,537	8,501,267	11,490,918	6,844,763	5,827,786
Total primary government	\$ 45,299,804	\$ 53,012,488	\$ 26,311,850	\$ 17,319,503	\$ 33,174,367	\$ 8,140,383	\$ 8,405,173	\$ 9,653,331	\$ 7,533,685	\$ 3,342,582

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 Balance-Governmental Fund
Last Ten Fiscal Years (Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund										
Nonspendable	\$ 376,296	\$ 237,233	\$ 214,106	\$ 237,316	\$ 185,036	\$ 53,403	\$ 25,204	\$ 19,543	\$ 21,299	\$ 21,549
Restricted	1,588	1,547	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,311
Committed	29,513,253	28,498,202	26,097,888	23,169,208	21,781,925	22,040,347	21,062,702	21,230,959	17,809,129	17,009,274
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	25,661,788	24,006,832	22,323,010	15,232,369	15,103,480	10,942,972	10,304,555	9,831,764	9,031,061	6,153,212
Total general fund	55,552,925	52,743,814	48,636,316	38,640,205	37,071,753	33,038,034	31,393,773	31,083,578	26,862,801	23,185,346
All other governmental funds										
Nonspendable	1,515,707	1,419,069	1,389,552	1,331,312	1,200,564	1,108,622	1,035,972	1,114,186	1,068,386	1,021,886
Restricted	4,120,497	2,770,655	2,806,370	2,281,362	2,368,721	2,399,228	2,645,530	2,672,858	3,249,271	2,862,151
Committed	57,582,548	24,362,365	3,363,763	2,592,718	2,205,535	3,080,921	5,903,693	2,705,450	4,289,409	4,283,113
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(262,189)	(1,950,208)	(2,184,140)	-	-	-	-	(403,248)	(284,827)	(631,842)
Total all other governmental funds	\$ 62,956,563	\$ 26,601,881	\$ 5,375,545	\$ 6,205,392	\$ 5,774,820	\$ 6,588,771	\$ 9,585,195	\$ 6,089,246	\$ 8,322,239	\$ 7,535,308

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Sales & use taxes	\$ 65,363,192	\$ 61,120,052	\$ 55,818,586	\$ 49,930,963	\$ 48,372,766	\$ 44,579,344	\$ 42,306,443	\$ 39,102,654	\$ 37,490,198	\$ 36,975,156
Property taxes	17,060,542	15,345,822	14,998,318	14,294,390	14,602,486	13,515,186	13,076,829	12,771,314	12,804,007	12,449,851
Other taxes	12,044,311	11,731,781	10,290,286	9,603,478	9,974,179	9,421,115	8,901,979	8,930,750	8,439,412	8,194,022
Licenses & permits	8,792,804	8,334,558	6,961,326	7,245,608	7,079,882	7,009,021	6,419,707	6,500,840	6,874,042	6,332,105
Fines & forfeitures	1,456,505	986,137	608,125	638,627	894,355	1,003,660	1,084,515	1,123,993	1,277,650	1,483,398
Revenues from money & property	3,616,217	(667,667)	1,976,998	1,393,261	1,292,076	476,857	395,853	305,821	278,241	295,724
Charges for services	11,827,364	6,133,091	5,805,493	5,423,782	5,686,552	5,604,473	5,341,448	5,321,168	5,350,291	4,791,185
Intergovernmental	19,437,839	16,251,514	14,468,404	13,177,632	14,243,667	14,008,548	12,372,847	10,373,846	10,236,944	11,472,765
Gifts & donations	95,449	148,338	72,357	378,020	119,680	165,000	280,405	226,081	155,629	108,180
Other revenues	405,855	2,588,126	395,282	874,035	409,959	375,268	1,268,944	1,050,811	825,963	640,298
Total revenues	140,100,078	121,971,752	111,395,175	102,959,796	102,675,602	96,158,472	91,448,970	85,707,278	83,732,377	82,742,684
Expenditures										
General government	18,789,148	18,320,410	15,671,067	15,796,012	13,671,107	5,697,269	4,929,165	5,606,753	4,511,312	4,456,127
Public safety	29,801,375	29,699,643	27,640,408	27,276,303	27,793,838	25,210,014	27,468,639	23,356,634	23,406,958	22,038,762
Public works	24,583,343	12,833,056	10,393,166	16,678,200	15,229,711	16,845,093	22,133,489	7,967,892	8,326,936	11,542,923
Public services	19,096,666	10,729,990	8,521,875	7,685,146	9,802,365	10,414,073	9,835,207	9,704,966	9,362,391	8,948,313
Educational assistance	29,644,755	27,631,709	26,016,676	23,314,576	23,232,204	28,857,773	28,155,808	26,931,950	25,487,456	24,699,081
Community service contracts	5,484,151	3,393,276	2,955,611	2,690,067	2,794,596	2,693,160	2,474,565	2,357,213	2,239,029	2,349,354
Community development	5,371,133	8,706,521	8,889,871	2,557,713	2,215,799	1,317,398	973,435	2,123,977	2,311,183	1,841,519
Personnel board	-	-	-	-	-	-	801,764	611,900	620,764	580,781
Debt Service: Principal	4,542,759	5,420,247	3,101,446	4,093,750	4,139,235	6,445,261	3,344,319	3,227,479	3,576,260	3,469,657
Interest and fiscal charges	1,239,078	995,014	949,578	1,265,740	1,372,640	1,485,229	1,440,280	1,645,140	1,734,540	1,797,817
Debt issuance costs	389,968	242,575	214,280	-	-	15	86,803	354,892	-	-
Total expenditures	138,942,376	117,972,441	104,353,978	101,357,507	100,251,495	98,965,285	101,643,474	83,888,796	81,576,829	81,724,334
Excess (deficiency) of revenues over expenditures	1,157,702	3,999,311	7,041,197	1,602,289	2,424,107	(2,806,813)	(10,194,504)	1,818,482	2,155,548	1,018,350
Other Financing Sources (Uses)										
General obligation debt issued	32,745,000	18,185,000	17,660,000	-	-	-	5,140,000	21,630,000	2,500,000	-
Premium on debt issue	2,652,253	2,066,675	-	-	-	-	97,594	316,632	-	-
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Lease Proceeds ***	1,335,604	32,039	-	-	-	837,996	422,596	-	-	54,600
Payment to escrow agent	-	-	(16,373,131)	-	-	-	-	(14,105,614)	-	-
Transfers in	9,022,581	5,595,106	2,227,587	1,818,247	1,896,577	1,551,014	5,996,202	2,858,215	749,409	849,219
Transfers (out)	(7,749,347)	(4,544,298)	(1,389,388)	(1,421,512)	(1,100,916)	(934,360)	(5,130,479)	(3,055,196)	(940,571)	(854,110)
Total other financing (uses) sources	38,006,091	21,334,522	2,125,068	396,735	795,661	1,454,650	6,525,913	7,644,037	2,308,838	49,709
Net change in fund balance	\$ 39,163,793	\$ 25,333,833	\$ 9,166,265	\$ 1,999,024	\$ 3,219,768	\$ (1,352,163)	\$ (3,668,591)	\$ 9,462,519	\$ 4,464,386	\$ 1,068,059
Debt service as a percentage of noncapital expenditures	4.9%	6.4%	4.5%	6.1%	6.3%	9.8%	5.1%	6.5%	6.8%	6.9%

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

***GASB 87 implemented FY22

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
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%
2022	262,554,560	807,195,000	6,748,900	239,453,500	837,044,960	18.6 Mills	5,302,623,333	15.79%
2023	268,386,600	851,389,480	5,225,320	236,379,820	888,621,580	18.6 Mills	5,593,278,433	15.89%

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
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
2022	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2023	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	2014			2015			2016			2017			2018		
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Bunge Corporation	18,185,860	3	2.90%	19,230,040	4	3.08%	18,957,020	4	2.96%	15,686,620	5	2.41%	19,535,500	4	2.69%
BellSouth	6,867,200	6	1.10%	6,918,000	7	1.11%	4,923,500	8	0.77%	6,596,200	7	1.01%	*		
Hexel Corporation	73,919,400	2	11.80%	80,968,860	2	12.99%	88,503,120	2	13.84%	115,923,600	1	17.79%	129,027,720	1	17.77%
General Electric/Haier	9,210,420	5	1.47%	17,694,600	5	2.84%	24,603,100	3	3.85%	23,886,940	3	3.67%	23,460,220	3	3.23%
Nucor Steel	110,906,620	1	17.71%	108,511,480	1	17.41%	100,342,940	1	15.69%	85,160,720	2	13.07%	93,710,320	2	12.90%
O.C.I. Chemical Corp	4,392,840	10	0.70%	4,248,060	9	0.68%	4,287,060	9	0.67%	4,046,600	10	0.62%	4,417,860	9	0.61%
Meow Mix	6,151,880	7	0.98%	5,960,260	8	0.96%	12,920,104	6	2.02%	5,922,580	8	0.91%	6,916,740	7	0.95%
Hyosung USA, Inc.	*			*			*		*			*	4,787,100	8	0.66%
ITC-AL LLC	9,109,400	8	1.45%	8,646,880	6	1.39%	8,179,880	7	1.28%	7,718,520	6	1.18%	7,433,260	6	1.02%
Ardent Mills, LLC (Conagra)	5,769,920	9	0.92%	*			4,398,960	10	0.69%	4,124,760	9	0.63%	3,766,600	10	0.52%
Coyote Garrison Decatur LLC	*			3,571,720	10	0.57%	*		*			*	*		
Polyplex USA, LLC	20,117,180	4	3.21%	19,955,600	3	3.20%	18,940,400	5	2.96%	18,162,900	4	2.79%	17,228,060	5	2.37%
Sparks Industrial	*			*			*		*			*	*		
Total	\$ 264,630,720		42.25%	\$ 275,705,500		44.23%	\$ 286,056,084		44.73%	\$ 287,229,440		44.07%	\$ 310,283,380		42.73%
Net City Taxable Assessed Value			626,277,220			623,388,860			639,485,700			651,710,520			726,167,020

Source:
Revenue Commissioner of Morgan County

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

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

Taxpayer	2019			2020			2021			2022			2023		
	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	25,218,360	3	3.57%	25,909,520	4	3.46%	26,233,020	4	3.41%	28,838,860	4	3.45%	31,552,700	4	3.55%
BellSouth	*			*			*			-			-		
Hexel Corporation	94,714,420	2	13.42%	108,259,680	1	14.46%	108,350,500	2	14.10%	105,644,020	2	12.62%	101,760,520	2	11.45%
General Electric/Haier	23,703,380	4	3.36%	38,182,000	3	5.10%	39,853,700	3	5.19%	38,465,720	3	4.60%	37,827,720	3	4.26%
Nucor Steel	101,212,160	1	14.34%	88,500,080	2	11.82%	108,977,660	1	14.19%	129,474,200	1	15.47%	140,602,000	1	15.82%
O.C.I. Chemical Corp	4,456,900	7	0.63%	4,371,960	9	0.58%	4,391,580	9	0.57%	4,938,840	9	0.59%	6,054,500	8	0.68%
Meow Mix	7,070,620	6	1.00%	7,003,220	8	0.94%	7,203,000	7	0.94%	8,096,920	7	0.97%	8,547,300	7	0.96%
Hyosung USA, Inc.	5,225,880	9	0.74%	4,097,880	10	0.55%	4,091,960	10	0.53%	4,049,380	10	0.48%	3,929,060	10	0.44%
ITC-AL LLC	2,760,362	10	0.39%	7,185,060	7	0.96%	4,576,580	8	0.60%	-		0.00%	5,455,020	9	0.61%
Ardent Mills, LLC (Conagra)	5,411,100	8	0.77%	8,843,520	6	1.18%	9,964,520	6	1.30%	10,202,300	6	1.22%	9,848,940	6	1.11%
Coyote Garrison Decatur LLC	*			*			*			-			-		
Polyplex USA, LLC	15,955,120	5	2.26%	16,758,320	5	2.24%	12,943,260	5	1.68%	14,851,240	5	1.77%	12,648,480	5	1.42%
Sparks Industrial	*			*			*			8,075,220	8	0.96%			0.00%
Total	\$ 285,728,302		40.49%	\$ 309,111,240		41.29%	\$ 326,585,780		42.51%	\$ 352,636,700		42.13%	\$ 358,226,240		40.31%
Net City Taxable Assessed Value			705,645,260			748,709,380			768,259,120			837,044,960			888,621,580

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
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%	4,315	24,830,226	99.8%
2019	26,713,891	26,252,347	98.27%	10,261	26,262,608	98.3%
2020	26,992,758	24,637,744	91.28%	1,694,740	26,332,484	97.6%
2021	27,082,273	26,995,942	99.68%	12,142	27,008,084	99.7%
2022**	27,979,367	27,150,699	97.04%		27,150,699	97.0%
2023*	29,235,302					

Source:

Morgan County Revenue Commissioner

* FY 23 revenue collected amounts will not be available until mid-July 2024

** FY 22 collections in subsequent years will not be available until mid-July 2024

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Apparel	\$ 49,402	\$ 50,606	\$ 48,752	\$ 35,960	\$ 44,021	\$ 53,625	\$ 41,401	\$ 72,483	\$ 62,724	\$ 61,670
Multi-Line Retail	\$ 503,774	\$ 596,825	\$ 556,261	\$ 471,528	\$ 442,566	\$ 337,965	\$ 148,859	\$ 210,809	\$ 170,418	169,766
Restaurants	\$ 165,423	\$ 169,393	\$ 165,410	\$ 127,136	\$ 148,127	\$ 137,321	\$ 201,243	\$ 154,769	\$ 138,512	129,213
Grocery Stores	\$ 116,618	\$ 111,110	\$ 104,158	\$ 103,391	\$ 101,114	\$ 85,501	\$ 89,777	\$ 80,136	\$ 78,899	74,277
Building Materials	\$ 26,836	\$ 52,577	\$ 25,121	\$ 14,922	\$ 16,971	\$ 67,453	\$ 78,528	\$ 77,028	\$ 63,561	60,476
Automobile Dealers	\$ 356,864	\$ 356,282	\$ 342,976	\$ 232,836	\$ 269,234	\$ 269,605	\$ 317,935	\$ 294,061	\$ 230,500	217,491
Household Furnishings	\$ 8,009	\$ 11,920	\$ 10,481	\$ 7,362	\$ 7,538	\$ 7,763	\$ 27,439	\$ 28,083	\$ 26,665	24,961
Convenience Stores	\$ 50,493	\$ 50,544	\$ 50,990	\$ 39,219	\$ 40,102	\$ 38,199	\$ 31,931	\$ 35,557	\$ 33,510	32,371
All other outlets	\$ 701,738	\$ 451,460	\$ 386,004	\$ 479,546	\$ 395,346	\$ 346,622	\$ 381,769	\$ 558,504	\$ 477,803	494,117
Total	\$ 1,979,157	\$ 1,850,717	\$ 1,690,152	\$ 1,511,899	\$ 1,465,019	\$ 1,344,054	\$ 1,318,882	\$ 1,511,430	\$ 1,282,591	\$ 1,264,342

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
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%
2022	4.00%	1.00%	4.00%
2023	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 2023			Calendar Year 2022			Calendar Year 2021		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	5,094,023	1	7.79%	4,708,189	1	7.70%	4,419,307	1	7.92%
Manufacturer	3,022,387	2	4.62%	2,827,997	2	4.63%	2,644,063	2	4.74%
Grocery store	2,347,580	3	3.59%	2,255,463	3	3.69%	2,150,853	3	3.85%
Multi-line retailer	1,804,239	4	2.76%	1,744,110	4	2.85%	1,233,810	6	2.21%
Building materials /hard line	1,517,541	5	2.32%	1,387,202	5	2.27%	1,703,961	4	3.05%
Multi-line retailer	1,471,082	6	2.25%	1,259,272	6	2.06%	*		
Grocery store	978,228	7	1.50%	954,410	7	1.56%	1,035,954	7	1.86%
Apparel Store							*		
Building materials /hard line							1,287,072	5	2.31%
Automobile dealer	944,135	8	1.44%	925,612	8	1.51%	888,673	8	1.59%
Multi-line retailer				738,920	10	1.21%	794,693	9	1.42%
Manufacturer	809,747	10	1.24%				*		
Automobile dealer	824,956	9	1.26%	748,328	9	1.22%	750,480	10	1.34%
Total	\$ 18,813,918		28.78%	\$ 17,549,503		28.71%	\$ 16,908,865		30.29%

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

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

Tax Remitter Description	Calendar Year 2014		
	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,587,180	1	9.70%
Manufacturer	2,100,098	2	5.68%
Grocery store	1,136,174	3	3.07%
Multi-line retailer	867,320	5	2.35%
Building materials /hard line	994,952	4	2.69%
Multi-line retailer	689,663	7	1.87%
Grocery store	754,482	6	2.04%
Apparel Store	661,069	8	1.79%
Building materials /hard line	660,209	9	1.79%
Automobile dealer	577,733	10	1.56%
Multi-line retailer			
Manufacturer			
Total	\$ 12,028,879		32.53%

Source:

City Revenue Department

Notes:

Confidentiality requirements prohibit disclosure of tax remitter business names.

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

Fiscal Year	Electric	Gas	Water	Wastewater	Total
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
2022	102,341,575	21,185,361	16,130,184	24,567,091	164,224,211
2023	96,223,729	14,455,544	16,580,049	25,761,234	153,020,556

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	Leases	Water Revenue Warrants	Wastewater Revenue Warrants	Water Notes Payable	Wastewater Notes Payable	Leases			
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
2022	57,060	-	452	16,207	187,803	-	-	-	261,522	14.62%	4,507
2023	88,056	-	1490	15,187	183,658	-	-	-	288,391	15.92%	4,926

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
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
2022	57,512,777	1.08%	991
2023	88,056,470	1.57%	1,504

Sources:

Morgan County Economic Development Association provided demographics

**City of Decatur
Direct and Overlapping Governmental Activities Debt,
As of September 30, 2023 (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 & leases	\$ 89,546,745	100.00%	<u>\$ 89,546,745</u>
Total Direct Debt			89,546,745
* City of Decatur Board of Education	\$ 349,627,107	100.00%	349,627,107
Morgan County	16,090,943	42.76%	6,880,487
Morgan County Board of Education	97,123,416	42.76%	<u>41,529,973</u>
Total Overlapping Debt			398,037,567
Total direct and overlapping debt			<u>\$ 487,584,312</u>

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2023 net assessed valuation of all taxable property in the City (\$888,621,580 - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$2,078,077,660).

*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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 125,255,444	\$ 124,677,772	\$ 127,897,140	\$ 130,342,104	\$ 145,233,404	\$ 141,129,052	\$ 149,741,876	\$ 153,651,824	\$ 167,408,992	\$ 177,724,316
Total net debt applicable to limit	45,708,049	44,947,354	49,845,756	51,967,650	46,048,999	46,567,244	43,242,593	41,715,180	57,512,777	89,546,745
Legal debt margin	73,937,395	74,425,418	\$ 82,591,384	\$ 81,084,453	\$ 99,184,405	\$ 94,561,808	\$ 106,499,283	\$ 111,936,644	\$ 109,896,215	\$ 88,177,571
Total net debt applicable to the limit as a percentage of debt limit	36.49%	36.05%	38.97%	39.87%	31.71%	33.00%	28.88%	27.15%	34.35%	50.39%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 1,125,001,400
Less tax exempt property	(236,379,820)
Net Assessed Value	888,621,580
Debt limit (20% of net assessed value)	177,724,316
Debt applicable to limit:	
General obligation bonds/ leases	89,546,745
Less: School	-
Total net debt applicable to limit	89,546,745
Legal debt margin	\$ 88,177,571

**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
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%
2022	165,842,196	134,008,756	31,833,440	10,499,434	3.03%
2023	158,849,405	130,446,558	28,402,847	10,500,097	2.71%

**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
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%
2022	58,023	1,788,501	30,824	39.3	541	8,439	2.3%
2023	58,550	1,812,005	30,948	39.5	579	8,361	2.0%

Sources:

Morgan County Economic Development Association
Decatur City Schools

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

Employer	2023			2022			2021		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,745	1	4.76%	1,715	1	6.54%	1,553	1	4.73%
Haier/General Electric	1,375	3	3.75%	1,395	3	5.32%	1,395	2	4.25%
Decatur City Schools	1,445	2	3.94%	1,398	2	5.33%	1,347	3	4.10%
United Launch Alliance	763	7	2.08%	752	6	2.87%	715	8	2.18%
3M Company	788	5	2.15%	998	5	3.81%	950	5	2.89%
Wayne Farms Fresh	684	8	1.87%	684	8	2.61%	719	7	2.19%
Nucor Steel	767	6	2.09%	725	7	2.76%	725	6	2.21%
City of Decatur	558	9	1.52%	674	9	2.57%	674	9	2.05%
Wayne Farms Prepared Foods	820	4	2.24%	1,135	4	4.33%	1,047	4	3.19%
BP America	*			*			*		
Gemstone Foods, LLC	520	10	1.42%	520	10	1.98%	486	10	1.48%
Total	9,465		25.83%	9,996		38.11%	9,611		29.27%

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

Source:
Morgan County Economic Development Association

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

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

Employer	2014		
	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	4.32%
General Electric	1,300	2	3.88%
Decatur City Schools	1,200	3	3.58%
United Launch Alliance	849	5	2.53%
3M Company	850	4	2.53%
Wayne Farms Fresh	795	6	2.37%
Nucor Steel	715	7	2.13%
City of Decatur	670	9	2.00%
Wayne Farms East/West	696	8	2.08%
BP America	444	10	1.32%
Gemstone Foods, LLC			
Total	8,968		26.74%

Source:
Morgan County Economic Development Association

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	73	72	69	69	68	65	61	54	53	53
Public Safety	287	251	255	267	270	268	274	269	275	276
Public Works	62	50	48	59	51	55	54	55	64	74
Public Services	85	73	76	66	72	67	68	68	63	63
Community Development	18	16	16	15	15	16	14	15	14	15
Municipal Utilities Board	184	184	182	179	165	166	163	168	166	162
Point Mallard	11	10	10	10	10	7	8	8	9	8
Sanitary Landfill	22	18	18	17	19	21	20	21	21	19
Total	<u>742</u>	<u>674</u>	<u>674</u>	<u>682</u>	<u>670</u>	<u>665</u>	<u>662</u>	<u>658</u>	<u>665</u>	<u>670</u>

Source:
City of Decatur Personnel Board
Decatur Utilities Personnel Department

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government										
Building permits issued	4,339	4,252	3,693	3,426	3,503	3,496	3,051	3,325	3,039	5,319
Building inspections conducted	8,002	7,105	5,386	4,983	5,496	5,296	5,340	5,863	5,476	8,758
Police										
Adult arrests	4,495	3,756	4,122	3,896	4,142	4,422	3,881	3,930	4,635	5,325
Traffic citations	12,890	10,342	6,406	6,375	11,247	11,483	14,020	15,692	14,133	16,943
Fire										
Inspections	566	441	226	243	192	478	410	210	172	108
Emergency medical responses	5,201	6,173	5,651	4,034	3,295	5,003	4,758	5,354	5,709	5,937
Fire and/or Hazmat responses	3,037	2,072	2,623	2,306	1,959	2,151	1,988	1,838	1,558	1,479
Refuse collections										
Recyclables collected in tons	1,705	1,788	1,674	1,500	2,204	2,296	2,049	2,223	2,926	2,563
Garbage and trash collected	42,848	39,556	41,440	41,039	37,085	36,889	35,368	34,397	33,755	36,042
Municipal Utilities Board										
Electrical connections	26,963	26,842	26,814	26,734	26,644	26,531	26,599	26,582	26,525	26,487
Water connections	25,745	25,750	25,628	25,585	25,496	25,385	25,375	25,362	25,340	25,295
Wastewater connections	21,082	20,892	20,755	20,692	20,588	20,474	20,448	20,416	20,388	20,319
Gas connections	13,556	13,491	13,476	13,506	13,596	13,575	13,561	13,637	13,661	13,613

Source:
Various city departments

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Stations	3	4	4	4	4	5	5	5	3	4
Police vehicles	35	34	200	202	188	165	162	160	166	166
Boat	1	1								
Motorcycles	8	8								
Trucks/SUV/ATV	158	155								
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Fire trucks	14	14	8	10	9	9	9	10	9	10
Trucks/SUV/ATV	23	21	6	5	5	5	5	5	5	5
Sanitation										
Garbage collection trucks	15	11	17	16	20	17	17	17	17	16
Tractor trailer trucks	5	6								
Heavy equipment/loader trucks/SUV	16	16								
Other public works										
Paved streets (miles)	336	336	336	336	336	336	336	336	336	336
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	49	49	49	49	49	49	48	48	48	48
Storm drainage conduits (miles)	145	145	145	145	145	145	145	145	145	145
Parks and Recreation										
Number of parks*	34	30	26	26	26	26	26	26	26	26
Acres of Parks	1500	1280	1278	1278	1278	1278	1278	1278	1278	1278
Golf courses (public & private)	2	2	2	2	2	4	4	4	4	4
Tennis courts	47	46	46	46	46	46	46	46	46	46
Pickelball Courts	15									
Recreations centers	3	3	3	4	4	4	4	4	5	5
Senior citizen centers	2	2	2	2	2	2	2	2	2	2
Ball fields in use	23	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	4	2	2	2	2	2	2	2	2	2
Soccer facilities (acres)	40.5	62	62	62	62	62	62	62	62	62
Ice rinks	0	0	1	1	1	1	1	1	1	1
Marina/boat launch	2	2	2	2	2	2	2	2	2	2
Campgrounds	1	1	1	1	1	1	1	1	1	1
Municipal Utilities Board										
Water mains (miles)	495	494	494	492	492	491	490	487	487	484
Gas mains (miles)	426	425	423	423	421	421	421	420	420	418
Electric lines (miles)	596	596	596	596	596	594	594	593	593	593
Sanitary sewers (miles)	379	377	377	375	374	374	358	350	348	342
Fire hydrants in service	2130	2127	2117	2065	2060	2060	2048	2039	2032	2028

Sources:
Various city departments and capital assets records

SINGLE AUDIT REPORTS

Issued in Accordance with the Uniform Guidance For the
Year Ended September 30, 2023



City of Decatur
September 30, 2023

Table of Contents

Table of Contents 1

Independent Auditor’s Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing*
Standards..... 2

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report
on Internal Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform
Guidance..... 4

Schedule of Expenditures of Federal Awards..... 7

Notes to the Schedule of Expenditures of Federal Awards..... 9

Schedule of Findings and Questioned Costs.....10

Summary Schedule of Prior Audit Findings.....12



Darrell W. Wates, CPA, PC
Certified Public Accountants / Consultants

820 6th Ave SE / P.O. Box 5220 Decatur, AL 35601

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 31, 2024. Our report includes a reference to other auditors who audited 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, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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



Darrell W. Wates, CPA, PC
Certified Public Accountants / Consultants

820 6th Ave SE / P.O. Box 5220 Decatur, AL 35601

Report on Compliance and Other Matters

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

Purpose of this Report

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

DWA

Decatur, Alabama
May 31, 2024



Darrell W. Wates, CPA, PC
Certified Public Accountants / Consultants

820 6th Ave SE / P.O. Box 5220 Decatur, AL 35601

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members of the City Council
City of Decatur, Alabama
Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Decatur, Alabama's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.



In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Darrell W. Wates, CPA, PC
Certified Public Accountants / Consultants

820 6th Ave SE / P.O. Box 5220 Decatur, AL 35601

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 31, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

DWA

Decatur, Alabama
July 1, 2024

City of Decatur
Schedule of Expenditures of Federal Awards

For the year ended September 30, 2023

Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Grantor or Pass-Through Grantor's Number	Passed Throught to Subrecipients	Grant Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<i>Community Development Block Grants/Entitlement Grants Cluster</i>				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218	B-20-MC-01-0011	\$ 34,336	\$ 79,802
Community Development Block Grant/Entitlement Grants	14.218	B-21-MC-01-0011	53,196	139,698
Community Development Block Grant/Entitlement Grants	14.218	B-22-MC-01-0011	178,985	320,646
Community Development Block Grant/Entitlement Grants	14.218	B-23-MC-01-0011	47,681	129,084
COVID-19 Community Development Block Grant/Entitlement Grants	14.218	B-20-MW-01-0011	4,407	16,249
<i>Total Community Development Block Grants/Entitlement Grants Cluster</i>			<u>318,605</u>	<u>685,479</u>
<u>U.S. Department of Interior National Park Service</u>				
Passed Through Alabama Historical Commission:				
Historic Preservation Fund Grants-in-aid	15.904	AL-21-10024	-	95
		AL-22-10017	-	18,000
		AL-22-10027	-	12,000
<i>Total U.S. Department of Interior National Park Service</i>			<u>-</u>	<u>30,095</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	2023-BU-BX-2303-6922	-	14,708
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	15PBJA-22-GG-02676-JAGX	6,596	16,278
<i>Total U.S. Department of Justice</i>			<u>6,596</u>	<u>30,986</u>
<u>U.S. Department of Transportation</u>				
<i>Highway Planning and Construction Cluster</i>				
Passed Through Alabama Department of Transportation:				
Highway Planning and Construction - Metropolitan Planning Organization	20.205	PL-0011(032)	-	272,330
Highway Planning and Construction - Federal Aid Highway Program	20.205	ST-052-999-014	-	1,538,121
Highway Planning and Construction - Federal Aid Highway Program	20.205	TAPAA-TA19(902)	-	3,594
Highway Planning and Construction - Federal Aid Highway Program	20.205	STPOA-5220 (252)	-	948,596
<i>Total Highway Planning and Construction Cluster</i>			<u>-</u>	<u>2,762,641</u>
National Infrastructure Investments	20.933	2018 BUILD No.55	-	2,613,840

City of Decatur
Schedule of Expenditures of Federal Awards

For the year ended September 30, 2023

Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Grantor or Pass-Through Grantor's Number	Passed Throught to Subrecipients	Grant Expenditures
<u>U.S. Department of Transportation (Continued)</u>				
<i>Highway Safety Cluster</i>				
Passed Through North Alabama Highway Safety Office:				
National Priority Safety Programs - Drive Sober Grant	20.616	2023-ID-D5-024	-	588
National Priority Safety Programs - Impaired Drive Grant	20.616	2023-ID-M5-028	-	146
State and Community Highway Safety - Safety Belt	20.600	2023-FP-OP-12	-	1,830
State and Community Highway Safety -402 Step GHSP	20.600	23-FP-PT-027	-	13,881
<i>Total Highway Safety Cluster</i>			-	16,445
Total U.S. Department of Transportation			-	5,392,926
<u>U.S. Department of the Treasury</u>				
Direct Programs:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-8676	-	366,079
Total U.S. Department of the Treasury			-	366,079
<u>Appalachian Regional Commission (ARC)</u>				
Direct Programs:				
Appalachian Area Development	23.002	AL-20913-22	-	795,484
Total Appalachian Regional Commission (ARC)			-	795,484
Direct Programs:				
Port Security Grant Program	97.056	EMW-2021-PU-00196-S01	-	566
Port Security Grant Program	97.056	EMW-2023-PU-00348	-	131,414
Assistance to Firefighters	97.044	EMW-2021-FG-10250	-	24,945
Total U.S. Department of Homeland Security			-	156,925
Total Federal Awards			\$ 325,201	\$ 7,457,974

City of Decatur

Notes to Schedule of Expenditures of Federal Awards

For the year ended September 30, 2023

Note 1 - Entity Definition

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

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

Note 2 - Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Decatur under programs of the federal government for the year ended September 30, 2023 presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related Fund liability is incurred.

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

Note 3 - Payments to Subrecipients

The City passes certain federal awards received agencies of the United States Government to not-for-profit agencies (subrecipients). The City reports expenditures of Federal awards to subrecipients when paid in cash.

Payments to subrecipients from the U.S. Department of Housing and Urban Development under the Community Development Block Grant totaled \$318,605 under this award for the year ended September 30, 2023.

Payments to subrecipients from the U.S. Department of Justice under the Edward Byrne Memorial Justice Assistance Grant (JAG) Program under the Community Development Block Grant totaled \$6,596 under this award for the year ended September 30, 2023.

City of Decatur
Schedule of Findings and Questioned Costs

For the year ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ yes ✓ none reported

Noncompliance material to the financial statements noted?

_____ yes ✓ no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ yes ✓ none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

_____ yes ✓ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.218

Community Development Block Grant

20.205

Highway Planning and Construction

20.933

National Infrastructure Investments

21.027

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

23.022

Appalachian Area Development

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

_____ yes ✓ no

City of Decatur
Schedule of Findings and Questioned Costs
For the year ended September 30, 2023

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

City of Decatur
Summary Schedule of Prior Year Audit Findings
For the year ended September 30, 2023

Financial Statement Findings

None noted.

Federal Award Findings and Questioned Costs

2022-001 Policies and Procedures - COVID-19 Community Development Block Grant/Entitlement Grants (AL #14.218)

Criteria: As the use of funds under the CDBG-CV have specific uses and requirements which are more narrow than those of normal operations under the City's Community Development Block Grant/Entitlement Grants, specific written policies and procedures which address the small business grant assistance, the rental assistance, or the public improvement programs of the CDBG-CV grant should be created in order to ensure sound internal controls surrounding programs.

Condition and Context: During testing of CDBG-CV funds, it was noted that the City had not prepared policies and procedures specific to the small business grant assistance, the rental assistance, or the public improvement programs of the CDBG-CV grant. This was noted in a monitoring letter from The U.S. Department of Housing and Urban Development. Although the City has since established certain written procedures to address the small business grant assistance and rental assistance programs, they have not established written procedures for the CDBG-CV public improvement program and have not addressed all components of the initial finding.

Cause: The City was unaware that formalized written policies were required prior to the distribution of the funds.

Effects: The City was not in compliance with the formal policy and procedure requirements.

Recommendation: We recommend the City review current written policies and address the missing components of the CDBG-CV public improvement program; monitoring standards and timeframes, financial management; period of performance, record retention, program income, public service cap, special economic development underwriting requirements, duplication of benefits under the rental assistance program, emergency payments; a system to organize financial statements, document costs, and further ensure internal controls have been and are followed for the CDBG-CV programs.

Status of Finding: This issue was resolved and the finding was closed by the U.S. Department of Housing and Urban Development per letter dated May 13, 2024.

City of Decatur

Summary Schedule of Prior Year Audit Findings

For the year ended September 30, 2023

2022-002 Recordkeeping Concerning Duplication of Benefits - COVID-19 Community Development Block Grant/Entitlement Grants (AL #14.218)

Criteria: Internal controls should be in place under the COVID-19 Community Development Block Grant/Entitlement Grants, to ensure there is not a Duplication of Benefits (DOB) for business assistance activities. All CDBG-CV grantees are required to establish and maintain adequate procedures to prevent any duplication of benefits for assisted activities (as discussed in Section III.B.9. of the CDBG-CV Notice). To demonstrate that no financial assistance has been received or is available to pay costs charged to a CDBG-CV grant, a grantee may demonstrate that no other funds are available for an activity by maintaining records of compliance with mandatory duplication of benefits requirements described in Section III.B.9.

Condition and Context: During testing of subawards under activities allowed or unallowed, we noted that the City did not perform their own assessment as to whether business applicants had received financial assistance from other sources. Although they did require applicants to indicate whether other sources had been awarded and accepted or applied for from other sources, an independent review by the City was not conducted to verify these statements.

Cause: The City was not aware that of the additional assessment process required to verify the statements made by applicants within their signed applications regarding whether other sources of financial assistance had been utilized or applied for in paying related expenditures.

Effects: The City was not in compliance with the recordkeeping requirements.

Recommendation: We recommend the City take the necessary steps to verify that no financial assistance has been received or is available to pay costs charged to a CDBG-CV grant for each recipient and maintain the documentation of these results within their files.

Status of Finding: This issue was resolved and the finding was closed by the U.S. Department of Housing and Urban Development per letter dated May 13, 2024.

City of Decatur

Summary Schedule of Prior Year Audit Findings

For the year ended September 30, 2023

2022-003 Documentation of Prevent Prepare and Respond Tieback Responsibilities - COVID-19 Community Development Block Grant/Entitlement Grants (AL #14.218)

Criteria: Documentation should be maintained for assistance provided under the COVID-19 Community Development Block Grant/Entitlement Grants, that details how the activities prepare, prevent, and respond (PPR tieback) to coronavirus.

Condition and Context: Remote monitoring by the U.S. Department of Housing and Urban Development noted that proper documentation of the PPR tieback responsibilities was not maintained. In particular, it was noted that the City did not provide a detailed and descriptive assessment that evidenced how all businesses met the PPR tieback.

Cause: The City felt the assistance provided to businesses properly met the PPR tieback as it enabled retention of jobs at small businesses.

Effects: The City was not in compliance with the documentation requirements.

Recommendation: We recommend that the City prepare written representations that provide a full description of their assessment and conclusions that properly support their determination of allowability for each business which received assistance. We further recommend the City implement policies that require detailed written assessments and conclusions prior to approval and disbursement of funds.

Status of Finding: This issue was resolved and the finding was closed by the U.S. Department of Housing and Urban Development per letter dated May 13, 2024.