

**CITY OF Decatur**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2004**

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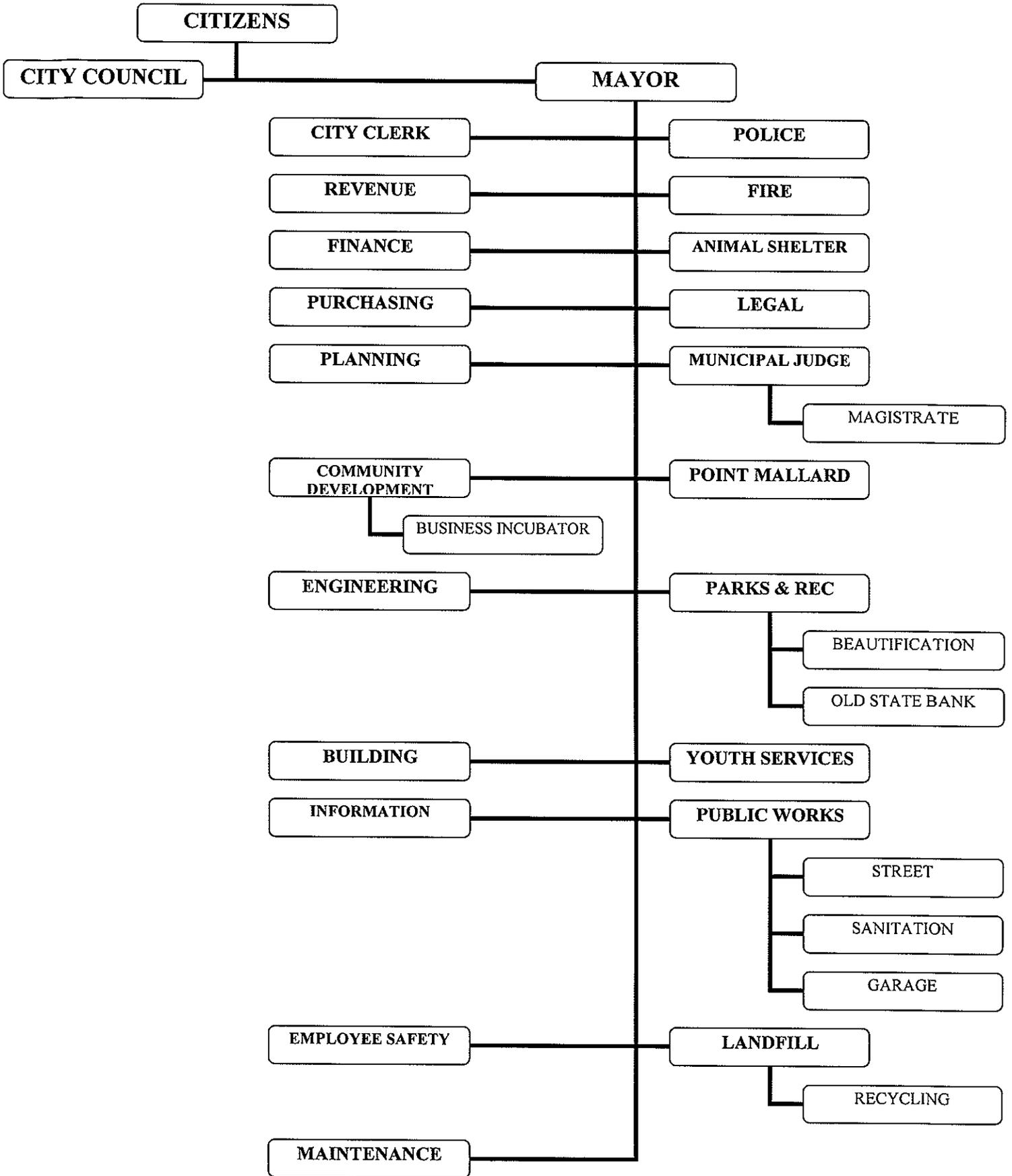
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CITY OF DECATUR 2005 ORGANIZATIONAL CHART



Personnel Department works independently and answers to the Personnel Board whose members are appointed by the City Council.

# City of Decatur

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## Boards and Commissions

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Decatur Historic Preservation Commission

Medical Clinic Board

Industrial Development Board

Public Building Authority

Housing Authority

Board of Examinations and Appeals

Parks & Recreation Board

Old Bank Board

Decatur Beautification Board

Community Preservation  
Board

Downtown Redevelopment Authority

Housing Board of Adjustments  
& Appeals

Planning Commission

Board of Zoning and Adjustment

Decatur Animal Shelter Board

Decatur Health Care Authority

Small Business Development Board

Personnel Board

Municipal Utilities Board

City Board of Education

Point Mallard Facilities Board

Urban Forestry Board

Educational Building Authority

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## City / County Boards

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North Central Mental  
Retardation Authority

State Products Mart Authority

E-911 Board

Civil Defense/Emergency  
Management

Decatur/ Morgan County Port Authority

EMS Advisory Committee

Board of Equalization

Wheeler Basin Regional Library

Healthcare Authority of  
Morgan County

Airport Authority

Decatur/Morgan County  
Farmer's Market Board

Mental Health Center  
of North Central Alabama

# OFFICIALS OF THE CITY OF DECATUR

## MAYOR

Lynn Fowler

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## CITY COUNCIL

Pat Woller – President

Phil Hastings – President Pro Tempore  
Billy Jackson

Dot Montgomery  
Ronny Russell

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## DEPARTMENT DIRECTORS

Animal Shelter  
Building Department  
City Attorney  
City Clerk  
City Engineer (Acting)  
Community Development  
Fire Chief  
Information Systems  
Municipal Judge  
Landfill  
Parks & Recreation  
Personnel  
Planning  
Point Mallard  
Police Chief  
Public Works  
Youth Services

Danny Melson  
Jimmy Brothers  
Herman Marks  
Gail Busbey  
Carl Prewitt  
Michelle Gilliam-Jordan  
Charlie Johnson  
Todd Russell  
Bill Cook, Jr.  
Rickey Terry  
Jeff Dunlap  
Ken Smith  
Jim Fisher  
Bob Stewart  
Joel Gilliam  
Brent Mullins  
Bruce Jones

## OTHER KEY PERSONNEL

Beautification Coordinator  
Business Incubator  
Court Magistrate  
Employee Safety Coordinator  
Finance Supervisor  
Maintenance Supervisor  
Old State Bank Coordinator  
Purchasing Agent  
Recycling Coordinator  
Revenue Administrator

Linda Eubanks  
Jim Gregory  
Janice Clemons  
Mike Voss  
Linda McKinney  
Ray Wilkinson  
Melinda Dunn  
Jeff Fussell  
Emily Johnson  
Ronne Harvell



Commodore Stephen Decatur  
1779 - 1820

# CITY of DECATUR

P.O. Box 488 - Decatur, Alabama 35602

March 30, 2005

The Honorable Mayor and City Council  
City of Decatur  
Decatur, Alabama

Honorable Mayor and Council:

The Comprehensive Annual Financial Report of the City of Decatur, Alabama, for the fiscal year ending September 30, 2004, 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.

Alabama state law requires an annual audit to be made, in accordance with generally accepted auditing standards, of all books and accounts of the City by independent certified public accountants. This requirement has been complied with and the report of Beason & Nalley, Inc., Certified Public Accountants, for the fiscal year ended September 30, 2004 is included in this report.

This year's annual audit included a single audit of all federal grants, which complies with federal legislation. The single audit report is forwarded to the City's grantor agencies for review.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Decatur's MD&A can be found immediately following the report of our independent auditors, Beason & Nalley, Inc., Certified Public Accountants.

## **Profile of the Government**

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

Decatur, the county seat of Morgan County, is situated in northern Alabama, on the Tennessee River, midway between Nashville, Tennessee (110 miles to the north), Birmingham, Alabama (85 miles to the south), Atlanta, Georgia (200 miles to the east), and Memphis Tennessee (200 miles to the west). Huntsville, Alabama is thirty 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 black in population. An election was held August 23, 1988, on a "single member district" basis to fill all five places on the city council.

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 (24 parks comprising 1,263 acres, 34 tennis courts, 4 recreation centers, 32 ball fields, 4 pools, 4 golf courses both public & private, 31 soccer fields), cultural events, community services, and general administrative services. The city operates Point Mallard Park, a major 750 acre family recreation park on the Tennessee River, claiming notoriety in building America's first wave pool. At this location, in addition to the wave pool, there is an Olympic diving pool, water slides, 18 hole championship golf course, regulation size ice rink, and a 210 pad campground. The City continues to make major investments in the park. Utility services are provided through a separate Municipal Utilities Board, which functions as a department of the City of Decatur and has been included as an integral part of the City's financial statements.

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. Project length financial plans are adopted for all capital project funds. A formal budget is not adopted for the debt service funds because effective control is achieved through the related debt's indenture provisions. Although not legally required, the City Council also approves operating budgets for the Point Mallard and Landfill enterprise funds and the Cemetery permanent fund. The legal level of budgetary control is the department level. The Council reviews and approves changes at mid-year when a formal amendment to the original budget is adopted. All annual appropriations lapse at year-end.

### **Factors Affecting Financial Condition**

The information presented 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.

**Local economy.** Decatur and Morgan County have a strong, diversified industrial base built on the area's access to raw materials and their end markets. Looking back on economic activity for the past year, positive trends continue for the area despite layoffs and company downsizing that has occurred over the past couple of years. Our manufacturers are still investing money into

their companies and many are expanding operations. In fiscal year 2004, there were three new companies that invested \$82.25 million and created 256 new jobs, and thirty-two expansions investing \$168.39 million and creating 156 jobs. Although the numbers are down slightly from the previous year, companies continue to invest in their local facilities, expressing a confidence in their outlook of Decatur and Morgan County.

The Decatur MSA unemployment rate improved in 2004 with 6.8% unemployed compared with 7.9% at 9/30/03. This rate is slightly higher than the state's average unemployment rate which was 5.7%.

**Long-term financial planning.** The City continued to develop and refine the Envision Decatur Plan (Downtown/Riverfront Revitalization Plan), a plan for renovating the downtown, uptown, riverfront, and West Moulton Street areas. The consultant contract for this plan was completed in the spring of 2004 and the City along with the Chamber of Commerce began advertising and promoting the final proposal. The estimated time for full implementation of this plan is twenty years. There was considerable activity pertaining to implementation of the plan in FY 2004 including the completion of the Church Street pedestrian connector bridge, continued improvements to the causeway and Day Park, improvements to Delano Park and the Southwest Recreation Center and final plans for a Marina and other facilities on the old Ingalls property located adjacent to the Tennessee River. The City sold general obligation bonds in FY 2004 to begin work on a number of the projects recommended, in addition a number of grants were obtained for work at Delano Park. The implementation plan includes some private funding as well as funding from other governmental entities. The City formed a Downtown Redevelopment Authority in late FY 2004 to assist in implementing projects recommended in the Plan.

A new Community Resource Center will open soon in Northwest Decatur. A North West Community Development Corporation has been formed with a mission to provide the organizational framework for community based leadership that will plan for and implement actions which will lead to the revitalization, development and sustainability of Northwest Decatur using this new Resource Center. The specific objectives of the Corporation are to foster economic development programs and opportunities that will catalyze a mind-set of self-reliance, empowerment and entrepreneurship for residents of Northwest Decatur, expand the availability of and accessibility to decent and affordable housing, enhance employment opportunities of residents through adult training, education, employment programs, and business development opportunities, create programs and opportunities for joint venture projects with successful for-profit business and catalyze and sustain a sense of neighborhood in Northwest Decatur. Approximately one million dollars has been spent on this new resource center funded entirely by community development block grant funds. Future funding to complete the Resource Center and pay costs related to CDC activities will be provided by the Community Development Block Grant program.

The Decatur Utilities (DU) Electric System plans to build and bring on line the new Southwest Decatur substation on Milligan Street during FY2005. This addition will prepare DU to better serve the many new subdivisions being added in this rapidly growing area of the City. The Gas and Water systems have no major capital plans pending. The Wastewater System continues to spend approximately \$1,000,000 per year on rehabilitation projects to reduce wastewater

overflows. DU estimates the total cost to correct the major overflow problems to be in excess of \$7,700,000. The Wastewater System will apply for a \$2,148,170 EPA Special Needs Grant in FY2005 to assist with these projects.

### **Cash Management**

The City maintains an active investment policy intended to maximize earnings on available cash. All daily receipts are deposited into one account, referred to as the Investment Account, and transferred automatically to a checking account, referred to as the Claims Account, by the bank on an as required basis.

The Claims Account always maintains a zero balance status. Other accounts may be established where co-mingling of funds is prohibited. These accounts will have nominal activity. All funds are secured by federal depository insurance and 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. Interest is paid on the total Daily Ledger Balance (not collected), computed on a 360 day per year basis and is computed and paid daily.

The rate paid by the bank (which is competitively bid) is 1.042 percent of the average daily Federal Funds rate as computed and published by the Federal Reserve Bank. Other City funds were invested in Certificates of Deposit and Government Money Market Mutual Funds. Total interest earned on all Investments and deposits for the fiscal year ended September 30, 2004 was \$698,979. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, all deposits and investments are secured by federal depository insurance or by The Security of Alabama Funds Enhancement, or SAFE Program.

### **Risk Management**

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 \$250,000 or an aggregate of 115% of annual standard premium. Claims liabilities are based on estimated claim settlements. The City's Safety Department continues to implement various control techniques to minimize accident related losses. Additional information on the City of Decatur's risk management activity can be found in Note (5F) of the notes to the financial statements.

### **Pension and other postemployment benefits**

The City of Decatur and the Municipal Utilities Board contribute to the Employee's Retirement System of Alabama, an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for various state agencies. The City of Decatur has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the State Employee's Retirement System.

The Board of Education contributes to the Teachers Retirement System of Alabama, a cost sharing multiple-employer public retirement system for the various state supported education agencies and institutions. The plan is administered by the Retirement Systems of Alabama.

The City of Decatur and the Municipal Utilities Board provide post employment health and dental benefits to each permanent full time employee who qualifies for these benefits. At the end of the current fiscal year, fifty-five City of Decatur employees and approximately seventy-seven Municipal Utility employees elected to receive these benefits. In addition, when an eligible employee reaches Medicare eligibility the City and the Board will pay for Medicare supplemental insurance. At September 30, 2004, there were sixteen City retirees receiving the benefit. These benefits are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

The Board of Education and The Public Building Authority do not provide postemployment benefits.

Additional information on the City of Decatur's pension arrangements and postemployment benefits can be found in (Note 5D&E) in the notes to the financial statements.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada awarded a CERTIFICATE OF ACHIEVEMENT for EXCELLENCE IN FINANCIAL REPORTING to the City of Decatur for its comprehensive annual financial report for the fiscal year ended September 30, 2003. The City has received this award for the past twelve years. This report satisfied both accounting principles generally accepted in the United States of America (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report also meets the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association of the United States and Canada for judgment to receive the CERTIFICATE OF ACHIEVMENT for EXCELLENCE IN FINANCIAL REPORTING.

We wish to express our appreciation to Allen Stover, who assisted in the preparation of this report and our independent auditors especially, Jeremy Jefferys, CPA. We would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

Linda McKinney  
Finance Supervisor



# beason & nalley

## Independent Auditors' Report

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

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, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Decatur's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Decatur's Board of Education, which is a component unit of the City, or the financial statements of the Municipal Utilities Board Enterprise Fund. Those financial statements represent 97.9% of the total assets, and 99.6% of the revenues of the discretely presented component units; 92.1% of the total assets and 95.2% of the operating revenues of the enterprise funds. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, and the School Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 5G to the basic financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

Beason & Nalley, Inc.  
101 Monroe Street  
Huntsville, Alabama  
35801-4829

(256) 533-1720  
(800) 416-1946  
(256) 534-8558 Fax

The management's discussion and analysis beginning on page 3 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur's basic financial statements. The introductory section, supplementary information and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2005 on our consideration of the City of Decatur's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2005



Commodore Stephen Decatur  
1779 - 1820

# CITY of DECATUR

P.O. Box 488 – Decatur, Alabama 35602

## Management's Discussion and Analysis

As management of 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, 2004. 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.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2004 by \$234.6 million. Of this amount, \$24.4 million from governmental activities is considered unrestricted, which means the City must use this amount to meet its ongoing obligations to citizens and creditors plus future revenues.
- The unrestricted net assets of the business-type activities are \$26.5 million and may be used to meet the ongoing obligations of the business-type activities.
- Total net assets increased \$5.7 million in 2004. Net assets of the governmental activities increased \$3.3 million and net assets of the business-type activities increased \$2.4 million. As noted within Note 4A on page 34 of this report, beginning net assets for governmental activities was restated due to incorrect reporting of deferred revenue on the government-wide statements in the prior year.
- Total revenues of the governmental activities decreased \$146 thousand, or .2 percent, and total expenses of governmental activities increased \$4.8 million, or 8.1 percent.
- As of September 30, 2004, the governmental funds reported a combined ending fund balance of \$27.7 million, an increase of \$7.2 million from the prior year. Of the ending fund balance, \$26.3 million is unreserved and available to finance the activities of the governmental funds and \$1.5 million is reserved to meet existing obligations.
- The General Fund reported a fund balance of \$21 million and \$7.5 million of this amount is available for any purpose. The fund balance decreased \$192 thousand from the prior year.
- The City's total debt increased by \$7.2 million during 2004. New debt totaling \$19.9 million was issued for refunding of existing debt of \$3.6 million and \$16.3 million was issued to finance capital projects. \$6.3 million in principal was paid during the year.

### Overview of the Financial Statements

This discussion and analysis are 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## Management's Discussion and Analysis- Continued

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, public services, intergovernmental, community service, community development, and personnel board functions. The intergovernmental functions of the City are those activities whereby the City provides financial resources to other governmental entities, primarily the Decatur Board of Education for support of the city school system.

The business-type activities of the City include the Municipal Utilities Board, Sanitary Landfill and Point Mallard operations. All of these activities are collectively referred to in the financial statements as those of the *primary government*.

As described in the letter of transmittal and notes to the financial statements, other entities' activities are included in this report because of the relationship of these legally separate entities to the City. Financial information of the Board of Education and Public Building Authority are referred to in the financial statements as those of the *discretely-presented component units*. This discussion and analysis focuses on the primary government, and the complete financial statements (including MD&A) of the component units may be obtained from the Finance Department of the City.

The government-wide financial statements can be found on pages 12 through 13 of this report.

**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. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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.

## Management's Discussion and Analysis- Continued

The City maintains ten individual governmental funds:

- General Fund and the School Fund are considered to be *major* funds, and information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures, and changes in fund balances* for these funds.
- The eight other governmental funds are considered to be *nonmajor* 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 on pages 14 through 17 of this report.

*Proprietary funds.* The City maintains only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sanitary Landfill and Point Mallard operations and the Municipal Utilities Board Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The basic proprietary fund financial statements provide information as follows:

- The Municipal Utilities Board Fund is considered to be a *major* proprietary fund of the City, and information is presented separately in the *proprietary statement of net assets* and in the *proprietary fund statement of revenues, expenditures, and changes in fund net assets* for these funds
- The other two enterprise activities are considered to be *nonmajor* proprietary funds, and they are combined into a single, aggregated presentation in the basic financial statements. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 18 through 20 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 on pages 23 through 53 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 government funds, a comparison of budget to actual results is provided for these funds to demonstrate compliance with the budget. This information and the combining nonmajor funds schedules referred to earlier can be found beginning on page 54 of this report.

## Management's Discussion and Analysis- Continued

### Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded liabilities by \$234.6 million at the close of the most recent fiscal year.

The largest portion of the City's net assets (74.6 percent) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, infrastructure, and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (3.7 percent) represents resources that are subject to restrictions as to how they may be used, such restrictions being imposed by legal requirements other than those imposed by the City Council (e.g. state or federal law).

The remaining balance of unrestricted net assets is \$50.9 million, which consisted of \$24.4 million from governmental activities and \$26.5 million from business-type activities.

The positive unrestricted net assets of the business-type activities are available to be used to fund governmental activities if deemed necessary by the City Council because they are only restricted for business-type activities by local ordinance.

### **City of Decatur's Net Assets (in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$36,427	\$27,961	\$41,025	\$43,663	\$ 77,452	\$71,624
Capital assets	80,632	74,986	212,272	215,368	292,904	290,354
Total assets	\$117,059	102,947	253,297	259,031	370,356	361,978
Long-term liabilities outstanding	66,656	56,608	50,844	54,152	117,500	110,760
Other liabilities	5,994	8,129	12,290	17,156	18,284	25,285
Total liabilities	72,650	64,737	63,134	71,308	135,784	136,045
Net assets:						
Invested in capital assets, net of related debt	17,001	21,175	158,027	156,968	175,028	178,143
Restricted	3,035	(1,549)	5,651	6,934	8,686	5,385
Unrestricted	24,373	21,539	26,485	23,821	50,858	42,405
Total net assets	\$44,409	\$41,065	\$ 190,163	\$187,723	\$ 234,572	\$228,788

## Management's Discussion and Analysis- Continued

Net assets from governmental activities increased \$3.3 million in fiscal year 2004 and net assets from business-type activities increased \$2.4 million. Net assets also changed due to a correction of presentation of deferred revenue of \$2.8 in the government wide Statement of Net Assets. See note 4A on page 34.

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$15,149	\$14,223	\$123,358	\$149,537	\$ 138,507	\$163,760
Operating grants & contributions	1,233	856	-	-	1,233	856
Capital grants & contributions	1,573	5,634	1,202	1,574	2,775	7,208
<b>General revenues:</b>						
Sales taxes	30,980	29,817	-	-	30,980	29,817
Property taxes	8,129	7,625	-	-	8,129	7,625
Other taxes	8,940	8,309	-	-	8,940	8,309
Interest on investments	560	475	421	572	981	1,047
Other	1,588	1,359	-	-	1,588	1,359
<b>Total revenues</b>	<b>68,152</b>	<b>68,298</b>	<b>124,981</b>	<b>151,683</b>	<b>193,133</b>	<b>219,981</b>
<b>Expenses:</b>						
General government	4,130	3,757			4,130	3,757
Public safety	18,394	16,786			18,394	16,786
Public works	8,023	7,623			8,023	7,623
Public services	6,535	4,901			6,535	4,901
Intergovernmental assistance	17,232	16,172			17,232	16,172
Community service contracts	2,359	2,191			2,359	2,191
Community development	1,139	1,171			1,139	1,171
Personnel board	469	457			469	457
Interest on long-term debt	2,591	3,022			2,591	3,022
Unallocated depreciation	3,365	3,360			3,365	3,360
Municipal Utilities Board			116,535	144,487	116,535	144,487
Other			6,577	6,045	6,577	6,045
<b>Total expenses</b>	<b>64,237</b>	<b>59,440</b>	<b>123,112</b>	<b>150,532</b>	<b>187,349</b>	<b>209,972</b>
Increase in net assets before Transfers	3,915	8,858	1,869	1,151	5,784	10,009
Transfers	(571)	(2,665)	571	2,665	-	-
<b>Increase in net assets</b>	<b>3,344</b>	<b>6,193</b>	<b>2,440</b>	<b>3,816</b>	<b>5,784</b>	<b>10,009</b>
Net assets - beginning of year	41,065	34,872	187,723	183,907	228,788	218,779
Net assets - end of year	44,409	\$41,065	\$ 190,163	\$187,723	\$ 234,572	\$228,788

## Management's Discussion and Analysis- Continued

**Governmental Activities.** Revenues from governmental activities decreased \$146 thousand (less than 1 percent) during 2004. The most significant changes were as follows:

- Sales taxes increased \$1.2 million, or 4 percent compared to 2003. This was average growth. Also, the economy picked up slightly from 2003, causing a slight increase in the amount of sales tax collected in 2004.
- Property taxes increased 7 percent due to the sale of a bankrupt steel manufacturing property from 2003 and the purchase of the property and operation of a new steel company in that location in 2004.
- Interest on investments increased \$85,000, or 18 percent due to investment of bond proceeds from the sale of the 2003 E General Obligation Warrants.
- Capital grants and contributions decreased \$4.1 million back to more historical trends. 2003 was the first year of Statement 34 compliance and caused the large increase noted in 2003.

Expenses of governmental activities increased 4.8 million (8.1 percent) in 2004. In general, the cost of delivery of services has risen. A large portion of this increase was due to the rise in personnel cost associated with every function of governmental activities. This increase totaled approximately \$996,000 and was attributable to a City-wide 1% cost of living increase at the beginning of the fiscal year and 2% cost of living increase at mid-year with scheduled 5% employee step increase on employee anniversary dates. Operating expenses, and depreciation also increased slightly.

**Business-Type Activities.** Revenues from business-type activities decreased \$26.7 million. This 21.5 percent decrease was primarily attributable to the fact that the Municipal Utilities Board Fund had been reported on a 15-month period in 2003 due to the change in fiscal years to coincide with the remainder of the City. The 15-month prior year reporting period also included the summer months of July, August, and September for two years when electric usage and water consumption are the highest. There were rate increases during 2004 for Water, Wastewater, and TVA electric rates, but this did not outweigh the additional summer months' revenues included in the prior year report. Overall, the amount of charges are comparable to prior years when viewed on the basis of a 15-month reporting period compared to the 12-month reporting period for 2004.

Charges for services represent ninety-nine percent of the revenues of the business-type activities and interest on investments and capital grants and contributions represents one percent.

Expenses of the business-type activities decreased \$27.4 million. This 18 percent change was mostly due to the fact that the Municipal Utilities Board reported on a 15-month period due to the conversion to the City's year-end. The total expenses of this fund do not show as much fluctuation as noted above when compared to the 12-month period of 2004.

### Financial Analysis of the Governments Funds

As noted earlier, the City used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## Management's Discussion and Analysis- Continued

**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 unreserved fund balance 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 increased \$7.2 million for the 2004 fiscal year, and the total balance as of September 30, 2004, was \$27.7 million. Of this amount, \$26.3 million constitutes unreserved fund balance, which is generally available for spending at the City's discretion, although it is subject to certain designation made within each fund by the City Council.

The increase of \$7.2 million in the combined fund balances of the City's governmental funds was mostly attributable to the changes in the individual funds as follows:

- The General Fund decreased \$192 thousand although revenue increased \$2.4 million, expenses increased \$2.2 million and debt service increase \$1 million due to larger principal payments
- The Nonmajor governmental fund balance increased \$7.1 million because of the 2003-E General Obligation Warrants issue. The warrants were sold to repay \$3.6 million in debt and \$16.3 million to be used on capital projects.

The General Fund is the primary operating fund of the City. The unreserved fund balance of the General Fund was \$20.9 million, but \$13.4 million of this amount has been designated, or earmarked by management for special purposes as noted further within Note 4G on page 45.

**Proprietary funds.** The focus of the City's proprietary funds (enterprise and internal service funds) is to provide the same type of information as found in the government-wide financial statements, but in more detail.

The unrestricted net assets of the enterprise funds increased \$2.6 million, which is primarily attributable to the fact that rate changes within the Municipal Utilities Board, as discussed earlier, caused increases in the amount of revenues which were greater than the related expenses for this fund.

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.

### Governmental Funds Budgetary Highlights

**General Fund.** The \$232,266 difference between the original and final budgeted revenues resulted from an adjustment of several revenue line items at mid-year when revenues were down slightly; however, the trend did not continue through the entire year and revenues finished strong. The increase of \$269,007 in revenues for licenses and permits was primarily an increase for building permits that were higher than expected at mid-year. The \$193,775 decrease in budgeted intergovernmental revenues occurred when we realized that an MPO project that we had budgeted for would not be done in FY 2004. The budget for expenditures was only increased by \$45,778 at mid-year, but there were several increases and decreases within the expenditures that offset each other. The Public Services budget was increased by approximately \$542,000 primarily to purchase land for a new park and other related assets and additional park maintenance. The budget for Intergovernmental Assistance was increased by \$376,012 to cover higher costs of post employment benefits and legal and professional services. The interest and fiscal charges budget decreased by \$939,000 at mid-year after the 2003E bond issue was closed in November and the actual costs were known.

## Management's Discussion and Analysis- Continued

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of September 30, 2004, totals \$292.9 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 \$2.6 million in 2004. Those used for governmental activities increased by \$5.6 million (7.5 percent) as total additions (\$12 million) exceeded depreciation and disposition of those assets (\$6.4 million). Capital assets used for business-type activities decreased by \$3.1 million (1.4 percent) as depreciation and dispositions (\$9.7 million) exceeded additions (\$6.6 million) of those assets.

Major capital events during the fiscal year included the following:

- The issuance of the 2003-E General Obligation Warrants enabled the Parks and Recreation Department to use \$4.9 million for improvements to new and existing parks and support equipment. Of the \$4.9 million, \$4.5 million was used to develop the Southwest Recreation Center with 27 acres of soccer fields that are lighted, laser-graded, irrigated, and has its own drainage system.
- \$1.8 million was spent for infrastructure with \$1.7 for that spent on improvements and renovations for storm drainage systems.
- \$2.3 million was spent for equipment, support vehicles, and buildings' repair for the various City departments.

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$9,112	\$8,803	\$2,982	\$2,982	\$12,094	\$11,785
Land improvements	2,381	2,449	-	-	2,381	2,449
Buildings and improvements	13,113	13,754	8,224	8,921	21,337	22,675
Infrastructure	45,045	45,214	-	-	45,045	45,214
Construction in process	5,530	194	4,631	4,633	10,161	4,827
Machinery and Equipment	5,451	4,571	554	789	6,005	5,360
Utility plant-in-service	-	-	195,881	198,043	195,881	198,043
<b>Total</b>	<b>\$80,632</b>	<b>\$74,985</b>	<b>\$212,272</b>	<b>\$215,368</b>	<b>\$292,904</b>	<b>\$290,353</b>

Additional information on the City's capital assets can be found in Note 4C on pages 35 through 36 of this report.

**Long-term debt.** As of September 30, 2004, the City had \$113.5 million of long-term debt outstanding. Of this amount, \$63.7 million is debt backed by the full faith and credit of the City, and 49.8 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt).

## Management's Discussion and Analysis- Continued

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation warrants	\$63,005	\$50,615	\$-	\$-	\$63,005	\$50,615
Revenue warrants	-	-	49,830	53,350	49,830	53,350
Notes payable	680	2,330	-	-	680	2,330
<b>Total</b>	<b>\$63,685</b>	<b>\$52,945</b>	<b>\$49,830</b>	<b>\$53,350</b>	<b>\$113,515</b>	<b>\$106,295</b>

The City issued \$19.9 million of general obligation debt in 2004, for the following purposes:

- \$3.6 million to refinance debt related to governmental activities of the Princess Theatre and Point Mallard.
- \$16.3 million to provide financing of capital improvements related to governmental activities. The use of the proceeds of this issue has been detailed above.

The City's general obligation bond rating by Standard & Poor's Corporation and Moody's Investor Services, Inc. are "AA-" and "Aa3", respectively.

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, 2004, the City's allocable debt outstanding was \$65.8 million less than the legal debt limit.

Additional information regarding the City's long-term debt can be found in Note 4F on pages 40 through 45 of this report.

#### 2005 Budget

The election of 2004 brought in a new mayor and three new members of the five-member council. The Mayor and City Council have considered many factors in the development of the fiscal year 2005 budget. The new approach to the budget process has been one of conservatism and a change to increase the number of funds to manage the City. Revenue projections are based on 2004 actual receipts of \$47.1 million for the General Fund budget. Department expenditures are currently held to the 2004 level. Management believes revenues and expenditures will meet overall budgetary goals.

#### Request for Information

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Linda McKinney, P.O. Box 488 Decatur, AL 35602, by calling (256) 341-4561, or by sending an email to [lmckinney@decatur-al.gov](mailto:lmckinney@decatur-al.gov). This report and other City financial information are available on the City's website at [www.digitaldecatur.com](http://www.digitaldecatur.com).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DECATUR**  
**STATEMENT OF NET ASSETS**  
**September 30, 2004**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash & investments, at cost	\$ 28,175,924	\$ 25,192,774	\$ 53,368,698	\$ 17,129,922
Receivables (net of allowances)	6,286,757	8,610,277	14,897,034	-
Due from governmental entities	745,523	-	745,523	13,539,723
Inventories	40,279	1,548,004	1,588,283	137,656
Other	73,591	70,961	144,552	-
Deferred costs	582,190	474,881	1,057,071	-
Restricted assets				
Cash & investments, at cost	-	5,651,405	5,651,405	-
Capital assets				
Land, collections and construction in process	14,641,757	7,613,261	22,255,018	4,147,991
Other assets, net of accum. depreciation	65,989,863	204,658,833	270,648,696	37,711,487
Internal balances	523,097	(523,097)	-	-
<b>Total assets</b>	<b>117,058,981</b>	<b>253,297,299</b>	<b>370,356,280</b>	<b>72,666,779</b>
<b>LIABILITIES</b>				
Accounts payable	1,813,953	9,581,396	11,395,349	6,017,751
Accrued liabilities	2,282,842	42,393	2,325,235	-
Contract retainages	204,003	-	204,003	-
Due to governmental entities	1,147,013	-	1,147,013	-
Customer deposits	-	2,665,936	2,665,936	-
Deferred revenue	-	-	-	10,516,664
Other	546,585	-	546,585	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	3,110,000	3,110,000	-
Noncurrent liabilities				
Due within one year	5,950,277	50,954	6,001,231	204,607
Due in more than one year	60,705,603	47,683,373	108,388,976	925,147
<b>Total liabilities</b>	<b>72,650,276</b>	<b>63,134,052</b>	<b>135,784,328</b>	<b>17,664,169</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	17,000,702	158,026,539	175,027,241	40,084,208
Restricted for:				
Capital projects	2,238,036	-	2,238,036	-
Debt service	797,423	5,651,405	6,448,828	-
Unrestricted	24,372,544	26,485,303	50,857,847	14,918,402
<b>Total net assets</b>	<b>\$ 44,408,705</b>	<b>\$ 190,163,247</b>	<b>\$ 234,571,952</b>	<b>\$ 55,002,610</b>

The accompanying notes are an integral part of this statement.

CITY OF DECATUR  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2004

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Assets			
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Component Units
<b>Primary Government</b>								
<b>Governmental activities</b>								
General government	\$ 4,130,141	\$ 4,413,236	\$ -	\$ -	\$ 283,095	\$ -	\$ 283,095	\$ -
Public safety	18,393,540	2,467,035	-	-	(15,926,505)	-	(15,926,505)	-
Public works	8,022,796	2,143,766	-	1,050,806	(4,828,224)	-	(4,828,224)	-
Public services	6,535,471	594,366	-	-	(5,941,105)	-	(5,941,105)	-
Intergovernmental assistance	17,231,600	5,530,185	-	-	(11,701,415)	-	(11,701,415)	-
Community service contracts	2,358,965	-	-	-	(2,358,965)	-	(2,358,965)	-
Community development	1,138,744	-	1,232,546	522,338	616,140	-	616,140	-
Personnel board	469,260	-	-	-	(469,260)	-	(469,260)	-
Interest on long-term debt	2,591,239	-	-	-	(2,591,239)	-	(2,591,239)	-
Unallocated depreciation	3,365,134	-	-	-	(3,365,134)	-	(3,365,134)	-
<b>Total governmental activities</b>	<b>64,236,890</b>	<b>15,148,588</b>	<b>1,232,546</b>	<b>1,573,144</b>	<b>(46,282,612)</b>	<b>-</b>	<b>(46,282,612)</b>	<b>-</b>
<b>Business-type activities</b>								
Municipal Utilities Board	116,534,857	117,445,093	-	1,201,659	-	2,111,895	2,111,895	-
Point Mallard	3,388,884	2,254,948	-	-	-	(1,133,936)	(1,133,936)	-
Sanitary Landfill	3,188,082	3,657,950	-	-	-	469,868	469,868	-
<b>Total business-type activities</b>	<b>123,111,823</b>	<b>123,357,991</b>	<b>-</b>	<b>1,201,659</b>	<b>-</b>	<b>1,447,827</b>	<b>1,447,827</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 187,348,713</b>	<b>\$ 138,506,579</b>	<b>\$ 1,232,546</b>	<b>\$ 2,774,803</b>	<b>\$ (46,282,612)</b>	<b>\$ 1,447,827</b>	<b>\$ (44,834,785)</b>	<b>\$ -</b>
<b>Component Units</b>								
All	68,849,317	5,387,828	36,727,623	1,352,631	-	-	-	(25,381,235)
<b>Total component units</b>	<b>\$ 68,849,317</b>	<b>\$ 5,387,828</b>	<b>\$ 36,727,623</b>	<b>\$ 1,352,631</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,381,235)</b>
<b>General Revenues</b>								
Sales & use taxes					\$ 30,980,345	\$ -	\$ 30,980,345	\$ 10,075,099
Property taxes					8,128,683	-	8,128,683	11,964,061
Other taxes					8,940,282	-	8,940,282	953,802
Interest on investments					560,181	420,955	981,136	223,020
Other					1,587,883	-	1,587,883	4,097,675
Transfers					(571,380)	571,380	-	-
<b>Total general revenues &amp; transfers</b>					<b>49,625,994</b>	<b>992,335</b>	<b>50,618,329</b>	<b>27,313,657</b>
<b>Change in net assets</b>					<b>3,343,382</b>	<b>2,440,162</b>	<b>5,783,544</b>	<b>1,932,422</b>
<b>Net assets, beginning</b>					<b>41,065,323</b>	<b>187,723,085</b>	<b>228,788,408</b>	<b>53,070,188</b>
<b>Net assets, ending</b>					<b>\$ 44,408,705</b>	<b>\$ 190,163,247</b>	<b>\$ 234,571,952</b>	<b>\$ 55,002,610</b>

The accompanying notes are an integral part of this statement.

CITY OF DECATUR  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2004

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash & cash equivalents	\$ 11,204,545	\$ 546,449	\$ 1,588,040	\$ 13,339,034
Cash with fiscal agents	29,658	-	-	29,658
Investments, at cost	9,194,031	-	5,613,201	14,807,232
Receivables (net of allowances)				
Accounts	2,364,476	670,749	73,000	3,108,225
Notes	-	-	574,567	574,567
Taxes	2,596,656	-	-	2,596,656
Accrued interest	7,309	-	-	7,309
Due from other funds	531,066	24,134	-	555,190
Due from governmental entities	372,732	106,721	266,070	745,523
Deposits	73,591	-	-	73,591
Inventories	40,279	-	-	40,279
<b>Total assets</b>	<b>26,414,333</b>	<b>1,348,053</b>	<b>8,114,878</b>	<b>35,877,264</b>
<b>LIABILITIES</b>				
Accounts payable	1,082,293	660	731,000	1,813,953
Accrued liabilities	1,492,164	-	39,759	1,531,923
Contract retainages	-	-	204,003	204,003
Due to other funds	-	-	32,093	32,093
Due to component units	-	1,107,613	-	1,107,613
Due to governmental entities	39,400	-	-	39,400
Deferred revenue	2,280,000	-	574,930	2,854,930
Other	543,023	-	3,562	546,585
<b>Total liabilities</b>	<b>5,436,880</b>	<b>1,108,273</b>	<b>1,585,347</b>	<b>8,130,500</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	1,620	-	26,731	28,351
Inventories	40,279	-	-	40,279
Perpetual care	-	-	629,670	629,670
Debt service	-	-	797,423	797,423
DA fees	362	-	-	362
Designated for:				
Special purposes	8,331,935	-	2,040,204	10,372,139
Future capital needs	2,499,913	-	-	2,499,913
Landfill	919,131	-	-	919,131
Corrections fund	618,738	-	-	618,738
Heritage Trust fund	70,097	-	-	70,097
Marina and tourism	884,841	-	-	884,841
Other	78,049	-	-	78,049
Unreserved & undesignated, reported in:				
General fund	7,532,488	-	-	7,532,488
Special revenue funds	-	239,780	797,467	1,037,247
Capital projects funds	-	-	2,238,036	2,238,036
<b>Total fund balance</b>	<b>\$ 20,977,453</b>	<b>\$ 239,780</b>	<b>\$ 6,529,531</b>	<b>27,746,764</b>
<b>Total liabilities and fund balance</b>	<b>\$ 26,414,333</b>	<b>\$ 1,348,053</b>	<b>\$ 8,114,878</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	80,631,620
Other long-term receivables which are not available for current-period expenditures and, therefore, are deferred in the funds	2,854,930
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(66,824,609)

Net assets of governmental activities \$ 44,408,705

CITY OF DECATUR  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended September 30, 2004

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Sales & use taxes	\$ 23,240,949	\$ 7,739,396	\$ -	\$ 30,980,345
Property taxes	2,248,881	5,879,802	-	8,128,683
Other taxes	6,717,845	1,098,020	-	7,815,865
Licenses & permits	5,104,988	-	-	5,104,988
Fines & forfeitures	1,279,018	-	-	1,279,018
Revenues from money & property	524,097	-	185,166	709,263
Charges for services	2,635,734	-	-	2,635,734
Intergovernmental	5,973,258	545,667	3,011,193	9,530,118
Other revenues	400,759	-	545,764	946,523
<b>Total revenues</b>	<b>48,125,529</b>	<b>15,262,885</b>	<b>3,742,123</b>	<b>67,130,537</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	3,398,343	18,861	-	3,417,204
Public safety	17,750,748	-	-	17,750,748
Public works	7,483,378	-	284,099	7,767,477
Public services	6,032,400	-	-	6,032,400
Intergovernmental assistance	3,870,936	13,232,044	-	17,102,980
Community services contracts	2,358,965	-	-	2,358,965
Community development	-	-	2,114,283	2,114,283
Personnel Board	-	-	469,260	469,260
<b>Debt service</b>				
Principal	5,556,257	-	765,000	6,321,257
Interest and fiscal charges	2,712,539	-	83,451	2,795,990
Debt issuance costs	-	-	365,635	365,635
Capital projects construction and outlay	-	-	9,308,953	9,308,953
<b>Total expenditures</b>	<b>49,163,566</b>	<b>13,250,905</b>	<b>13,390,681</b>	<b>75,805,152</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,038,037)</b>	<b>2,011,980</b>	<b>(9,648,558)</b>	<b>(8,674,615)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	19,900,000	19,900,000
Premium on debt issue	-	-	21,888	21,888
Capital lease proceeds	39,351	-	-	39,351
Payment to escrow agent	(3,600,000)	-	-	(3,600,000)
Transfers in	6,390,582	870,000	585,021	7,845,603
Transfers (out)	(1,983,991)	(2,640,792)	(3,755,827)	(8,380,610)
<b>Total other financing sources (uses)</b>	<b>845,942</b>	<b>(1,770,792)</b>	<b>16,751,082</b>	<b>15,826,232</b>
<b>Net change in fund balance</b>	<b>(192,095)</b>	<b>241,188</b>	<b>7,102,524</b>	<b>7,151,617</b>
Fund balance, beginning	21,169,548	(1,408)	(572,993)	20,595,147
<b>Fund balance, ending</b>	<b>\$ 20,977,453</b>	<b>\$ 239,780</b>	<b>\$ 6,529,531</b>	<b>\$ 27,746,764</b>

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2004**

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

Net change in fund balances - total governmental funds	\$ 7,151,617
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 outlays exceeded depreciation in the current period.	5,701,001
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, exceeded the proceeds from the sales. This amount is included in the expenses of the general government function in the Statement of Activities.	(54,680)
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 issuance costs, 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.	(9,821,066)
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>366,510</u>
<b>Change in Net Assets Of Governmental Activities</b>	<b><u>\$ 3,343,382</u></b>

**CITY OF DECATUR  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET & ACTUAL  
For the Year Ended September 30, 2004**

	General Fund				School Fund			
	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original Budget	Final Budget		
<b>REVENUES</b>								
Taxes and payments in lieu of taxes	\$ 29,879,708	\$ 31,770,198	\$ 32,207,875	\$ 437,477	\$ 14,842,060	\$ 14,642,060	\$ 14,717,218	\$ 75,158
Licenses and permits	4,269,725	4,644,825	5,104,988	460,163	-	-	-	-
Fines and forfeitures	1,147,000	1,056,000	1,279,018	223,018	-	-	-	-
Revenues from money and property	551,800	408,000	524,097	116,097	-	-	-	-
Charges for services	2,500,000	2,774,751	2,635,734	(139,017)	-	-	-	-
Intergovernmental	5,728,205	5,756,374	5,973,258	216,884	562,882	562,882	545,667	(17,215)
Other revenues	596,258	450,035	400,759	(49,276)	-	-	-	-
<b>Total revenues</b>	<b>44,672,696</b>	<b>46,860,183</b>	<b>48,125,529</b>	<b>1,265,346</b>	<b>15,204,942</b>	<b>15,204,942</b>	<b>15,262,885</b>	<b>57,943</b>
<b>EXPENDITURES</b>								
<b>Current</b>								
General government	3,543,039	3,582,805	3,398,343	184,462	44,000	44,000	18,861	25,139
Public safety	17,580,778	17,540,483	17,750,748	(210,265)	-	-	-	-
Public works	8,024,331	7,966,607	7,483,378	483,229	-	-	-	-
Public services	5,384,058	5,926,016	6,032,400	(106,384)	-	-	-	-
Intergovernmental assistance	3,449,007	3,825,019	3,870,936	(45,917)	12,535,079	13,155,079	13,232,044	(76,965)
Community services contracts	2,202,752	2,327,818	2,358,965	(31,147)	-	-	-	-
Debt service								
Principal	4,721,671	4,721,671	5,556,257	(834,586)	-	-	-	-
Interest	4,513,861	3,574,856	2,712,539	862,317	-	-	-	-
<b>Total expenditures</b>	<b>49,419,497</b>	<b>49,465,275</b>	<b>49,163,566</b>	<b>301,709</b>	<b>12,579,079</b>	<b>13,199,079</b>	<b>13,250,905</b>	<b>(51,826)</b>
<b>Excess of revenues over expenditures</b>	<b>(4,746,801)</b>	<b>(2,605,092)</b>	<b>(1,038,037)</b>	<b>1,567,055</b>	<b>2,625,863</b>	<b>2,005,863</b>	<b>2,011,980</b>	<b>6,117</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Capital lease proceeds	-	-	39,351	39,351	-	-	-	-
Payment to escrow agent	-	(3,600,000)	(3,600,000)	-	-	-	-	-
Operating transfers in	2,931,563	6,570,987	6,390,582	(180,405)	250,000	870,000	870,000	-
Operating transfers out	(1,577,216)	(2,123,159)	(1,983,991)	139,168	(2,875,863)	(2,875,863)	(2,640,792)	235,071
<b>Total other financing sources (uses)</b>	<b>1,354,347</b>	<b>847,828</b>	<b>845,942</b>	<b>(1,886)</b>	<b>(2,625,863)</b>	<b>(2,005,863)</b>	<b>(1,770,792)</b>	<b>235,071</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(3,392,454)</b>	<b>(1,757,264)</b>	<b>(192,095)</b>	<b>1,565,169</b>	<b>-</b>	<b>-</b>	<b>241,188</b>	<b>241,188</b>
<b>Fund balance, beginning</b>	<b>20,042,753</b>	<b>20,042,753</b>	<b>21,169,548</b>	<b>1,126,795</b>	<b>(455)</b>	<b>(455)</b>	<b>(1,408)</b>	<b>-</b>
<b>Fund balance, ending</b>	<b>\$ 16,650,299</b>	<b>\$ 18,285,489</b>	<b>\$ 20,977,453</b>	<b>\$ 2,691,984</b>	<b>\$ (455)</b>	<b>\$ (455)</b>	<b>\$ 239,780</b>	<b>\$ 241,188</b>

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 September 30, 2004**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & cash equivalents	\$ 15,820,354	\$ 6,237,639	\$ 22,057,993
Investments, at cost	-	3,134,781	3,134,781
Receivables (net of allowance)			
Accounts	8,228,455	372,814	8,601,269
Accrued interest	-	3,927	3,927
Other	5,081	-	5,081
Inventories, at cost	1,520,198	27,806	1,548,004
Other	70,961	-	70,961
<b>Total current assets</b>	<b>25,645,049</b>	<b>9,776,967</b>	<b>35,422,016</b>
<b>Noncurrent assets</b>			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	5,651,405	-	5,651,405
Deferred costs	474,881	-	474,881
Capital assets:			
Land	1,566,110	1,415,739	2,981,849
Buildings	-	6,270,334	6,270,334
Improvements other than buildings	-	13,406,681	13,406,681
Furniture & equipment	-	3,732,236	3,732,236
Utility plant in service	283,464,593	-	283,464,593
Construction work in progress	4,617,606	13,806	4,631,412
Less accumulated depreciation	(87,583,561)	(14,631,450)	(102,215,011)
Total capital assets (net of accumulated depreciation)	202,064,748	10,207,346	212,272,094
<b>Total assets</b>	<b>233,836,063</b>	<b>19,984,313</b>	<b>253,820,396</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	9,416,133	165,263	9,581,396
Accrued liabilities	-	42,393	42,393
Compensated absences	-	21,703	21,703
Customer deposits	2,665,936	-	2,665,936
Revenue warrants payable - current	3,110,000	-	3,110,000
Capital leases payable - current	-	29,251	29,251
Due to other funds	392,409	130,688	523,097
<b>Total current liabilities</b>	<b>15,584,478</b>	<b>389,298</b>	<b>15,973,776</b>
<b>Noncurrent liabilities</b>			
Landfill closure and post-closure care costs	-	1,558,374	1,558,374
Revenue notes payable	45,929,668	-	45,929,668
Compensated absences	-	195,331	195,331
<b>Total noncurrent liabilities</b>	<b>45,929,668</b>	<b>1,753,705</b>	<b>47,683,373</b>
<b>Total liabilities</b>	<b>61,514,146</b>	<b>2,143,003</b>	<b>63,657,149</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 147,848,444	\$ 10,178,095	\$ 158,026,539
Reserved for inventories	1,520,198	27,806	1,548,004
Restricted for debt service	5,651,405	-	5,651,405
Unrestricted	17,301,890	7,635,409	24,937,299
<b>Total net assets</b>	<b>\$ 172,321,937</b>	<b>\$ 17,841,310</b>	<b>\$ 190,163,247</b>

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 For the Year Ended September 30, 2004**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>Operating revenue</b>			
Charges for services	\$ 117,445,093	\$ 3,657,950	\$ 121,103,043
Premiums & fees	-	2,254,948	2,254,948
<b>Total operating revenue</b>	<b>117,445,093</b>	<b>5,912,898</b>	<b>123,357,991</b>
<b>Operating expenses</b>			
Personnel, operations & maintenance	107,176,453	5,359,497	112,535,950
Closure and postclosure costs	-	110,710	110,710
Depreciation and amortization	6,934,686	1,099,026	8,033,712
<b>Total operating expenses</b>	<b>114,111,139</b>	<b>6,569,233</b>	<b>120,680,372</b>
<b>Operating income (loss)</b>	<b>3,333,954</b>	<b>(656,335)</b>	<b>2,677,619</b>
<b>Nonoperating revenue (expenses)</b>			
Interest income	282,494	138,461	420,955
Interest expense	(2,396,231)	(5,240)	(2,401,471)
Intergovernmental	-	(48,427)	(48,427)
Gain (loss) on disposition of assets	-	10,208	10,208
Miscellaneous revenue (expense)	(27,487)	35,726	8,239
<b>Total nonoperating revenue (expenses)</b>	<b>(2,141,224)</b>	<b>130,728</b>	<b>(2,010,496)</b>
<b>Income before contributions, transfers &amp; special items</b>	<b>1,192,730</b>	<b>(525,607)</b>	<b>667,123</b>
Capital contributions	1,201,659	-	1,201,659
Transfers in	51,633	674,850	726,483
Transfers (out)	-	(155,103)	(155,103)
<b>Change in net assets</b>	<b>2,446,022</b>	<b>(5,860)</b>	<b>2,440,162</b>
Total net assets, beginning	169,875,915	17,847,170	187,723,085
<b>Total net assets, ending</b>	<b>\$ 172,321,937</b>	<b>\$ 17,841,310</b>	<b>\$ 190,163,247</b>

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 For the Year Ended September 30, 2004**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>Operating activities</b>			
Receipts from customers and users	\$118,118,641	\$ 5,916,601	\$ 124,035,242
Other operating cash receipts	201,635	32,863	234,498
Payments to suppliers	(108,304,394)	(3,445,190)	(111,749,584)
Payments to employees	-	(1,918,259)	(1,918,259)
Payments for interfund services	-	58,254	58,254
<b>Net cash provided (used) by operating activities</b>	<b>10,015,882</b>	<b>644,269</b>	<b>10,660,151</b>
<b>Noncapital financing activities</b>			
Operating transfers in	-	638,477	638,477
Operating transfers (out)	-	(155,103)	(155,103)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>483,374</b>	<b>483,374</b>
<b>Capital and related financing activities</b>			
Acquisition and construction of capital assets	(5,005,573)	(151,989)	(5,157,562)
Proceeds from sale of capital assets	-	14,155	14,155
Proceeds from notes	846,498	-	846,498
Capital contributions	1,253,292	-	1,253,292
Principal payments on capital leases	-	(43,641)	(43,641)
Principal payments on warrants	(3,402,977)	-	(3,402,977)
Principal payments on notes	(489,357)	-	(489,357)
Interest paid on capital leases	-	(5,240)	(5,240)
Interest paid on warrants	(2,249,745)	-	(2,249,745)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(9,047,862)</b>	<b>(186,715)</b>	<b>(9,234,577)</b>
<b>Investing activities</b>			
Decrease (increase) in restricted assets	1,282,458	-	1,282,458
Miscellaneous non-operating income	(27,487)	-	(27,487)
Purchase of investments	-	(1,000,000)	(1,000,000)
Interest received	280,346	141,324	421,670
<b>Net cash provided (used) by Investing activities</b>	<b>1,535,317</b>	<b>(858,676)</b>	<b>676,641</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>2,503,337</b>	<b>82,252</b>	<b>2,585,589</b>
Cash and cash equivalents, beginning	10,840,044	6,155,387	16,995,431
<b>Cash and cash equivalents, ending</b>	<b>\$ 13,343,381</b>	<b>\$ 6,237,639</b>	<b>\$ 19,581,020</b>
<b>Operating Income (loss)</b>	<b>\$ 3,333,954</b>	<b>\$ (656,419)</b>	<b>\$ 2,677,535</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation and amortization	\$ 6,777,205	\$ 1,099,025	\$ 7,876,230
Landfill postclosure costs	-	100,037	100,037
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	1,354,240	3,703	1,357,943
Accounts payable	(1,017,984)	(10,642)	(1,028,626)
Inventory	(83,970)	2,350	(81,620)
Due to (from) other funds	-	58,254	58,254
Accrued liabilities	-	19,034	19,034
Deferred demand credit	(149,391)	-	(149,391)
Deferred revenue	(420,645)	-	(420,645)
Other items	222,473	28,927	251,400
<b>Net cash provided (used) by operating activities</b>	<b>\$ 10,015,882</b>	<b>\$ 644,269</b>	<b>\$ 10,660,151</b>
<b>Supplemental Information</b>			
<b>Noncash activities</b>			
Acquisition of fixed assets through contributions from other funds	\$ -	\$ 2,012,911	\$ 2,012,911

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET ASSETS  
September 30, 2004**

	Governmental Activities	Business-Type Activities	
	Board of Education	Public Building Authority	Total
<b>ASSETS</b>			
Cash & cash equivalents	\$ 17,009,972	\$ 83,628	\$ 17,093,600
Investments, at cost	36,322	-	36,322
Due from primary government	1,107,613	-	1,107,613
Due from governmental entities	12,432,110	-	12,432,110
Inventories	137,656	-	137,656
Capital assets		-	
Land and construction in process	4,014,689	133,302	4,147,991
Other assets, net of accum. depreciation	36,396,990	1,314,497	37,711,487
<b>Total assets</b>	<b>71,135,352</b>	<b>1,531,427</b>	<b>72,666,779</b>
<b>LIABILITIES</b>			
Accounts payable	6,017,751	-	6,017,751
Deferred revenue	10,516,664	-	10,516,664
Noncurrent liabilities			
Due within one year	49,607	155,000	204,607
Due in more than one year	277,864	647,283	925,147
<b>Total liabilities</b>	<b>16,861,886</b>	<b>802,283</b>	<b>17,664,169</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	40,084,208	-	40,084,208
Restricted for:			
Unrestricted	14,189,258	729,144	14,918,402
<b>Total net assets</b>	<b>\$ 54,273,466</b>	<b>\$ 729,144</b>	<b>\$ 55,002,610</b>

The accompanying notes are an integral part of this statement.

CITY OF DECATUR  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2004

Functions/Programs	Program Revenue		Net Revenue (Expense) & Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities Board of Education	Business-Type Activities Public Building Authority	Total
<b>Component Units</b>							
Decatur City Board of Education	\$ 68,768,615	\$ 5,224,824	\$ 36,727,623	\$ 1,352,631	\$ (25,463,537)	\$ -	\$ (25,463,537)
Public Building Authority	80,702	163,004	-	-	-	82,302	82,302
<b>Total component units</b>	<b>68,849,317</b>	<b>5,387,828</b>	<b>36,727,623</b>	<b>1,352,631</b>	<b>(25,463,537)</b>	<b>82,302</b>	<b>(25,381,235)</b>
<b>General Revenues</b>							
Sales & use taxes					\$ 10,075,099	\$ -	\$ 10,075,099
Property taxes					11,964,061	-	11,964,061
Other taxes					953,802	-	953,802
Interest on investments					222,396	624	223,020
Other					4,097,675	-	4,097,675
<b>Total general revenues &amp; transfers</b>					<b>27,313,033</b>	<b>624</b>	<b>27,313,657</b>
<b>Change in net assets</b>					<b>1,849,496</b>	<b>82,926</b>	<b>1,932,422</b>
Net assets, beginning					\$ 52,423,970	\$ 646,218	\$ 53,070,188
<b>Net assets, ending</b>					<b>\$ 54,273,466</b>	<b>\$ 729,144</b>	<b>\$ 55,002,610</b>

The accompanying notes are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**City of Decatur**  
**Notes To The Financial Statements**  
**September 30, 2004**

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**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**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. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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 Sound Control
- 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
- Point Mallard Facilities Board
- 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.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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. However, the Board is fiscally dependent upon the government because although the Board approves all budgets, the City Council levies taxes (if necessary) and must approve any debt issuances. The Board of Education is presented as a governmental fund type.

*Public Building Authority:* The Public Building Authority was established to construct and maintain the building occupied by the Morgan County Department of Human Resources. This building is leased to the State of Alabama and the lease payments are used for the debt service. The three-member board is wholly appointed by the City of Decatur. The City is responsible for maintenance of the building and is liable for any default on the lease. The Public Building Authority is presented as a proprietary fund type and is composed of one fund.

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 Public Building Authority or the Personnel Board.

**B. Government-wide and Fund Financial Statements**

Financial information of the City, the primary government, and the Board of Education and Public Building Authority, the City's component units, 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.
- *Basic Financial Statements:* Government-wide financial statements consist of a statement of net assets and a statement of activities.

These statements report all of the non-fiduciary 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 fiduciary fund of the primary government is not included in the government-wide financial statements; however, separate financial statements are presented.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 and fiduciary fund financial statements. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. 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.

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. 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 required to be accounted for in another fund.
- The *School Fund* accounts for the specific revenues that are for specific expenditures – which include sales and use tax, and the designated portion of the tobacco tax, general property tax, automotive tax, and tax-equivalent – Electric and Water departments.

The following are the City's major enterprise funds:

- The *Municipal Utilities Board Fund* accounts for the operating expenses, user fees (revenue), assets and liabilities of the Municipal Utilities Board, 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.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 Fund* accounts for the acquisition of fixed assets or construction of major capital facilities and projects not financed by Proprietary or Fiduciary Funds.
- The *Debt Service Fund* accounts for the servicing of the Public Port and Infrastructure Warrants which are not being used for general government purposes. Sources of funds for servicing this debt consist of payments-in-lieu of taxes.
- The *Permanent Funds* account 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.

The City applies all applicable Financial Accounting Standards Board pronouncements issued after November 30, 1989 in accounting and reporting for its proprietary operations.

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 Decatur Utilities 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, and Net Assets or Equity**

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.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 obligation of the United States, obligations of certain Federal agencies for which the full faith credit of the United States of America has been pledged, general obligation issues of other states, the State of Alabama, Alabama counties and Alabama Municipalities.

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

Receivables and Payables

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

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

Amounts receivable and payable from federal, state, county, and local governments are classified as "due from/to other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2004.

Ad valorem, sales, franchise and liquor taxes and beverages licenses and taxes recorded within the General Fund and the nonmajor governmental funds are recognized under the susceptible to accrual concept.

Noncurrent portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their spending 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 is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

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 the June 15 following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are levied and 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.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 \$5,000 (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 fair market value at the date of donation. When capital assets are disposed, the cost and related accumulated depreciation are removed, and any gain or loss arising from the disposal is credited or charged to operations.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed.

Property, plant and equipment of the component units are generally recorded using the same policy as the City.

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 is depreciated using the straight-line method over the estimated useful lives as follows:

Building improvements	10-20 years
Buildings	20-40 years
Sidewalks, streets, and bridges	20-50 years
Traffic signals	15 years
Utility plants in service	40-50 years
Improvements:	
Pumping stations	50 years
Outfall lines	50 years
Land improvements	12-25 years
Surface lots	15-20 years
Furniture and equipment	3 -12 years
Greenways	15 years
Drainage systems	40 years
Motor vehicles	5 years

Compensated Absences

City employees may accumulate up to three-hundred and seventy (370) days of sick leave. Employees of the City who have twenty-five (25) years of service or who have reached sixty (60) years of age 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 is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are considered to be and are accrued as a long-term liability. Compensated absences have been historically liquidated through the fund that the employee is paid.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds and warrants payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

**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 assets**

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. 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 \$66,824,609 difference are as follows:

Warrants Payable	\$62,679,500
Less: Deferred charge on refunding (to be amortized as interest expense)	(582,190)
Notes payable	680,000
Accrued interest payable	750,920
Capital leases payable	853,607
Compensated absences	<u>2,442,772</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$66,824,609</u>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – CONTINUED**

**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 a reconciliation between net changes in fund balances-total governmental funds and changes in net assets 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 \$5,701,001 difference are as follows:

Capital outlay	(\$11,032,156)
Capital contributions	(\$1,014,433)
Depreciation expense	<u>6,345,588</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$5,701,001)</u></u>

Another element of that reconciliation states that "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 issuance costs, 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 \$9,821,066 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ 39,351
Issuance of general obligation debt	19,900,000
Plus premiums	21,888
Principal repayments:	
General obligation debt	(5,510,000)
Notes	(50,000)
Payment on capital lease	(761,257)
Payment to escrow agent for refunding	(3,600,000)
Amortization of premium and refunding loss	84,826
Deferral of issuance costs	<u>(303,742)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$9,821,066</u></u>

Another element of that reconciliation states that "other expenses reported in the statement of activities that do not require current financial resources." The details of this \$366,510 difference is as follows:

Compensated absences	(\$76,933)
Accrued interest	<u>(289,577)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$366,510)</u></u>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

Annually-Budgeted Governmental Funds

**General Fund**

**Special Revenue Funds**

7 Cent Gas Tax Fund  
4&5 Cent Gas Tax Fund  
School Fund  
Personnel Board Fund

Governmental Funds Not Annually-Budgeted

**Special Revenue Funds**

Community Development Fund

**Debt Service Fund**

Public Port and Infrastructure Warrants Fund

**Capital Projects Funds**

2003 GO Warrants Fall Capital Projects Fund

**Permanent Fund**

The Municipal Utilities Board Fund is managed by a separate board appointed by City Council. This Fund is a separate legal entity, and 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 as required by state law, 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 Community Development Fund adopts project-length budgets as prescribed by grantor provisions.

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, holds public hearings, suggests changes and approves the budgets during the first meeting of the fiscal year.

Budgeted amounts are as originally adopted, or as amended by the City Council at mid-year. Individual amendments and changes to the budget as originally adopted are not considered material.

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 reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED**

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, 2004:

**General Fund**

*Public Safety:*

Fire	\$174,634
Police	\$89,818

*Public Works:*

Streets	\$79,874
Sanitation	\$328,049

*Public Services:*

Park and recreation	\$122,770
Landscape and beautification	\$6,557
Youth services	\$17,090

*Intergovernmental Assistance:*

Purchasing	\$19,413
Information services	\$40,373
Miscellaneous	\$62,303

*Community service contracts:*

\$31,147

**Special Revenue Funds**

*School Fund:*

<i>Intergovernmental assistance</i>	\$76,965
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The excess expenditures were provided by available fund balance in the funds.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**A. Restatement of Beginning Net Assets**

In the prior year, the Net Assets for Governmental Activities was understated due to the deferred revenue recorded under the modified accrual basis of accounting within the Governmental Funds Balance Sheet not being properly reclassified during the conversion to the full accrual basis. Accordingly, the beginning net assets were adjusted within the Governmental Activities column of the Statement of Net Assets within the current year to recognize this omission. The net effect of this adjustment was an increase in beginning net assets of \$2,854,930.

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

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

Cash on hand	\$35,397,027
Carrying amount of deposits	17,942,013
Carrying amount of investments	<u>5,681,063</u>
<b>Total</b>	<b><u>\$59,020,103</u></b>
Per Governmental Funds Balance Sheet-total governmental funds	
Cash and investments	\$28,175,924
Per Proprietary Funds Statement of Net Assets	
Total enterprise funds	
Cash and investments	25,192,774
Restricted cash for debt service	<u>5,651,405</u>
<b>Total</b>	<b><u>\$59,020,103</u></b>

A reconciliation of Discretely Presented Component Unit's cash and investments as shown on the Combining Balance Sheet for the Discretely Presented Component Unit is as follows:

	Board of Education
Cash on hand	\$17,009,972
Carrying amount of Deposits	<u>36,322</u>
<b>Total Cash and investments</b>	<b><u>\$17,046,294</u></b>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2004 was as follows:

	Balance September 30, 2003	Additions/ Transfers-in	Deletions/ Transfers-out	Balance September 30, 2004
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$8,803,421	\$355,481	(\$47,179)	\$9,111,723
Construction in progress	194,000	5,336,034	-	5,530,034
Total capital assets, not being depreciated	8,997,421	5,691,515	(47,179)	14,641,757
Capital assets, being depreciated:				
Buildings and improvements	24,195,714	463,694	(44,500)	24,614,908
Land improvements	6,523,058	141,865	(118,000)	6,546,923
Furniture, equipment and other	18,627,206	2,553,106	(378,780)	20,801,532
Infrastructure	83,477,952	3,196,408	-	86,674,360
Total capital assets, being depreciated	132,823,930	6,355,073	(541,280)	138,637,723
Less accumulated depreciation for:				
Buildings and improvements	(10,441,758)	(1,104,945)	44,500	(11,502,203)
Land improvements	(4,073,764)	(210,224)	118,000	(4,165,988)
Furniture, equipment and other	(14,056,207)	(1,665,285)	371,280	(15,350,212)
Infrastructure	(38,264,323)	(3,365,134)	-	(41,629,457)
Total accumulated depreciation	(66,836,052)	(6,345,588)	533,780	(72,647,860)
Total capital assets, being depreciated, net	65,987,878	9,485	(7,500)	65,989,863
Governmental activities capital assets, net	\$74,985,299	\$5,701,000	(\$54,679)	\$80,631,620
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$2,981,849	\$ -	\$ -	\$2,981,849
Construction in progress	4,632,755	268,968	(270,311)	4,631,412
Total capital assets, not being depreciated	7,614,604	268,968	(270,311)	7,613,261
Capital assets, being depreciated:				
Buildings and improvements	19,576,650	100,363	-	19,677,013
Furniture, equipment and other	3,766,904	74,191	(108,859)	3,732,236
Utility plant-in-service	280,367,669	6,205,112	(3,108,187)	283,464,594
Total capital assets, being depreciated	303,711,223	6,379,666	(3,217,046)	306,873,843
Less accumulated depreciation for:				
Buildings and improvements	(10,656,051)	(797,039)	-	(11,453,090)
Furniture, equipment and other	(2,977,242)	(301,985)	100,868	(3,178,359)
Utility plant-in-service	(82,324,077)	(7,821,222)	2,561,738	(87,583,561)
Total accumulated depreciation	(95,957,370)	(8,920,246)	2,662,606	(102,215,010)
Total capital assets, being depreciated, net	207,753,853	(2,540,580)	(554,440)	204,658,833
Business-type activities capital assets, net	\$215,368,457	(\$2,271,612)	(\$824,751)	\$212,272,094

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Deprecation expense of \$3,365,134 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 government	\$ 856,391
Public Safety	623,473
Public Works	597,007
Public Services	574,350
Intergovernmental	322,925
Community Development	6,308
	<hr/>
Total depreciation expense – governmental activities	<u>\$ 2,980,454</u>
 <u>Business-type activities:</u>	
Municipal Utilities Board Fund	\$ 6,934,686
Sanitary Landfill Fund	590,711
Point Mallard Fund	508,399
	<hr/>
Total depreciation expense – business-type activities	<u>\$ 8,033,796</u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2004 was as follows:

	Balance September 30, 2003	Additions/ Transfers-in	Deletions Transfers-out	Balance September 30, 2004
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,423,229	\$ 53,000	\$ -	\$ 3,476,229
Construction in progress	278,981	538,460	(278,981)	538,460
	<hr/>			<hr/>
Total capital assets, not being depreciated	3,702,210	591,460	(278,981)	4,014,689
 Capital assets, being depreciated:				
Buildings and improvements	60,581,069	642,794	-	61,223,863
Furniture, equipment and other	3,801,265	742,993	(126,110)	4,418,148
	<hr/>			<hr/>
Total capital assets, being depreciated	64,382,334	1,385,787	(126,110)	65,642,011
Less accumulated depreciation	(27,357,223)	(2,008,104)	120,306	(29,245,021)
	<hr/>			<hr/>
Total capital assets, being depreciated, net	37,025,111	(622,317)	5,804	36,396,990
	<hr/>			<hr/>
Total governmental activities capital assets, net	\$40,727,321	(\$30,857)	(\$284,785)	\$40,411,679

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

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

The composition of interfund balances as of September 30, 2004 is as follows:

**Transfers In/Out:**

Transfers Out:

From General Fund			
To School Fund	\$870,000		
To Municipal Utilities Board Enterprise Fund	51,633		
To nonmajor governmental funds	462,358		
To nonmajor enterprise funds	<u>600,000</u>	\$1,983,991	
From School Fund			
To General Fund		2,640,792	
From Nonmajor governmental funds			
To General Fund	3,716,669		
To other nonmajor governmental funds	681		
To nonmajor enterprise funds	<u>38,477</u>	3,755,827	
From Nonmajor enterprise funds			
To General Fund	33,121		
To nonmajor governmental funds	<u>121,982</u>	155,103	
Subtotal		8,535,713	
Transfer of capital assets from Nonmajor governmental fund to			
Nonmajor enterprise fund		<u>36,373</u>	
Total		<u><u>\$8,572,086</u></u>	

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Transfers In:

To General Fund:			
From School Fund	\$2,640,792		
From nonmajor governmental funds	3,716,669		
From nonmajor enterprise funds	<u>33,121</u>		\$6,390,582
To School Fund			
From General Fund			870,000
To Municipal Utilities Board Enterprise Fund			
From General Fund			51,633
To Nonmajor enterprise funds			
From General Fund	600,000		
From nonmajor governmental funds	<u>74,850</u>		674,850
To Nonmajor governmental funds			
From General Fund	462,358		
From other nonmajor governmental funds	681		
From nonmajor enterprise funds	<u>121,982</u>		585,021
Subtotal			<u><u>\$8,572,086</u></u>

In the fund financial statements, total transfers in of \$8,572,086 are greater than total transfers out of \$8,535,713 because of the treatment of transfers of capital contributions to a nonmajor enterprise fund. During the year, a nonmajor governmental fund transferred \$36,373 of capital assets to a nonmajor enterprise fund as approved by Council. This was shown as a transfer in within the nonmajor enterprise fund and was eliminated through reconciliation to the Government-Wide statements.

**Due To/From Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Municipal Utilities Board Enterprise Fund	\$368,275
	Nonmajor Governmental Funds	32,093
	Nonmajor Enterprise Funds	<u>130,688</u>
		<u>531,056</u>
School Fund	Municipal Utilities Board Enterprise Fund	<u>24,134</u>
Total due to/from other funds		<u><u>\$555,190</u></u>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

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

Receivable Fund	Payable Fund	Amount
Component Unit – Board of Education	Primary Government - School Fund	<u>\$1,107,613</u>
Total due to/from primary government to component units		<u>\$1,107,613</u>

In general, transfers are 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. 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.

**E. Leases**

Operating Leases

The City was not obligated on any significant operating leases as of September 30, 2004.

Capital Leases

The City has entered into various lease agreements as lessee for financing the acquisition of equipment. These lease agreements are treated as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the basic financial statements.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities Point Mallard
Equipment	\$2,626,640	\$139,639
Less: accumulated amortization	<u>(1,074,324)</u>	<u>(111,408)</u>
Total	<u>\$1,552,316</u>	<u>\$28,231</u>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2004 are as follows:

Year Ending	Governmental Activities	Business-Type Activities
September 30		Point Mallard
2005	\$586,082	\$32,170
2006	156,299	-
2007	128,777	-
2008	29,957	-
2009	-	-
Total minimum lease payments	901,115	32,170
Less amount representing interest	(47,508)	(3,379)
Present value of minimum lease payments	\$853,607	\$28,791

The future debt service requirements of the governmental activities leases at September 30, 2004 are primarily to be provided by the General Fund, and the requirements of the business-type activities will be provided by the respective fund.

**F. Long-Term Debt**

General Obligation Warrants

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

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

Source of Repayment of Long-Term Debt

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

Type of Debt	Paid From	Resources Provided By
<u>Governmental Activities:</u>		
G.O. warrants - major capital facilities	General Fund Public Port and Infrastructure Warrants Fund	General Fund Public Port and Infrastructure Warrants Fund
G.O. warrants - school facilities	General Fund	School Fund
<u>Business-Type Activities:</u>		
Revenue warrants	Municipal Utilities Board Fund	Municipal Utilities Board Fund

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Lease Revenue Bonds – Public Building Authority Component Unit

The Public Building Authority, a blended component unit of the City, issued bonds in the prior year. Repayment of the bonds is secured by annual lease payments received by the Authority. Pursuant to the trust indenture, the Authority is required to maintain debt service reserve accounts for a portion of the outstanding principal. The Authority was in compliance with the reserve requirements at year-end.

The bonds do not constitute a direct obligation and pledge of the full faith and credit of the City.

Outstanding Debt

The amount of debt outstanding at September 30, 2004, and information related to it was as follows:

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance (thousands)	Amount Due Within One Year (thousands)
<b>PRIMARY GOVERNMENT</b>							
<u>Governmental Activities</u>							
<i>G.O. Warrants - general purposes</i>							
1997-Municipal	\$9,695	6/1/1997	6/1/2014	4.65 – 5.2	310 - 1,150	\$5,145	\$310
1997-B	3,975	6/1/1997	6/1/2011	4.65 – 5.0	295 - 410	2,450	295
2000	15,920	7/1/2000	6/1/2020	5.375 – 5.4	110 - 2,095	13,020	110
2003-A	3,945	2/1/2003	12/1/2007	2.25 – 2.5	760 – 835	3,180	760
2003-B	1,575	2/1/2003	12/1/2007	2.25 – 2.5	305 – 340	1,285	305
2003-C	3,775	2/1/2003	8/1/2013	2.5 – 4.0	205 – 500	3,215	445
2003-E	19,900	11/1/2003	7/1/2026	3.5 – 4.75	380 – 800	19,395	610
	<u>58,785</u>					<u>47,690</u>	<u>2,835</u>
<i>G.O. Warrants - school purposes</i>							
1997-School	7,965	6/1/1997	6/1/2013	4.65 - 5.1	530 - 715	5,455	530
1997-A	7,370	6/1/1997	6/1/2011	4.65 - 5.0	545-760	4,530	545
2003-D	7,305	2/1/2003	8/1/2009	2.0 – 3.125	865 – 1,220	5,330	1,160
	<u>22,640</u>					<u>15,315</u>	<u>2,235</u>
<i>Notes</i>							
Carnegie Library	830	6/27/2001	6/27/2006	4.475	50 – 630	680	50
	<u>830</u>					<u>680</u>	<u>50</u>
<b>Total governmental activities</b>	<b><u>\$82,255</u></b>					<b><u>\$63,685</u></b>	<b><u>\$5,120</u></b>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Outstanding Debt - Continued

Series	Face Amount (thousands)	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance	Amount Due Within One Year
<u>Business-Type activities</u>							
<i>Water System Revenue Warrants</i>							
1999	\$23,240	5/1/1999	5/1/2019	4.35-5.0	1,100-2,140	\$23,240	\$1,100
	23,240					23,240	1,100
<i>Wastewater System Revenue Warrants</i>							
1997	2,850	11/1/1996	8/15/2017	3.95	125-200	2,095	125
1998	4,430	7/1/1997	1/1/2009	4.15-4.45	420-510	2,320	420
2000	15,590	12/22/1999	8/15/2020	3.85	615-1,095	13,350	615
2004	9,645	04/21/2004	8/15/2013	2.85	850-1,125	8,825	850
	32,515					26,590	2,010
<b>Total business-type activities</b>	<b>55,755</b>					<b>49,830</b>	<b>3,110</b>
<b>Total Primary Government</b>	<b>\$138,010</b>					<b>\$113,515</b>	<b>\$8,230</b>

**COMPONENT UNIT – PUBLIC BUILDING AUTHORITY**

Business-Type Activities

2003	\$950	2/1/2003	3/1/2009	1.75 – 3.4	155 - 170	\$805	\$155
<b>Total Component Units</b>	<b>\$950</b>					<b>\$805</b>	<b>\$155</b>

The City is not obligated in any manner for the debt of the Public Building Authority, a discretely presented component unit.

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2004 are shown below. There is \$797,423 available in the Public Port and Infrastructure Warrants Fund to service general obligation debt and \$5,651,405 is available in the Municipal Utilities Board Enterprise Fund to service the revenue warrants. There are a number of limitations and restrictions contained in the various debt-related agreements, and the City is in compliance with all, except that its 2003 audited financial statements were not provided to the Nationally Recognized Municipal Securities Information Repositories by March 31, 2004. This exception was remedied on May 31, 2004.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**PRIMARY GOVERNMENT**

	(thousands)			
	G.O. Warrants		Notes	
<u>Governmental activities:</u>	Principal	Interest	Principal	Interest
2005	\$ 5,070	\$ 2,776	\$ 50	\$ 30
2006	5,245	2,605	630	14
2007	5,450	2,418	-	-
2008	4,845	2,221	-	-
2009	4,045	2,059	-	-
Thereafter	38,350	17,969	-	-
Total governmental activities	<u>\$ 63,005</u>	<u>\$ 30,048</u>	<u>\$ 680</u>	<u>\$ 44</u>
	Water System Revenue Warrants		Wastewater System Revenue Warrants	
<u>Business-type activities:</u>	Principal	Interest	Principal	Interest
2005	\$ 1,100	\$ 1,119	\$ 2,010	\$ 949
2006	1,145	1,069	2,095	879
2007	1,200	1,016	2,170	805
2008	1,250	960	2,260	725
2009	1,310	902	2,355	647
Thereafter	17,235	5,040	15,700	3,037
Total business-type activities	<u>\$ 23,240</u>	<u>\$ 10,106</u>	<u>\$ 26,590</u>	<u>\$ 7,042</u>

**COMPONENT UNITS**

	Lease Revenue Warrants	
	Principal	Interest
<u>Business-Type Activities – Public Building Authority</u>		
2004	\$ 155	\$ 23
2005	155	19
2006	160	25
2007	165	11
2008	170	5
Thereafter	-	-
<b>Total Component Units</b>	<u><b>\$ 805</b></u>	<u><b>\$ 83</b></u>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows (in thousands):

**PRIMARY GOVERNMENT**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation warrants	\$ 50,615	\$ 19,900	(\$ 7,510)	\$ 63,005	\$ 5,070
Notes payable	2,330	-	(1,650)	680	50
Subtotal	52,945	19,900	(9,160)	63,685	5,120
Less amounts deferred for:					
Issue discounts & premiums	-	22	(1)	21	
Refunding losses	(432)	-	86	(347)	
Total warrant, bonds, & notes	52,513	19,922	(9,075)	63,359	5,120
Capitalized leases	1,575	39	(760)	854	586
Compensated absences	2,520	-	(77)	2,443	244
<b>Governmental activities Long-term liabilities</b>	<b>\$ 56,608</b>	<b>\$ 19,961</b>	<b>(\$ 9,912)</b>	<b>\$ 66,656</b>	<b>\$ 5,950</b>
<u>Business-Type Activities:</u>					
Revenue warrants	\$ 53,350	\$ 9,645	(\$ 13,165)	\$ 49,830	\$ 3,110
Less amounts deferred for:					
Issue discounts & premiums	(909)	119	-	(790)	
Total warrants	52,442	9,763	(13,165)	49,040	3,110
Landfill closure and postclosure	1,448	110	-	1,558	100
Capitalized leases	77	-	(48)	29	29
Compensated absences	205	12	-	217	22
<b>Business-type activities Long-term liabilities</b>	<b>\$ 54,172</b>	<b>\$ 9,885</b>	<b>(\$ 13,213)</b>	<b>\$ 50,844</b>	<b>\$ 3,161</b>

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

**COMPONENT UNITS – PUBLIC BUILDING AUTHORITY**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type activities – Public Building Authority</u>					
Revenue warrants	\$950	\$ -	(\$145)	\$805	\$155
Plus amounts deferred for:					
Issue discounts & premiums	(3)	(-)	1	(3)	
Total Public Building Authority long-term liabilities	<u>\$947</u>	<u>\$ -</u>	<u>(\$144)</u>	<u>802</u>	<u>\$155</u>

**G. 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, 2004, there were thirty-seven series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the nine series outstanding that were issued after September 30, 1996, was \$250,008,977. The aggregate principal amount payable for the twenty-eight series issued prior to September 30, 1996, could not be determined; however, their original issue amounts totaled \$732,455,000.

**H. Fund Equity Reserves and Designations**

General Fund

*Reserved for encumbrances* - restricted monies for payment of encumbered goods and services.

*Reserve for inventories* - represents a portion of general fund assets that do not represent available expendable financial resources.

*Reserve for D/A fees* - restricted monies collected on behalf of the municipal court and restricted for certain expenditures of the city clerk's office.

*Designated for special purposes* – restricted revenues for future use related to certain expenditures.

*Designated for future capital needs* – restricted revenues for use related to certain capital expenditures in the subsequent year.

*Designated for landfill* –revenues set aside for purposes of funding operating deficit and development costs of the landfill should they occur.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED**

*Designated for the Heritage Trust Fund* - represents the unspent portion of the City of Decatur's share of the earnings from the Alabama Trust Fund. This fund, by law, will be used for capital improvements and the renovation of capital improvements as determined by the municipal governing body.

*Designated for the Corrections Fund* - to be used for the construction or maintenance of jails or court complexes.

*Designated for Marina and Tourism* - to be used for the renovation of the marina.

Other Governmental Funds

*Reserved for encumbrances* - restricted monies for future payment of encumbered goods and services.

*Reserved for perpetual care* - funds restricted for maintenance of cemetery property.

*Reserved for debt service* - funds restricted to servicing debt.

**I. 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 2004 was \$1,356,723 by the Electric System, \$864,101 by the Natural Gas System, \$77,797 by the Wastewater System and \$463,123 by the Water System. These amounts are reported as intergovernmental revenue in the General Fund and the School Fund of the City and as operating expenses in the financial statements of the Municipal Utility Board Enterprise Fund.

**J. 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 \$1,558,374 reported for landfill closure and postclosure care liability at September 30, 2004 within the proprietary statement of net assets, represents the cumulative amount reported to date based on the use of 30.795 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$4,272,582 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, 2004. The City expects to close the landfill in the year 2032. Actual costs of closure and postclosure may be higher due to inflation, changes in technology, or changes in laws and regulations.

**NOTE 5 – OTHER INFORMATION**

**A. Contingent Liabilities and Commitments**

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 \$250,000, which is estimated to be currently payable and has been accrued as a liability in the City's General Fund at September 30, 2004.

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 - continued**  
**September 30, 2004**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

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, 2004, 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 entered into various construction contracts as of September 30, 2004. The unfulfilled balance of these contracts that related to the General Fund and nonmajor governmental funds operations are included in the "Reserve for Encumbrances" as described more fully in Note 4G.

**B. Jointly Governed Organizations**

Joint Ventures

The City of Decatur is involved in two 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, which is appointed equally by the governing body of the City of Decatur and Morgan County. The reviewed financial statements are available at 219 East Moulton Street, Decatur, Alabama, 35601. The City has an ongoing financial responsibility and is directly obligated for the Authority's outstanding warrants.

*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 City in connection with Morgan County officers and employees comprise the agency. The City provided \$28,100 in appropriations during the fiscal year ending September 30, 2004.

*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.

*NARCOG* – The North Alabama Regional Council of Governments provide regional planning for the physical, economic and human resources development within North Alabama. There are three particular programs controlled by NARCOG, which the City of Decatur supports financially. These are the Aging Program, Regional Planning, and Transport Planning. The City of Decatur contributed a total of \$39,477 to these programs during the fiscal year.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

*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 \$579,254 in appropriations during the fiscal year.

*North Central Alabama Mental Health Board* provides mental health and general welfare services to the citizens of North Alabama. The Board is comprised of nine members of whom three are appointed by the City Council. The City contributed \$37,350 to the Board during the fiscal year.

*North Central Alabama Mental Retardation Authority* provides services to retarded children. The Board is comprised of five members of whom one is appointed by the City Council. The City contributed \$13,200 to the Authority during the fiscal year.

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

**C. Related Organizations**

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

**D. Pension Plans**

The City of Decatur's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City is affiliated with the Employees' Retirement System of Alabama (the System), an agent multiple-employer pension plan administered by the Retirement System of Alabama. The Retirement System of Alabama assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to the respective employer entities. For the City of Decatur, that authority rests with the City Council with the exception of the Municipal Utilities Board Enterprise Fund, for which the Board has the authority. The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Retirement System of Alabama, PO Box 302150, Montgomery, Alabama, 36130-2150 or by calling (334) 832-4140.

On October 1, 2002, the Municipal Utilities Board elected to move its retirement plan to the Employee Retirement System of Alabama. Prior to this date the assets of the plan were maintained by The Municipal Utilities Board of Decatur, Morgan County, Alabama Pension Plan, a single-employer defined benefit pension plan administered by Aetna Life Insurance Company. Among the requirements, the Board was directed to move all of its assets for current employees and the majority of its assets for retired employees to the Employees Retirement System. A small number of annuity investments for certain employees are funded in the plan and could not be transferred. These retirees are paid from these assets and their retirement benefits from RSA are adjusted accordingly. The plan is fully funded with respect to these retirees and requires no current contributions. Due to the change in the prior year noted above, only two years of trend information and funding progress was available for presentation.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

State correctional officers, certified full-time firefighters, and certified full-time law enforcement officers are required to contribute 6% of their annual covered salary to the plan. All other System members are required by the State of Alabama to contribute 5% of their annual covered salary to the plan. The City is required to contribute at actuarially determined rates. The rate as a percentage of annual covered payroll for the City is 8.27%, with the exception of the Municipal Utilities Board Fund, for which the rate is 15.82%. The contribution requirements of plan members are established and may be amended by the Employee's Retirement System of Alabama.

For 2004, the City of Decatur's annual pension cost was equal to their required and actual contributions. The required contribution was determined as part of the September 30, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.61% to 7.75% per year, and (c) 0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.5%. The actuarial value of the System's assets was determined using market values of instruments at September 30, 2003 for the City, and using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period in the years prior to September 30, 2003 and September 30, 2002, respectively. The System's unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2003 and September 30, 2002 was nineteen and twenty years for the Board and the City, respectively.

**Trend Information for the System**

	Fiscal Year Ending (1)	Annual Pension Cost (APC)	Percentage of APC Contributed
City of Decatur	9/30/04	1,627,581	100%
	9/30/03	1,376,829	100%
	9/30/02	965,488	100%
Municipal Utilities Board	9/30/03	1,055,331	100%
	9/30/02	12,197,944	100%

(1) Trend information for the Utilities for the year ended September 30, 2004 was not available from the System.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

**Schedule of Funding Progress for the System**

Department	Actuarial Valuation Date(1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City of Decatur	9/30/03	\$ 57,761,965	\$ 68,409,110	\$ 10,647,145	84.4%	\$ 20,179,635	52.8%
	9/30/02	\$ 55,874,584	\$ 65,185,554	\$ 9,310,970	85.7%	\$ 20,487,418	45.4%
	9/30/01	54,745,398	58,315,524	3,570,126	93.9%	18,099,633	19.7%
	9/30/00	52,133,416	50,253,651	(1,879,765)	103.7%	17,576,098	(10.7%)
Municipal Utilities Board	9/30/03	\$ 15,908,417	\$ 27,643,247	\$ 11,734,830	57.5%	\$ 7,159,805	163.9%
	9/30/02	\$ 14,308,951	\$ 25,129,839	\$ 10,820,888	57.0%	\$ 6,317,144	171.3%

(1) Trend information for the Utilities for the year ended September 30, 2004 was not available from the System.

Component Unit

City Board of Education

The Board contributes to the Teachers' Retirement System of Alabama, a cost-sharing multiple-employer public retirement system for the various state-supported education agencies and institutions. The plan is administered by the Retirement Systems of Alabama.

Substantially all employees of the Board are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees of the Board. Benefits vest after ten years of creditable service. Vested employees may retire with full benefits at age sixty or after twenty-five years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method, which yields the highest monthly benefit. The methods are: (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

The Teachers' Retirement System was established October 1, 1939, under the provisions of Act Number 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 general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently fourteen members). Benefit provisions are established by the Code of Alabama 1975, Section 16-25-1 through Section 16-25-170, as amended, and Section 36-27B-1 through Section 36-27B-5, as amended.

Employees of the Board are required to contribute 5% of their salary to the Teachers' Retirement System. The Board is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Alabama Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriations bill. The percentages of the contributions and the amount of contributions made by the Board and the Board's employees equal the required contributions for each year as follows:

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

	Fiscal Year Ended September 30,		
	2003	2002	2001
Total percentage of payroll	11.56%	10.02%	10.96%
Contributions:			
Percentage contributed by the Board	6.56%	5.02%	5.96%
Percentage contributed by employees	5.00%	5.00%	5.00%
Amount contributed by the Board	\$ 2,630,879	\$ 2,012,537	\$ 2,344,157
Amount contributed by employees	2,005,243	2,004,519	1,932,870
Total Contributions	\$ 4,636,122	\$ 4,017,056	\$ 4,277,027

**E. Post-Retirement Health Plan**

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

Currently fifty-five employees are eligible to participate and all fifty-five retirees eligible have elected to have the City pay a portion of the monthly premium for medical and dental insurance until such time that the retiree reaches the age of sixty-five (65). Nineteen of these retirees have single coverage and make no payment toward this coverage. The remaining thirty-six have family coverage and pay \$100 per month for the coverage.

In addition, when an eligible employee reaches Medicare eligibility, the City will pay for Medicare supplemental insurance. At September 30, 2004, there were sixteen retirees eligible to receive this benefit and sixteen retirees receiving the benefit, at a cost to the City of \$3,728 monthly.

The cost of retiree health care benefits is recognized as an expenditure as premiums are paid. During the year, expenditures of \$379,925 were recognized for post-employment health care.

**City of Decatur**  
**Notes To The Financial Statements - continued**  
**September 30, 2004**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

*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 and who are age 55 or older. Benefits provided retirees at September 30, 2004 include:

1. Retiree group health/dental benefits to age 65. Retiree contributes a percentage of total premiums.
2. Retiree Medicare supplement policy at age 65. Retiree contributes a percentage of total premiums.
3. Dependent group health/dental benefits to age 65 with retiree contributing a percentage of the total premium.
4. Spouse Medicare supplemental policy at age 65. Retiree contributes a percentage of total premiums. (Provided until death of 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 a higher percentage of the total premium.
6. Early Retirement Medical Option – Employees retiring under age 55 or older also have a reduced 10-year benefit period and pay a higher percentage of the total 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 no longer have life insurance benefits as an active or retired employee.

The Board administers the provisions of post-employment benefits, other than pension benefits. The benefits are expensed when paid.

At September 30, 2004, approximately seventy employees were receiving benefits. The cost of postretirement benefits other than pension benefits are included within the total benefit expenditures, and cannot be separately determined.

Component Units

*The Board of Education and The Public Building Authority* do not provide post-employment benefits.

**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, 2004 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 \$250,000 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 - continued**  
**September 30, 2004**

**NOTE 5 – OTHER INFORMATION – CONTINUED**

Changes in the balance of Workers' Compensation insurance claims liability are as follows:

	September 30,	
	2004	2003
Unpaid claims, beginning of year	\$465,811	\$369,675
Incurred claims	468,067	692,864
Less claim payments	<u>(455,656)</u>	<u>(596,728)</u>
Unpaid claims, end of year	<u>\$478,222</u>	<u>\$465,811</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. GASB Statement No. 39**

In May 2002, the Governmental Accounting Standards Board (GASB) approved Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (hereinafter referred to as "Statement 39"). Statement 39 is an amendment to GASB Statement No. 14 and provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The provisions of Statement 39 become effective for the City for the fiscal year ending September 30, 2004. There were no changes to the fund or government-wide statements due to the implementation of GASB Statement 39.

## **SUPPLEMENTAL INFORMATION**

**CITY OF DECATUR  
GENERAL FUND  
BALANCE SHEET  
September 30, 2004**

**ASSETS**

Cash & cash equivalents	\$ 11,204,545
Cash with fiscal agent	29,658
Investments, at cost	9,194,031
Receivables (net of allowances):	
Accounts	2,364,476
Taxes	2,596,656
Accrued interest	7,309
Due from other funds	531,056
Due from other governmental entities	372,732
Deposits	73,591
Inventories	40,279
	<hr/>
<b>Total assets</b>	<b>\$ 26,414,333</b>
	<hr/> <hr/>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 1,082,293
Accrued liabilities	1,492,164
Due to other governmental entities	39,400
Deferred revenue	2,280,000
Other	543,023
	<hr/>
<b>Total liabilities</b>	<b>5,436,880</b>
	<hr/>

**FUND BALANCE**

Reserved for encumbrances	1,620
Reserved for inventories	40,279
Reserved for DA fees	362
Unreserved	
Designated for Special purposes	8,331,935
Designated for Future capital needs	2,499,913
Designated for Landfill	919,131
Designated for Corrections fund	618,738
Designated for Heritage Trust fund	70,097
Designated for Marina and Tourism	884,841
Designated for other purposes	78,049
Undesignated	7,532,488
	<hr/>
<b>Total fund balance</b>	<b>20,977,453</b>
	<hr/>
<b>Total liabilities and fund balance</b>	<b>\$ 26,414,333</b>
	<hr/> <hr/>

CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET & ACTUAL  
For the Year Ended September 30, 2004

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 31,940,197	\$ 31,770,198	\$ 32,207,675	\$ 437,477
Licenses and permits	4,375,818	4,644,825	5,104,988	460,163
Fines and forfeitures	1,061,600	1,056,000	1,279,018	223,018
Revenues from money and property	528,000	408,000	524,097	116,097
Charges for services	2,776,550	2,774,751	2,635,734	(139,017)
Intergovernmental	5,950,149	5,756,374	5,973,258	216,884
Other revenues	460,135	450,035	400,759	(49,276)
<b>Total revenues</b>	<b>47,092,449</b>	<b>46,860,183</b>	<b>48,125,529</b>	<b>1,265,346</b>
<b>EXPENDITURES</b>				
Current				
General government	3,543,039	3,582,805	3,398,343	184,462
Public safety	17,580,778	17,540,483	17,750,748	(210,265)
Public works	8,024,331	7,966,607	7,483,378	483,229
Public services	5,384,058	5,926,016	6,032,400	(106,384)
Intergovernmental assistance	3,449,007	3,825,019	3,870,936	(45,917)
Community services contracts	2,202,752	2,327,818	2,358,965	(31,147)
Debt service:				
Principal	4,721,671	4,721,671	5,556,257	(834,586)
Interest and fiscal charges	4,513,861	3,574,856	2,712,539	862,317
<b>Total expenditures</b>	<b>49,419,497</b>	<b>49,465,275</b>	<b>49,163,566</b>	<b>301,709</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,327,048)</b>	<b>(2,605,092)</b>	<b>(1,038,037)</b>	<b>1,567,055</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	39,351	39,351
Payment to escrow agent	-	(3,600,000)	(3,600,000)	-
Operating transfers in	2,931,563	6,570,987	6,390,582	(180,405)
Operating transfers out	(1,577,216)	(2,123,159)	(1,983,991)	139,168
<b>Total other financing sources (uses)</b>	<b>1,354,347</b>	<b>847,828</b>	<b>845,942</b>	<b>(1,886)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(972,701)</b>	<b>(1,757,264)</b>	<b>(192,095)</b>	<b>1,565,169</b>
Fund balance, beginning	20,042,753	20,042,753	21,169,548	1,126,795
<b>Fund balance, ending</b>	<b>\$ 19,070,052</b>	<b>\$ 18,285,489</b>	<b>\$ 20,977,453</b>	<b>\$ 2,691,964</b>

**CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2004**

Page 1 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes				
Sales and use	\$ 22,874,240	\$ 22,884,240	\$ 23,240,949	\$ 356,709
Ad valorem	2,340,000	2,265,000	2,248,881	(16,119)
Other	6,725,957	6,620,958	6,717,845	96,887
Total	31,940,197	31,770,198	32,207,675	437,477
Licenses and permits				
Motor Vehicle	154,000	154,000	162,820	8,820
Business Licenses and Permits	3,842,330	3,875,180	4,099,757	224,577
Building Permits and Inspection Fees	379,488	615,645	842,411	226,766
Total	4,375,818	4,644,825	5,104,988	460,163
Fines and forfeitures	1,061,600	1,056,000	1,279,018	223,018
Revenues from money and property				
Interest	528,000	408,000	494,406	86,406
Other	-	-	29,691	29,691
Total	528,000	408,000	524,097	116,097
Charges for current services				
Recreation	283,300	284,000	317,044	33,044
Animal shelter	28,600	23,600	15,942	(7,658)
General government	328,300	425,425	319,644	(105,781)
Public safety	209,700	140,910	164,647	23,737
Public works	1,904,150	1,878,316	1,795,182	(83,134)
Cemetery	20,100	20,100	21,668	1,568
Old bank	2,100	2,100	1,105	(995)
Youth services	300	300	502	202
Total	2,776,550	2,774,751	2,635,734	(139,017)
Intergovernmental				
Tax equivalents	4,898,351	4,834,981	4,982,211	147,230
Federal Government Grants	570,000	150,051	-	(150,051)
State Shared Taxes	462,048	476,799	695,197	218,398
State Grants	18,750	-	2,307	2,307
State contributions	1,000	294,543	293,543	(1,000)
Total	5,950,149	5,756,374	5,973,258	216,884
Other revenues	460,135	450,035	400,759	(49,276)
<b>TOTAL REVENUES</b>	<b>47,092,449</b>	<b>46,860,183</b>	<b>48,125,529</b>	<b>1,265,346</b>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b>General Government</b>				
Mayor and Council				
Personal services	251,316	251,921	249,306	2,615
Operating expenses	41,450	41,988	34,619	7,369
Capital outlay	-	-	7,200	(7,200)
Total	292,766	293,909	291,125	2,784

**CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2004**

Page 2 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Services				
Personal services	296,368	298,701	300,315	(1,614)
Operating expenses	64,750	65,315	35,932	29,383
Total	361,118	364,016	336,247	27,769
Municipal Court				
Personal services	512,154	468,820	488,480	(19,660)
Operating expenses	51,665	109,556	67,253	42,303
Total	563,819	578,376	555,733	22,643
City Clerk				
Personal services	328,598	319,893	353,560	(33,667)
Operating expenses	148,727	161,280	118,814	42,466
Total	477,325	481,173	472,374	8,799
Revenue department				
Personal services	232,952	234,651	232,450	2,201
Operating expenses	86,050	87,750	75,506	12,244
Total	319,002	322,401	307,956	14,445
Finance department				
Personal services	466,323	467,474	401,860	65,614
Operating expenses	63,810	64,810	86,309	(21,499)
Total	530,133	532,284	488,169	44,115
Public building				
Personal services	93,381	94,018	98,509	(4,491)
Operating expenses	430,520	430,520	390,985	39,535
Capital outlay	100,500	100,500	89,847	10,653
Total	624,401	625,038	579,341	45,697
Community development				
Personal services	314,375	319,143	274,436	44,707
Operating expenses	60,100	66,465	92,962	(26,497)
Total	374,475	385,608	367,398	18,210
<b>Total general government</b>	<b>3,543,039</b>	<b>3,582,805</b>	<b>3,398,343</b>	<b>184,462</b>

**CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2004**

Page 3 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety</b>				
Fire				
Personal services	6,475,149	6,522,420	6,620,112	(97,692)
Operating expenses	584,700	586,688	905,635	(318,947)
Capital outlay	256,500	266,296	24,291	242,005
<b>Total</b>	<b>7,316,349</b>	<b>7,375,404</b>	<b>7,550,038</b>	<b>(174,634)</b>
Inspection				
Personal services	652,949	657,706	622,701	35,005
Operating expenses	72,500	89,300	70,118	19,182
<b>Total</b>	<b>725,449</b>	<b>747,006</b>	<b>692,819</b>	<b>54,187</b>
Police				
Personal services	8,112,880	7,816,908	8,083,177	(266,269)
Operating expenses	1,401,000	1,477,565	1,407,207	70,358
Capital outlay	25,100	123,600	17,507	106,093
<b>Total</b>	<b>9,538,980</b>	<b>9,418,073</b>	<b>9,507,891</b>	<b>(89,818)</b>
<b>Total public safety</b>	<b>17,580,778</b>	<b>17,540,483</b>	<b>17,750,748</b>	<b>(210,265)</b>
<b>Public Works</b>				
Director				
Personal services	319,801	322,185	319,609	2,576
Operating expenses	76,650	83,015	73,438	9,577
<b>Total</b>	<b>396,451</b>	<b>405,200</b>	<b>393,047</b>	<b>12,153</b>
Streets				
Personal services	2,304,641	2,322,950	2,290,874	32,076
Operating expenses	846,960	902,339	1,014,289	(111,950)
<b>Total</b>	<b>3,151,601</b>	<b>3,225,289</b>	<b>3,305,163</b>	<b>(79,874)</b>
<b>Projects</b>	<b>1,235,500</b>	<b>1,072,909</b>	<b>194,545</b>	<b>878,364</b>
Engineering				
Personal services	153,296	154,615	165,397	(10,782)
Operating expenses	216,150	209,484	198,067	11,417
<b>Total</b>	<b>369,446</b>	<b>364,099</b>	<b>363,464</b>	<b>635</b>
Sanitation				
Personal services	1,496,033	1,506,081	1,445,627	60,454
Operating expenses	1,375,300	1,393,029	1,781,532	(388,503)
<b>Total</b>	<b>2,871,333</b>	<b>2,899,110</b>	<b>3,227,159</b>	<b>(328,049)</b>
<b>Total public works</b>	<b>8,024,331</b>	<b>7,966,607</b>	<b>7,483,378</b>	<b>483,229</b>

**CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2004**

Page 4 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Services</b>				
Animal Shelter				
Personal services	261,686	266,428	266,167	261
Operating expenses	46,220	48,820	43,680	5,140
Total	307,906	315,248	309,847	5,401
Park and recreation				
Personal services	2,643,379	2,324,150	2,454,300	(130,150)
Operating expenses	1,436,600	1,943,511	1,935,885	7,626
Capital outlay	-	252,000	252,246	(246)
Total	4,079,979	4,519,661	4,642,431	(122,770)
Landscape and beautification				
Personal services	63,523	59,713	60,041	(328)
Operating expenses	190,215	262,595	268,824	(6,229)
Total	253,738	322,308	328,865	(6,557)
Cemetery				
Personal services	100,223	100,858	90,701	10,157
Operating expenses	73,450	73,450	67,739	5,711
Total	173,673	174,308	158,440	15,868
Business development board				
Personal services	38,791	39,096	39,737	(641)
Operating expenses	89,800	89,665	83,231	6,434
Total	128,591	128,761	122,968	5,793
Youth services				
Personal services	199,496	163,516	184,424	(20,908)
Operating expenses	121,590	170,397	166,579	3,818
Total	321,086	333,913	351,003	(17,090)
Culture				
Cultural Facilities	2,500	2,500	6,900	(4,400)
Old Bank	116,585	129,317	111,946	17,371
Total	119,085	131,817	118,846	12,971
<b>Total public services</b>	<b>5,384,058</b>	<b>5,926,016</b>	<b>6,032,400</b>	<b>(106,384)</b>

CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Intergovernmental assistance</i>				
Garage				
Personal services	455,604	458,769	446,661	12,108
Operating expenses	69,950	69,950	50,986	18,964
Total	525,554	528,719	497,647	31,072
Purchasing				
Personal services	95,232	96,153	118,397	(22,244)
Operating expenses	42,270	42,270	39,439	2,831
Total	137,502	138,423	157,836	(19,413)
Information services				
Personal services	407,385	410,653	434,496	(23,843)
Operating expenses	312,800	327,960	318,084	9,876
Capital outlay	171,000	167,000	193,406	(26,406)
Total	891,185	905,613	945,986	(40,373)
Miscellaneous				
Workman's compensation	700,000	700,000	647,790	52,210
Insurance	230,000	230,000	193,710	36,290
Other	445,045	793,045	943,848	(150,803)
Total	1,375,045	1,723,045	1,785,348	(62,303)
Planning department				
Personal services	324,061	326,597	330,138	(3,541)
Operating expenses	38,900	38,765	26,100	12,665
Total	362,961	365,362	356,238	9,124
Safety				
Personal services	72,410	72,969	74,251	(1,282)
Operating expenses	84,350	90,888	53,630	37,258
Total	156,760	163,857	127,881	35,976
<b>Total Intergovernmental assistance</b>	<b>3,449,007</b>	<b>3,825,019</b>	<b>3,870,936</b>	<b>(45,917)</b>

CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2004

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	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Community Service Contracts</b>				
Wheeler Basin Regional Library Board	360,000	360,000	360,000	-
Morgan County Emergency Management Dist.	504,715	579,254	579,254	-
Decatur-Morgan County Emergency Mgt. Agency	26,700	28,100	28,100	-
NARCOG:				-
Regional Planning	16,153	16,153	16,153	-
Senior Aid Program	900	900	900	-
Transport Planning	22,424	22,424	22,424	-
NCA Mental Health Board	19,350	20,350	20,350	-
NCA Mental Health Board - Facets	17,000	17,000	17,000	-
Economic Development Association	77,400	77,400	77,400	-
NCA Mental Retardation Center, Inc.	12,500	13,200	13,200	-
Decatur Arts Council	4,750	5,000	5,000	-
Tennessee Valley Rehabilitation Center, Inc.	9,500	10,000	10,000	-
Morgan County Health Department	147,000	150,000	150,000	-
Morgan County Commission	150,000	150,000	150,000	-
Community Action and Community Development				-
Agency of North Alabama:				-
Meals on Wheels	16,200	16,500	16,500	-
Foster Grandparents	10,800	11,000	11,000	-
Carnegie Library	50,000	50,000	50,000	-
Princess Theatre	66,500	70,000	70,000	-
Decatur-Morgan County Seniors' Council, Inc.	60,700	62,000	62,000	-
Decatur Convention and Visitors' Bureau	310,000	310,000	341,147	(31,147)
Convention/Visitors' Bureau - Fishing Tournaments	30,000	30,000	30,000	-
Chamber of Commerce:				-
BRAC	8,000	8,000	8,000	-
Beautification Committee	38,000	40,000	40,000	-
Community Business Development Board	30,000	30,000	30,000	-
Cornerstone	88,000	40,000	40,000	-
Urban Design	-	50,000	50,000	-
Morgan County Rescue Squad	1,575	1,650	1,650	-
Main Street of Decatur	33,250	33,250	33,250	-
Spirit of America	8,750	8,750	8,750	-
Hospice of the Valley	5,200	5,500	5,500	-
American Red Cross	2,500	5,500	5,500	-
Pryor Field Airport Authority	30,000	30,000	30,000	-
Southern Wildlife Festival	2,375	2,375	2,375	-
ARC of Morgan County	7,160	7,160	7,160	-
Volunteer Center	11,000	11,200	11,200	-
September Skirmish	1,425	1,425	1,425	-
Alabama Jubilee	4,750	5,000	5,000	-
Decatur Foundation	12,000	12,000	12,000	-
PACT	4,750	5,000	5,000	-
System of Services	-	5,727	5,727	-
Free Health Clinic	-	25,000	25,000	-
Founders Festival	1,425	-	-	-
Calhoun Foundation Dump Day	-	1,000	1,000	-
<b>Total Community Services Contract</b>	<b>2,202,752</b>	<b>2,327,818</b>	<b>2,358,965</b>	<b>(31,147)</b>
<b>Debt Service Expenditures</b>	<b>9,235,532</b>	<b>8,296,527</b>	<b>8,268,796</b>	<b>27,731</b>
<b>TOTAL EXPENDITURES</b>	<b>49,419,497</b>	<b>49,465,275</b>	<b>49,163,566</b>	<b>301,709</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,327,048)</b>	<b>(2,605,092)</b>	<b>(1,038,037)</b>	<b>1,567,055</b>

**CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BY ACTIVITY  
For the Year Ended September 30, 2004**

Page 7 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	39,351	39,351
Payment to escrow agent	-	(3,600,000)	(3,600,000)	-
Operating transfers in	2,931,563	6,570,987	6,390,582	(180,405)
Operating transfers out	(1,577,216)	(2,123,159)	(1,983,991)	139,168
<b>Total other financing sources (uses)</b>	<b>1,354,347</b>	<b>847,828</b>	<b>845,942</b>	<b>(1,886)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(972,701)</b>	<b>(1,757,264)</b>	<b>(192,095)</b>	<b>1,565,169</b>
Fund balance, beginning	20,042,753	20,042,753	21,169,548	1,126,795
<b>Fund balance, ending</b>	<b>\$ 19,070,052</b>	<b>\$ 18,285,489</b>	<b>\$ 20,977,453</b>	<b>\$ 2,691,964</b>

CITY OF DECATUR  
 NONMAJOR GOVERNMENTAL FUNDS (by fund type)  
 COMBINING BALANCE SHEET  
 September 30, 2004

	Special Revenue Funds					Municipal Court	Perpetual Care	Capital Projects Fund		Debt Service Fund	Total Nonmajor Governmental Funds
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	2003E GO Warrants - Fall Capital Projects Fund			Public Port & Infrastructure Warrants Fund			
<b>ASSETS</b>											
Cash & investments, at cost	\$ 136,431	\$ 129,239	\$ 328,912	\$ 91,213	\$ 80,590	\$ 23,232	\$ -	\$ -	\$ 797,423	\$ 1,588,040	
Cash with fiscal agents	-	-	-	-	-	-	-	-	-	-	
Investments, at cost	-	-	-	-	-	610,000	-	5,003,201	-	5,613,201	
Receivables (net of allowances)	-	-	-	-	-	-	-	-	-	-	
Accounts	-	-	73,000	-	-	-	-	-	-	73,000	
Notes	-	-	574,567	-	-	-	-	-	-	574,567	
Taxes	-	-	-	-	-	-	-	-	-	-	
Accrued interest	-	-	-	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	-	
Due from component units	-	-	-	-	-	-	-	-	-	-	
Due from governmental entities	12,403	27,575	226,092	-	-	-	-	-	-	266,070	
Deposits	-	-	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	-	
<b>Total assets</b>	<b>148,834</b>	<b>156,814</b>	<b>1,203,571</b>	<b>91,213</b>	<b>80,590</b>	<b>633,232</b>	<b>5,003,201</b>	<b>797,423</b>	<b>8,114,878</b>		
<b>LIABILITIES</b>											
Accounts payable	-	87,047	41,285	16,695	60,590	-	525,383	-	-	731,000	
Accrued liabilities	-	-	2,895	16,864	20,000	-	-	-	-	39,759	
Contract retainages	-	-	18,519	-	-	-	185,484	-	-	204,003	
Due to other funds	-	-	11,067	6,932	-	-	14,094	-	-	32,093	
Due to component units	-	-	-	-	-	-	-	-	-	-	
Due to other governmental entities	-	-	-	-	-	-	-	-	-	-	
Notes payable	-	-	-	-	-	-	-	-	-	-	
Deferred revenue	-	-	574,930	-	-	-	-	-	-	574,930	
Customer deposits	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	3,562	-	-	-	3,562	
<b>Total liabilities</b>	<b>-</b>	<b>87,047</b>	<b>648,696</b>	<b>40,491</b>	<b>80,590</b>	<b>3,562</b>	<b>724,961</b>	<b>-</b>	<b>1,585,347</b>		
<b>FUND BALANCES</b>											
Reserved for:											
Noncurrent notes receivable	-	-	-	-	-	-	-	-	-	-	
Encumbrances	-	-	26,731	-	-	-	-	-	-	26,731	
Prepaid items	-	-	-	-	-	-	-	-	-	-	
Perpetual care	-	-	-	-	-	629,670	-	-	-	629,670	
Debt service	-	-	-	-	-	-	-	-	-	-	
Donor restricted	-	-	-	-	-	-	-	-	-	-	
Designated for:											
Capital improvements	-	-	-	-	-	-	2,040,204	-	-	2,040,204	
Transfer to other funds	-	-	-	-	-	-	-	-	-	-	
Unreserved & undesignated	148,834	69,767	528,144	50,722	-	-	2,238,036	797,423	-	3,832,926	
<b>Total fund balance (deficit)</b>	<b>148,834</b>	<b>69,767</b>	<b>554,875</b>	<b>50,722</b>	<b>-</b>	<b>629,670</b>	<b>4,278,240</b>	<b>797,423</b>	<b>6,529,531</b>		
<b>Total liabilities and fund balance</b>	<b>\$ 148,834</b>	<b>\$ 156,814</b>	<b>\$ 1,203,571</b>	<b>\$ 91,213</b>	<b>\$ 80,590</b>	<b>\$ 633,232</b>	<b>\$ 5,003,201</b>	<b>\$ 797,423</b>	<b>\$ 8,114,878</b>		

CITY OF DECATUR  
 NONMAJOR GOVERNMENTAL FUNDS (by fund type)  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 For the Year Ended September 30, 2004

	Special Revenue Funds					2003E GO Warrants - Fall Capital Projects Fund	Debt Service Funds	Total Nonmajor Governmental Funds
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court			
<b>REVENUE</b>								
Sales & use taxes	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Licenses & permits	-	-	-	-	-	-	-	-
Fines & forfeitures	-	-	-	-	-	-	-	-
Revenues from money & property	1,031	1,792	-	567	-	113,392	79	185,166
Charges for services	-	-	-	-	-	-	-	-
Intergovernmental	146,138	296,599	1,754,883	-	-	-	813,573	3,011,193
Gifts & donations	-	-	-	-	-	-	-	-
Other revenues	-	30,253	515,511	-	-	-	-	545,764
<b>Total revenues</b>	<b>147,169</b>	<b>328,644</b>	<b>2,270,384</b>	<b>567</b>	<b>-</b>	<b>113,392</b>	<b>813,652</b>	<b>3,742,123</b>
<b>EXPENDITURES</b>								
<b>Current</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	11,689	272,410	-	-	-	-	-	284,099
Public services	-	-	-	-	-	-	-	-
Intergovernmental assistance	-	-	-	-	-	-	-	-
Community service contracts	-	-	2,114,283	-	-	-	-	2,114,283
Community development	-	-	-	-	-	-	-	-
Personnel board	-	-	-	469,260	-	-	-	469,260
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-
Capital projects construction and outlay	-	-	-	-	-	365,635	-	365,635
<b>Total expenditures</b>	<b>11,689</b>	<b>272,410</b>	<b>2,114,283</b>	<b>469,260</b>	<b>-</b>	<b>9,674,588</b>	<b>848,451</b>	<b>13,390,681</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>135,480</b>	<b>56,234</b>	<b>156,111</b>	<b>(468,693)</b>	<b>-</b>	<b>(9,551,196)</b>	<b>(34,799)</b>	<b>(9,648,558)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Long-term debt issued	-	-	-	-	-	19,900,000	-	19,900,000
Premium on debt issue	-	-	-	-	-	21,888	-	21,888
Discount on debt issued	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-
Operating transfers in	-	-	185,021	400,000	-	-	-	585,021
Operating transfers (out)	-	-	-	-	-	(3,739,158)	(60)	(3,755,827)
Operating transfers (out)- component units	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>185,021</b>	<b>400,000</b>	<b>-</b>	<b>16,182,730</b>	<b>(60)</b>	<b>16,751,082</b>
<b>Net change in fund balance</b>	<b>135,480</b>	<b>56,234</b>	<b>341,132</b>	<b>(68,693)</b>	<b>-</b>	<b>6,621,534</b>	<b>(34,859)</b>	<b>7,102,524</b>
<b>Fund balance (deficit), beginning</b>	<b>13,354</b>	<b>13,533</b>	<b>213,743</b>	<b>119,415</b>	<b>-</b>	<b>(2,343,294)</b>	<b>832,282</b>	<b>(672,993)</b>
<b>Fund balance (deficit), ending</b>	<b>\$ 148,834</b>	<b>\$ 69,767</b>	<b>\$ 554,875</b>	<b>\$ 50,722</b>	<b>\$ -</b>	<b>\$ 4,278,240</b>	<b>\$ 797,423</b>	<b>\$ 6,529,531</b>

CITY OF DECATUR  
7 CENT GAS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 132,000	\$ 132,000	\$ 146,138	\$ 14,138
Revenues from money and property	500	500	1,031	531
Total revenues	132,500	132,500	147,169	14,669
<b>Expenditures</b>				
Operating expenses	132,500	132,500	11,689	120,811
Total expenditures	132,500	132,500	11,689	120,811
<b>Net change in fund balance</b>	-	-	135,480	135,480
Fund balance, beginning	13,354	13,354	13,354	-
<b>Fund balance, ending</b>	\$ 13,354	\$ 13,354	\$ 148,834	\$ 135,480

**CITY OF DECATUR**  
**4 & 5 CENT GAS TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2004**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 289,000	\$ 289,000	\$ 296,599	\$ 7,599
Revenues from money and property	500	500	1,792	(1,292)
Other revenue	-	-	30,253	30,253
<b>Total revenues</b>	<b>289,500</b>	<b>289,500</b>	<b>328,644</b>	<b>39,144</b>
<b>Expenditures</b>				
Operating expenses	289,500	289,500	272,410	17,090
<b>Total expenditures</b>	<b>289,500</b>	<b>289,500</b>	<b>272,410</b>	<b>17,090</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>56,234</b>	<b>56,234</b>
Fund balance, beginning	13,533	13,533	13,533	-
<b>Fund balance, ending</b>	<b>\$ 13,533</b>	<b>\$ 13,533</b>	<b>\$ 69,767</b>	<b>\$ 56,234</b>

**CITY OF DECATUR  
PERSONNEL BOARD FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2004**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Revenues from money and property	\$ -	\$ -	\$ 567	\$ 567
Total revenues	-	-	567	567
<b>Expenditures</b>				
Personal services	332,120	332,120	287,465	44,655
Operating expenses	178,000	178,000	181,795	(3,795)
Total expenditures	510,120	510,120	469,260	40,860
<b>Excess (deficiency) of revenues over expenditures</b>	(510,120)	(510,120)	(468,693)	41,427
<b>Other financing sources (uses)</b>				
Operating transfers in	410,000	410,000	400,000	10,000
Total other financing sources (uses)	410,000	410,000	400,000	10,000
<b>Net change in fund balance</b>	(100,120)	(100,120)	(68,693)	31,427
Fund balance, beginning	119,415	119,415	119,415	-
<b>Fund balance, ending</b>	\$ 19,295	\$ 19,295	\$ 50,722	\$ 31,427

CITY OF DECATUR  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
September 30, 2004

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & investments, at cost	\$ 121,868	\$ 6,115,771	\$6,237,639
Investments, at cost	-	3,134,781	3,134,781
Receivables (net of allowance)			
Accounts	5,065	367,749	372,814
Accrued interest	-	3,927	3,927
Inventories, at cost	16,493	11,313	27,806
<b>Total current assets</b>	<b>143,426</b>	<b>9,633,541</b>	<b>9,776,967</b>
<b>Noncurrent assets</b>			
Capital assets:			
Land	173,940	1,241,799	1,415,739
Buildings	5,908,844	361,490	6,270,334
Improvements other than buildings	6,076,700	7,329,981	13,406,681
Furniture & equipment	999,667	2,732,569	3,732,236
Construction work in progress	-	13,806	13,806
Less accumulated depreciation	(6,480,808)	(8,150,642)	(14,631,450)
Total capital assets (net of accumulated depreciation)	6,678,343	3,529,003	10,207,346
<b>Total assets</b>	<b>6,821,769</b>	<b>13,162,544</b>	<b>19,984,313</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	59,447	105,816	165,263
Accrued liabilities	34,436	7,957	42,393
Compensated absences	12,518	9,185	21,703
Capital leases payable - current	29,251	-	29,251
Due to other funds	98,735	31,953	130,688
<b>Total current liabilities</b>	<b>234,387</b>	<b>154,911</b>	<b>389,298</b>
<b>Noncurrent liabilities</b>			
Landfill closure and post-closure care costs	-	1,558,374	1,558,374
Compensated absences	112,662	82,669	195,331
<b>Total noncurrent liabilities</b>	<b>112,662</b>	<b>1,641,043</b>	<b>1,753,705</b>
<b>Total liabilities</b>	<b>347,049</b>	<b>1,795,954</b>	<b>2,143,003</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,649,092	3,529,003	10,178,095
Reserved for inventories	16,493	11,313	27,806
Unrestricted	(190,865)	7,826,274	7,635,409
<b>Total net assets</b>	<b>\$ 6,474,720</b>	<b>\$ 11,366,590</b>	<b>\$ 17,841,310</b>

CITY OF DECATUR  
NONMAJOR PROPRIETARY FUNDS  
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
For the Year Ended September 30, 2004

	Enterprise Funds		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>Operating revenue</b>			
Charges for services	\$ -	\$ 3,657,950	\$ 3,657,950
Premiums & fees	2,254,948	-	2,254,948
<b>Total operating revenue</b>	<b>2,254,948</b>	<b>3,657,950</b>	<b>5,912,898</b>
<b>Operating expenses</b>			
Personnel, operations & maintenance	2,884,406	2,475,091	5,359,497
Closure and postclosure costs	-	110,710	110,710
Depreciation and amortization	508,315	590,711	1,099,026
<b>Total operating expenses</b>	<b>3,392,721</b>	<b>3,176,512</b>	<b>6,569,233</b>
<b>Operating income (loss)</b>	<b>(1,137,773)</b>	<b>481,438</b>	<b>(656,335)</b>
<b>Nonoperating revenue (expenses)</b>			
Interest income	-	138,461	138,461
Interest expense	(5,240)	-	(5,240)
Intergovernmental	-	(48,427)	(48,427)
Gain (loss) on disposition of assets	6,214	3,994	10,208
Miscellaneous revenue (expense)	2,863	32,863	35,726
<b>Total nonoperating revenue (expenses)</b>	<b>3,837</b>	<b>126,891</b>	<b>130,728</b>
<b>Income before contributions, transfers &amp; special items</b>	<b>(1,133,936)</b>	<b>608,329</b>	<b>(525,607)</b>
Transfers in	674,850	-	674,850
Transfers (out)	-	(155,103)	(155,103)
<b>Change in net assets</b>	<b>(459,086)</b>	<b>453,226</b>	<b>(5,860)</b>
Total net assets, beginning	6,933,806	10,913,364	17,847,170
<b>Total net assets, ending</b>	<b>\$ 6,474,720</b>	<b>\$ 11,366,590</b>	<b>\$ 17,841,310</b>

**CITY OF DECATUR**  
**NONMAJOR PROPRIETARY FUNDS**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Year Ended September 30, 2004**

	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>Operating activities</b>			
Receipts from customers and users	\$ 2,273,409	\$ 3,643,192	\$ 5,916,601
Other operating cash receipts	-	32,863	32,863
Payments to suppliers	(1,697,034)	(1,748,156)	(3,445,190)
Payments to employees	(1,156,120)	(762,139)	(1,918,259)
Payments for interfund services	51,779	6,475	58,254
<b>Net cash provided (used) by operating activities</b>	<b>(527,966)</b>	<b>1,172,235</b>	<b>644,269</b>
<b>Noncapital financing activities</b>			
Operating transfers in	638,477	-	638,477
Operating transfers (out)	-	(155,103)	(155,103)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>638,477</b>	<b>(155,103)</b>	<b>483,374</b>
<b>Capital and related financing activities</b>			
Acquisition and construction of capital assets	-	(151,989)	(151,989)
Proceeds from sale of capital assets	6,298	7,857	14,155
Principal payments on capital leases	(43,641)	-	(43,641)
Interest paid on capital leases	(5,240)	-	(5,240)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(42,583)</b>	<b>(144,132)</b>	<b>(186,715)</b>
<b>Investing activities</b>			
Purchase of investments	-	(1,000,000)	(1,000,000)
Interest received	2,863	138,461	141,324
<b>Net cash provided (used) by investing activities</b>	<b>2,863</b>	<b>(861,539)</b>	<b>(858,676)</b>
<b>Net increase in cash and cash equivalents</b>	<b>70,791</b>	<b>11,461</b>	<b>82,252</b>
Cash and cash equivalents, beginning	51,077	6,104,310	6,155,387
<b>Cash and cash equivalents, ending</b>	<b>\$ 121,868</b>	<b>\$ 6,115,771</b>	<b>\$ 6,237,639</b>
<b>Operating income (loss)</b>	<b>\$ (1,137,857)</b>	<b>\$ 481,438</b>	<b>\$ (656,419)</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation and amortization	\$ 508,314	\$ 590,711	\$ 1,099,025
Landfill postclose costs	-	100,037	100,037
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	18,461	(14,758)	3,703
Accounts payable	13,579	(24,221)	(10,642)
Inventory	6,265	(3,915)	2,350
Due to (from) other funds	51,779	6,475	58,254
Accrued liabilities	11,408	7,626	19,034
Other items	85	28,842	28,927
<b>Net cash provided (used) by operating activities</b>	<b>\$ (527,966)</b>	<b>\$ 1,172,235</b>	<b>\$ 644,269</b>
<b>Supplemental information</b>			
Noncash activities			
Acquisition of fixed assets through contributions from other funds	\$ 2,012,911	\$ -	\$ 2,012,911



**Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of the City of Decatur, Alabama (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 04-1.

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### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama as of and for the year ended September 30, 2004, and have issued our report thereon dated February 28, 2005.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Beason & Talley, Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2005



**Independent Auditors' Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited the financial statements of City of Decatur, Alabama (City) as of and for the year ended September 30, 2004, and have issued our report thereon dated February 28, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as item 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 04-1.

This report is intended for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Beason & Talley, One.*

CERTIFIED PUBLIC ACCOUNTANTS

February 28, 2005

**City of Decatur, Alabama**  
**Schedule of Expenditures of Federal Awards**  
For the year ended September 30, 2004

Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or Pass-Through Grantor's Number	Grant Expenditures
<u>U.S. Department of Agriculture</u>			
<b>Passed Through Alabama Department of Education</b>			
Summer Food Service Program	10.559	AGQ-000	<u>72,253</u>
<u>U.S. Department of Housing and Urban Development</u>			
<b>Direct Programs:</b>			
Community Development Block Grant	14.218	B02MC0-10011	\$ 147,724
		B03MC0-10011	648,087
		B04MC0-10011	378,118
2004 Stonegate Project	14	UPG 02 AL-01409	285,862
Delano Park EDI	14.246	B-02-SP-AL-0015	91,630
HUD EDI – Technical Center	14.246	B-03-SP-AL-0016	<u>36,082</u>
			<u>1,587,503</u>
<u>U.S. Department of the Interior</u>			
<b>Passed Through Alabama Department of Economic and Community Affairs:</b>			
Outdoor Recreation Acquisition, Development and Planning Grant	15.916	04-LW-845	<u>1,653</u>
<u>U.S. Department of Justice</u>			
<b>Direct Program:</b>			
Bulletproof Vest Partnership Grant Program	16.607		4,029
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0643	53,903
Cops in School	16.710	2004SHWX0162	<u>144,218</u>
			<u>202,150</u>
<u>U.S. Department of Health and Human Services</u>			
<b>Passed Through Alabama Council for Developmentally Disabled</b>			
2004 Recreation Mini Grant	93.630	AL BS-01	<u>5,029</u>
<u>Executive Office of the President</u>			
<b>The City of Huntsville, AL</b>			
Madison/Morgan County HIDTA	07	I3PGCP596	<u>3,270</u>
<u>U.S. Department of Homeland Security</u>			
<b>Passed Through Alabama Emergency Management Agency</b>			
	97.004	EDE2	<u>44,334</u>
Total Federal Awards			<u>\$ 1,916,192</u>

See accompanying notes to Schedule.

**City of Decatur, Alabama**  
**Notes to Schedule of Expenditures of Federal Awards**  
September 30, 2004

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Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Decatur, Alabama and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.

Note 2 - 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's component units described in the notes to the general-purpose financial statements.

**City of Decatur, Alabama**  
**Schedule of Findings and Questioned Costs**  
For the year ended September 30, 2004

---

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified?       yes   ✓  no  
Reportable condition(s) identified not  
Considered to be material weaknesses?   ✓  yes       none reported

Noncompliance material to financial statements  
noted?       yes   ✓  no

**Federal Awards**

Internal Control over major programs:  
Material weakness(es) identified?       yes   ✓  no  
Reportable condition(s) identified not  
considered to be material weaknesses?   ✓  yes       none reported

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

Any audit findings disclosed that are required to  
Be reported in accordance with Circular A-133,  
Section .510(a)?   ✓  yes       no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>  ✓  </u> Yes <u>      </u> No

**City of Decatur, Alabama**  
**Schedule of Findings and Questioned Costs – Continued**  
For the year ended September 30, 2004

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**Section II - Financial Statement Findings**

**04-1 New World Financials Access Control**

During the implementation of the New World financial software, IT support employees were granted unrestricted access to the financial programs. This has resulted in vulnerability for unauthorized use. We observed that the IT support personnel have access to all programs which allows for posting and other data manipulation.

Without proper access controls, data can be retrieved and used by unauthorized individuals, data can be lost or changed, and programs can be tampered with or destroyed.

We would suggest that access to employees be given on an as needed basis in order to perform their job duties. We recommend a review of all New World access be performed to ensure that segregation of duties is obtained and that access is proper based on job function.

**City of Decatur, Alabama**  
**Schedule of Findings and Questioned Costs – Continued**  
For the year ended September 30, 2004

---

**Section III - Federal Award Findings and Questioned Costs**

**04-1 Procurement and Suspension and Debarment**

U.S. Department of Housing and Urban Development:  
Community Development Block Grant, CFDA # 14.218

Criteria/Specific Requirement: Activities Allowed or Unallowed

Condition: There was a lack of supporting documentation for an expenditure. A timecard supporting payroll expenditures was not signed by the employee who charged time to the grant.

Cause/Effect: Adequately supported documentation should be maintained for each expenditure in order to determine whether or not an expenditure is allowable or unallowable.

Recommendation: The City should ensure that each transaction is adequately supported by documentation.

**City of Decatur, Alabama**  
**Summary Schedule of Prior Year Audit Findings**  
For the year ended September 30, 2004

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**Financial Statement Findings**

**03-1 Building Department**

During the review of internal controls in the Building Department, it was noted that anyone can void or change information previously entered into the computer. Employees with the highest level of security (level 4), have access to File Maintenance and also have the access code to change valuation amounts, fees paid, fees due and permit numbers.

We recommend restricting the number of employees with level 4 security and the number of employees who can void information. We also recommend that the access code used to change valuation amounts, fees paid, fees due and permit numbers be limited to the department head and one other employee.

**03-2 New World Financials Access Control**

During the implementation of the New World financial software, IT support employees were granted unrestricted access to the financial programs. This has resulted in vulnerability for unauthorized use. We observed that the IT support personnel have access to all programs which allows for posting and other data manipulation.

Without proper access controls, data can be retrieved and used by unauthorized individuals, data can be lost or changed, and programs can be tampered with or destroyed.

We would suggest that access to employees be given on an as needed basis in order to perform their job duties. We recommend a review of all New World access be performed to ensure that segregation of duties is obtained and that access is proper based on job function.

**City of Decatur, Alabama**  
**Summary Schedule of Prior Year Audit Findings**  
For the year ended September 30, 2004

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**Federal Award Findings and Questioned Costs**

**03-3 Procurement and Suspension and Debarment**

U.S. Department of Housing and Urban Development:  
Community Development Block Grant, CFDA # 14.218

Criteria/Specific Requirement: Procurement and Suspension and Debarment

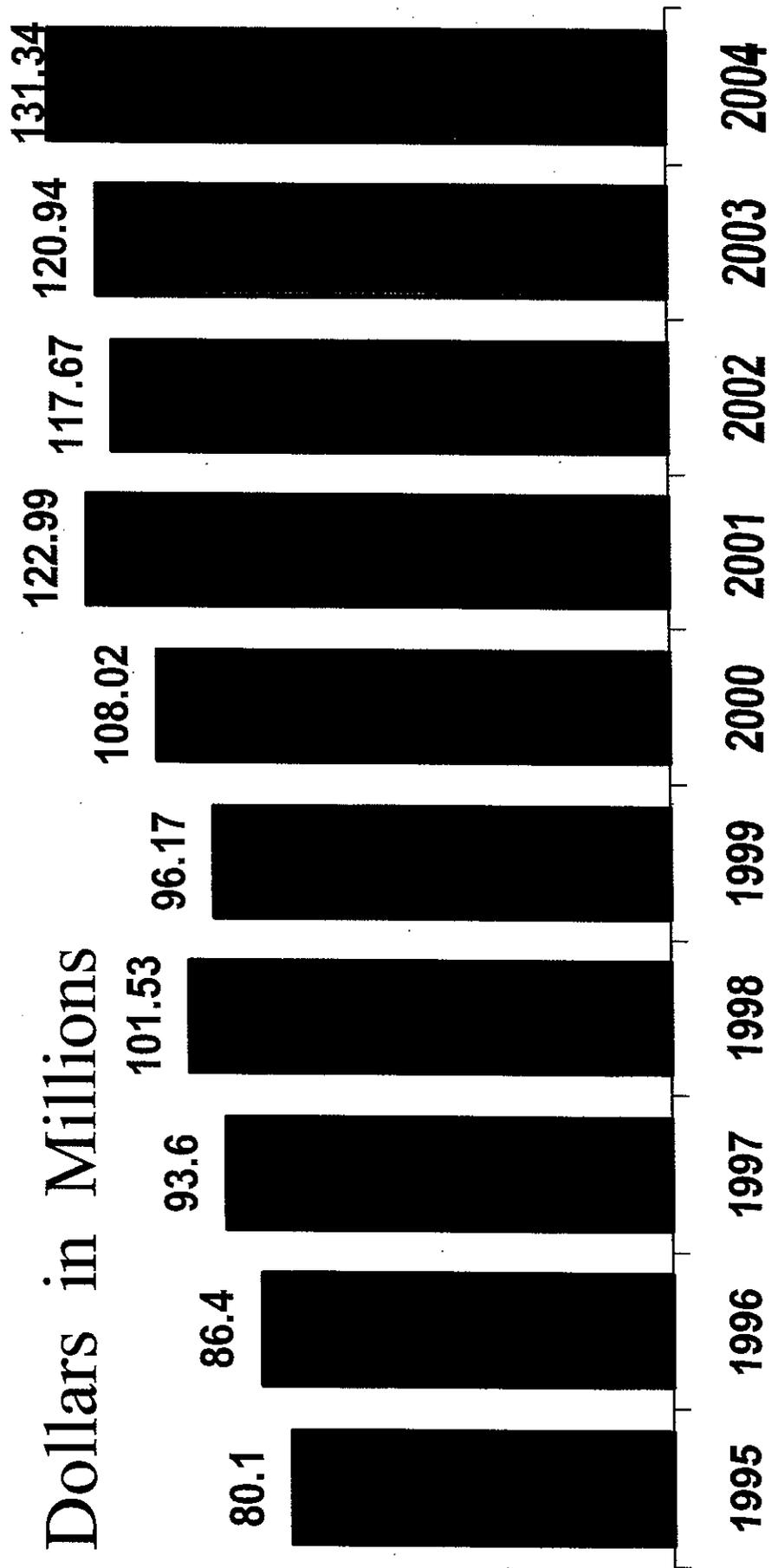
Condition: The city is following the procedures for the State bid law in regard to procurement of professional services. These procedures do not require open and free competition in this process

Cause/Effect: 24 CFR 85.36 very specific in the requirement for open and free competition and the other procedures to be used in the request for proposal process. Following State bid laws can violate these Regulations.

Recommendation: We recommend that the City should review those procedures and should ensure that all request for proposals are in accordance with the 24 CFR 85.36.

# City of Decatur

## General Governmental Expenditures



# CITY OF DECATUR

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years Ended September 30th

Includes all Governmental Fund Types

Description	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General Government	\$2,104,031	\$2,458,566	\$2,454,133	\$2,511,936	\$2,519,060	\$3,198,257	\$2,889,673	\$3,322,636	\$3,223,379	\$3,417,204
Public Safety	10,474,177	11,075,991	11,936,514	12,569,009	12,880,066	14,007,398	14,911,594	15,275,963	16,744,547	17,750,748
Public Works	8,081,445	8,771,237	7,447,752	7,142,473	7,153,324	8,266,606	8,648,025	8,761,422	8,696,689	7,767,477
Public Services	3,679,276	3,317,786	3,139,641	3,634,046	4,066,922	3,902,505	6,800,510	5,977,921	5,482,307	6,032,400
Intragovernmental Assistance	2,147,688	2,658,703	2,328,125	2,324,525	3,250,476	3,168,655	2,682,620	3,632,020	3,879,202	3,870,936
Community Serv. Contracts	1,999,867	3,791,741	1,312,005	3,254,146	1,470,644	1,705,872	1,968,267	2,155,390	2,191,438	2,358,965
Community Development	643,014	1,968,390	954,862	851,264	1,033,375	1,464,768	2,307,737	1,713,979	1,171,443	2,114,283
Personnel Board	0	0	0	373,679	370,595	349,089	440,843	394,697	457,214	469,260
Education	46,503,666	47,692,283	54,619,458	56,673,527	55,683,048	62,380,528	63,198,772	65,431,746	66,423,473	68,768,615
Capital Projects	90,369	0	4,222,004	4,829,244	804,483	2,471,940	9,324,997	2,546,345	4,350,143	9,308,953
Debt Service	4,402,448	4,708,199	5,211,979	6,479,794	6,941,528	6,933,667	9,815,712	8,458,045	8,011,246	9,117,247
Other	0	0	0	881,510	0	174,430	0	0	313,276	365,635
<b>TOTALS</b>	\$80,125,981	\$86,442,896	\$93,626,473	\$101,525,153	\$96,173,521	\$108,023,715	\$122,988,750	\$117,670,164	\$120,944,357	\$131,341,723

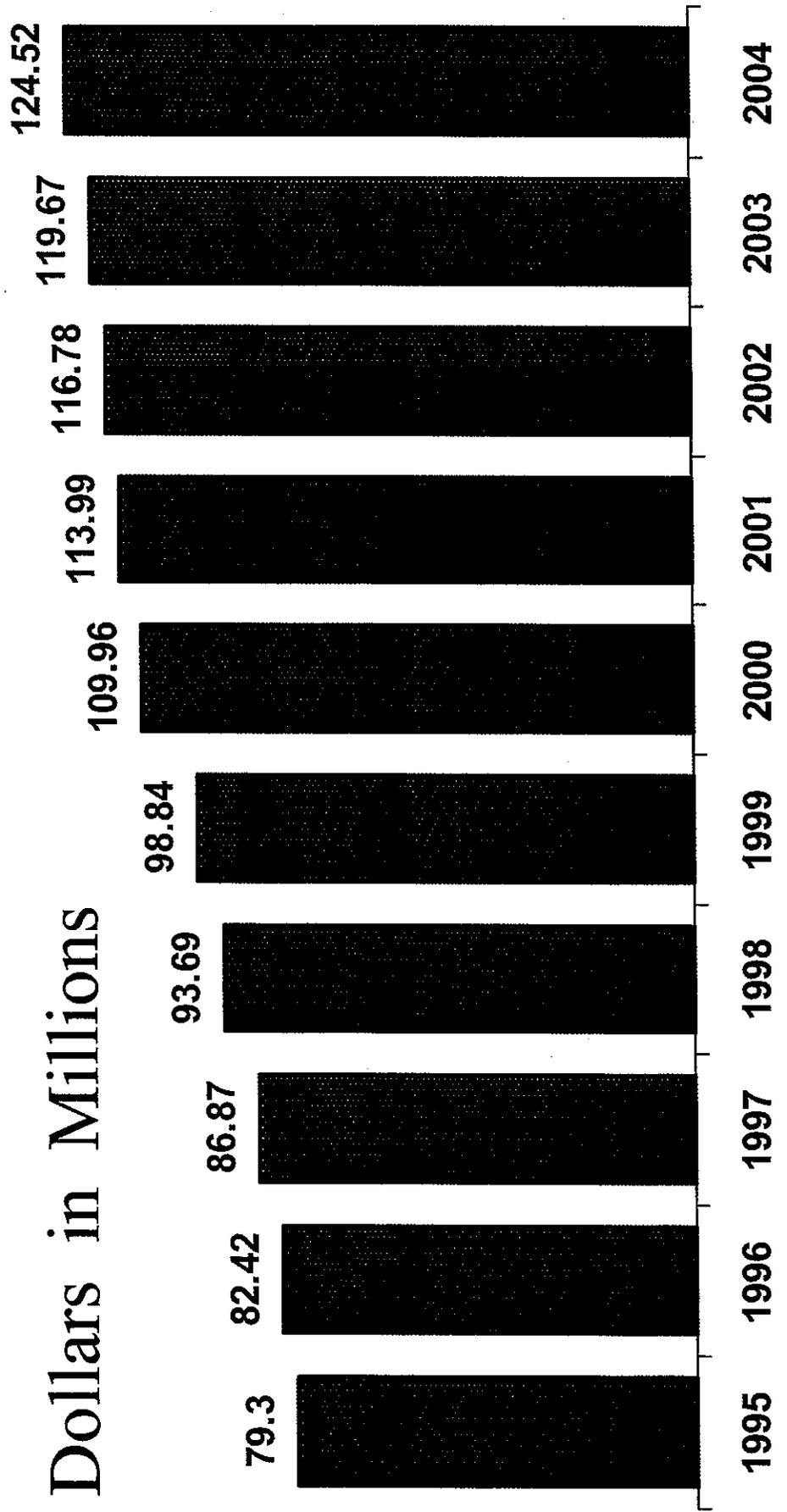
(1) Includes all Governmental Funds of the Primary Government and the Board of Education, a discretely presented component unit.

Source: Audited General Purpose Financial Statements

# City of Decatur

## General Governmental Revenues

Dollars in Millions



# CITY OF DECATUR

## General Governmental Revenues by Source <sup>(1)</sup>

### Last Ten Fiscal Years Ended September 30th

Fiscal Year	Taxes	Licenses & Permits	Inter-Governmental	Charges for Services	Fines & Forfeits	Special Assessment	Misc.	TOTALS
1995	27,773,870	2,658,110	42,170,273	2,858,173	671,195	148,029	3,053,525	79,333,175
1996	27,529,472	2,446,006	46,145,206	2,437,075	667,358	56,016	3,141,434	82,422,567
1997	29,201,507	2,781,622	50,138,650	2,412,700	716,041	39,056	1,584,115	86,873,691
1998	32,044,875	3,196,458	51,178,443	2,771,636	955,409	49,213	3,489,379	93,685,413
1999	33,762,092	3,409,251	55,918,523	2,509,450	975,240	75,219	2,193,470	98,843,245
2000	36,890,961	4,409,129	62,586,746	2,622,406	1,232,335	38,581	2,182,876	109,963,034
2001	37,607,992	4,593,171	65,168,118	2,586,989	1,290,807	22,465	2,723,374	113,992,916
2002	42,609,770	4,135,339	64,722,959	2,667,684	1,120,936	8,949	1,514,421	116,780,058
2003	44,855,763	4,326,519	65,055,611	2,752,786	1,038,611	845	1,642,834	119,672,969
2004	46,924,893	5,104,988	66,916,185	2,635,734	1,279,018	305	1,655,481	124,516,604

(1) Includes All Governmental Funds of the Primary Government and the Board of Education, a Discretely Presented Component unit.

Source: Audited General Purpose Financial Statements

12/28/07

# CITY OF DECATUR

## General Governmental Tax Revenue By Source

### Last Ten Fiscal Years

FISCAL YEAR	SALES & USE TAX	PROPERTY TAX	AUTO TAX	GASOLINE TAX	TOBACCO TAX	LODGING TAX	FRANCHISE TAX	ALCOHOLIC BEVERAGE TAX	INSURANCE PREMIUM TAX	RENTAL TAX	TOTAL
1995	17,951,682	4,675,833	590,879	832,387	336,204	425,653	201,104	1,726,881	579,005	454,242	\$27,773,870
1996	17,607,772	4,748,740	645,316	809,205	336,946	474,369	211,207	1,750,825	474,534	470,557	\$27,529,471
1997	18,817,309	4,900,469	697,037	853,709	356,975	506,293	207,782	1,830,486	461,552	569,895	\$29,201,507
1998	20,075,300	5,748,147	836,737	870,743	345,158	611,265 <sup>(2)</sup>	288,780 <sup>(3)</sup>	2,045,870 <sup>(4)</sup>	497,842	725,033	\$32,044,875
1999	20,844,570	6,385,766	908,846	857,132	327,891	658,213	420,574	2,083,752	503,192	772,156	\$33,762,092
2000	22,760,941	7,545,405	1,088,490	835,026	307,167	636,436	335,822	2,115,804	511,804	754,066	\$36,890,961
2001	22,786,858	7,864,917	1,280,845	828,659	316,769	651,968	434,374	2,114,320	472,293	856,989	\$37,607,992
2002	26,900,004 (1)	8,254,223	1,279,805	872,313	312,008	976,583	499,169	2,138,122	440,091	937,452	\$42,609,770
2003	29,817,226	7,625,178	1,256,098	903,686	333,968	943,295	534,412	2,048,797	510,417	882,686	\$44,855,763
2004	30,980,345	8,128,683	1,249,328	872,696	559,698	1,008,037	504,440	1,940,617	535,270	1,145,779	\$46,924,893

(1) Tax Increased 1% (4%)  
 (2) Tax Increased 1% (6%)  
 (3) Tax Increased From 3-5%  
 (4) Tax Increased From 10-15%

# CITY OF DECATUR

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years  
Unaudited

FISCAL YEAR	TOTAL TAX LEVY 28 MILLS	TOTAL TAX COLLECTED	PERCENT OF LEVY COLLECTED
1995	7,428,470	7,361,585	99.100
1996	7,910,165	7,831,063	99.000
1997	8,725,514	8,638,259	99.000
1998	9,484,424	9,389,580	99.000
1999	10,775,761	10,668,003	99.000
2000	12,432,063	12,822,428 *	99.000
2001	13,463,655	13,329,019	99.000
2002	14,107,022	13,965,952	99.000
2003	13,546,408	13,410,944	99.000
2004	13,964,555	13,824,909	99.000

Source: Morgan County Revenue Commissioner  
Morgan County License Commissioner

\* Additional revenue created from reviews of business personal property accounts.

# CITY OF DECATUR

## ASSESSED AND ACTUAL APPRAISED VALUE OF PROPERTY

Last Ten Fiscal Years  
Unaudited

FISCAL YEAR	<i>Real Personal &amp; Public Utility</i>		<i>Automobile</i>		TOTAL ASSESSED VALUE	TOTAL APPRAISED VALUE
	ASSESSED VALUE	APPRAISED VALUE	ASSESSED VALUE	APPRAISED VALUE		
1995	275,366,680	1,781,185,378	33,231,587	221,543,913	308,598,267	2,002,729,291
1996	334,715,309	2,165,076,812	36,422,420	242,816,133	371,137,729	2,407,892,945
1997	373,983,800	2,371,735,966	40,097,820	267,318,800	414,081,620	2,639,054,766
1998	438,388,860	2,703,571,040	45,805,480	305,369,867	484,194,340	3,008,940,907
1999	517,719,404	3,192,111,520	46,317,300	308,782,000	564,036,704	3,500,893,520
2000	525,519,540	3,245,935,333	61,538,600	410,257,333	587,058,140	3,656,192,666
2001	572,109,480	3,493,117,800	73,757,620	491,717,467	645,867,100	3,984,835,267
2002	503,701,920	3,157,018,700	74,200,240	494,668,267	577,902,160	3,651,686,967
2003	545,079,240	3,453,373,433	73,165,280	487,719,757	618,244,520	3,941,093,190
2004	570,881,860	3,618,979,233	72,247,460	481,649,685	643,129,320	4,100,628,918

Property Assessed as Follows:

Residential 10%, Commercial 20%, Utilities 30%, Auto Personal 15%, Auto Business 20%

Source: License Commissioner, Morgan County  
Revenue Commissioner, Morgan County

# CITY OF DECATUR

## PROPERTY TAX RATES

### DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years Ended September 30th

Unaudited

FISCAL YEAR	CITY OF DECATUR	CITY SCHOOLS	COUNTY SCHOOLS	MORGAN COUNTY	STATE OF ALABAMA	TOTAL TAX
1995	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
1996	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
1997	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
1998	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
1999	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
2000	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
2001	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
2002	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
2003	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills
2004	6.0 Mills	16.2 Mills	5.8 Mills	10.8 Mills	6.5 Mills	45.3 Mills

Source: Revenue Commissioner, Morgan County

# CITY OF DECATUR

## Principal Taxpayers

Fiscal Year Ended September 30, 2004  
Unaudited

Business Name	Total Assessed Value of Property In City Limits	City Ad Valorem Taxes Paid In Dollars	Percent of Total Assessed Value City
Nucor Steel	\$41,185,540	\$524,011	7.22
Worthington	23,074,080	303,594	4.04
Bunge Corp.	11,072,020	161,160	1.94
Bellsouth	9,258,400	172,206	1.62
Meow Mix	7,731,400	101,285	1.35
Goodyear Tire & Rubber Co.	5,945,900	101,114	1.04
Colonial Realty Limited	5,114,540	95,130	0.90
General Electric Appliance	5,081,660	91,482	0.89
O.C.I. Chemical Corp.	5,319,340	68,575	0.93
Charter Communications	3,472,920	64,596	0.61
	<b>\$117,255,800</b>	<b>\$1,683,153</b>	<b>20.54</b>

The Ten Largest Ad Valorem Taxpayers In the City Accounted for Approximately 20.7% of All Ad Valorem Taxes Collected By The City During the Tax year Ended September 30, 2004 (Total Tax Collected \$8,128,682) (18.6 Mills)

Source: Revenue Commissioner of Morgan County (Total Assessed Value \$570,881,860 Exclusive of Automobile)  
License Commissioner of Morgan County

# CITY OF DECATUR

## Special Assessment Billings and Collections

Last Ten Fiscal Years Ended September 30, 2004  
Unaudited

YEAR	AMOUNT OF SPECIAL ASSESSMENT BILLINGS*	AMOUNT OF SPECIAL ASSESSMENT COLLECTIONS	INTEREST COLLECTED ON SPECIAL ASSESSMENTS	UNCOLLECTED PRINCIPAL END OF FISCAL YEAR
	PRINCIPAL	PRINCIPAL		
1995	94,890	148,030	27,599	181,899
1996	0	56,016	16,712	125,883
1997	0	39,056	15,133	86,827
1998	75,795	8,516	1,574	154,106
1999	0	75,219	31,837	78,887
2000	0	38,581	327	40,306
2001	0	29,277	927	11,029
2002	0	9,880 (1)	6,046	1,149
2003	0	845	61	305
2004	0	305	31	0

\*These amounts represent assessments made final during the fiscal year indicated. The property owner can choose to pay in full within thirty days or over a ten year period.

(1) \$931 of this amount abated by the City Council

Source: City Records

# CITY OF DECATUR

## COMPUTATION OF LEGAL DEBT MARGIN

Unaudited

YEAR	ASSESSED VALUE OF REAL AND PERSONAL PROPERTY	DEBT LIMIT 20%	OUTSTANDING FUNDED DEBT	DEBT NOT CHARGEABLE TO LEGAL LIMIT	DEBT APPLICABLE TO DEBT LIMIT	LEGAL DEBT MARGIN
1995	308,598,267	61,719,653	80,850,000	58,955,000	21,895,000	37,939,653
1996	371,137,729	74,227,546	77,075,000	56,315,000	20,760,000	53,467,546
1997	414,081,620	82,816,324	90,560,000	61,215,000	29,345,000	53,471,324
1998	484,194,340	96,838,868	94,775,000	65,645,000	29,130,000	67,708,868
1999	517,719,404	103,543,881	106,940,000	80,125,000	26,815,000	76,728,881
2000	525,519,540	105,103,908	131,245,000	90,940,000	40,305,000	64,798,908
2001	572,109,480	114,421,896	124,215,000	85,995,000	38,220,000	76,201,896
2002	503,701,920	100,740,384	115,709,999	80,289,999	35,420,000	65,320,384
2003	545,079,240	109,015,848	106,295,000	70,830,000	35,465,000	73,550,848
2004	570,881,860	114,176,372	113,515,000	65,145,000	48,370,000	65,806,372

# CITY OF DECATUR

## Computation of Legal Debt Margin

Fiscal Year Ended September 30, 2004

Unaudited

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ASSESSED VALUE OF REAL AND PERSONAL PROPERTY (EXCLUDING EXEMPTIONS)	\$570,881,860
DEBT LIMIT (20% OF ASSESSED VALUE)	114,176,372.
OUTSTANDING FUNDED DEBT	113,515,000 /
LESS DEBT NOT CHARGEABLE TO LEGAL LIMIT:	
SCHOOL	\$15,315,000
MUNICIPAL UTILITIES	49,830,000
TOTAL	65,145,000

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TOTAL AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT	\$48,370,000
LEGAL DEBT MARGIN	\$65,806,372

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# CITY OF DECATUR

## RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

Last Ten Fiscal Years  
Unaudited

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE	GROSS BONDED DEBT	LESS SINKING FUNDS	DEBT PAYABLE FROM ENTERPRISE FUND	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUATION	BONDED DEBT PER CAPITA
1995	53,600	308,598,267	46,610,000	667,293	1,560,000	44,382,707	14.38%	888
1996	54,300	371,137,729	44,070,000	846,189	1,335,000	41,888,811	11.29%	828
1997	54,815	414,081,620	59,645,000	955,097	1,100,000	57,589,903	13.91%	771
1998	55,087	484,194,340	57,730,000	911,410	850,000	55,968,590	11.56%	1051
1999	56,138	517,719,404	53,180,000	797,947	585,000	51,797,053	10.01%	1,016
2000	53,929*	525,519,540	64,330,000	697,572	300,000	63,332,428	12.05%	923
2001	54,723	572,109,480	59,945,000	718,579	300,000	58,926,421	10.30%	1174
2002	54,723	503,701,920	54,740,000	734,667	0	54,005,333	10.72%	1077
2003	55,809	545,079,240	52,945,000	832,282	0	52,112,718	9.56%	933
2004	56,136	570,881,860	63,685,000	797,423	0	62,887,577	11.02%	1120

(1) Planning Dept. City of Decatur (Est.)  
\*Federal Census

Source: Audited General Purpose Financial Statements  
Revenue Commissioner, Morgan County  
License Commissioner, Morgan County

# CITY OF DECATUR

Ratio of Annual Debt Service Expenditures

for

General Obligation Bonded Debt

to

Total General Governmental Expenditures

Last Ten Fiscal Years

FISCAL YEAR	PRINCIPAL	INTEREST (1)	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES	RATIO TO GENERAL EXPENDITURES (%)
1995	1,921,023	2,481,425	4,402,448	80,125,981	5.74
1996	2,315,000	2,382,113	4,697,113	86,442,896	5.43
1997	1,870,000	1,396,344	3,266,344	93,626,473	3.49
1998	3,672,317	2,807,251	6,479,568	101,525,153	6.38
1999	4,290,465	2,651,063	6,941,528	96,173,521	7.22
2000	4,485,000	2,448,667	6,933,667	108,023,715	6.42
2001	6,715,000	3,100,712	9,815,712	122,988,750	7.98
2002	5,450,272	3,007,773	8,458,045	117,670,164	7.18
2003	5,346,671	2,664,575	8,011,246	120,944,358	6.62
2004	6,321,257 ✓	2,795,990	9,117,247	131,341,723 ✓	6.94 ⑤

(1) Excludes Bond Issuance Costs

Source: Audited General Purpose Financial Statements

# CITY OF DECATUR

## Pro Forma Statement of Direct and Overlapping

### Tax Supported Debt

September 30, 2004

Unaudited

	GROSS DEBT	PERCENT APPLICABLE TO CITY	CITY'S SHARE OF DEBT
<b>Direct Debt</b>			
General Obligation Bonds & Warrants	\$63,685,000	100.00%	\$63,685,000
<b>Overlapping Debt</b>			
Morgan County, Alabama, General Obligation Debt as of Sept. 30, 2004	26,215,000	40.92%	\$10,727,178
Morgan County Board of Education debt funded by county-wide ad valorem tax, as of Sept. 30, 2004	27,780,000	40.92%	\$11,367,576
Total Overlapping Debt	53,995,000		22,094,754
<b>Total Direct and Overlapping Debt</b>	\$117,680,000		\$85,779,754

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2004 assessed valuation of all taxable property in the City (\$570,881,860) [exclusive of taxable property outside the boundaries of Morgan County] to that of all taxable property in Morgan County (\$1,353,444,980).

# CITY OF DECATUR

Pro Forma

## Percentage Direct and Overlapping Tax-Supported Debt To Assessed Value Per Capita

September 30, 2004  
Unaudited

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General Obligation Bonds & Warrants	\$63,685,000
Total Assessed Value of City Property As of September 30, 2004	570,881,860
2000 U. S. Census Population of the City of Decatur	53,929
Ratio of Direct General Obligation Debt to City's Estimated Assessed Value	11.16%
Per Capita Direct General Obligation Debt (Based on City's 2000 Population)	1,181
<b>Total Overlapping Debt</b>	<b>53,995,000</b>
Total Assessed Value of Morgan County Property as of September 30, 2004	1,353,444,980
City's Share of Overlapping Debt	22,094,754
City's Direct and Overlapping Debt	85,779,754
Ratio of City's Direct and Overlapping Debt to City's Estimated 2004 Assessed Value	15.03%
Per Capita Direct and Overlapping Debt (Based on City's 2000 Population)	1591

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# CITY OF DECATUR

## Revenue Bond Coverage

### Municipal Utilities Board

Last Ten Fiscal Years

FISCAL YEAR	GROSS REVENUES	OPERATING EXPENSE	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT	COVERAGE
1995	88,407,521	78,622,228	3,831,628	2,249,739	1.70
1996	96,093,037	85,381,921	4,761,742	2,018,781	2.36
1997	93,536,940	83,714,393	3,522,429	3,206,423	1.10
1998	103,145,480	91,104,316	6,068,203	3,214,079	1.89
1999	104,644,753	90,681,097	7,018,623	3,837,211	1.83
2000	110,090,289	96,236,991	7,568,243	3,856,206	1.96
2001	134,744,262	120,763,228	9,340,865	4,139,797	2.26
2002	109,008,808	95,359,155	6,011,772	5,127,707	1.17
*2003	144,515,069	129,262,558	3,745,937	5,789,000	0.65
2004	117,445,093	104,414,709	3,588,961	5,788,552	0.62

Source: Audited General Purpose Financial Statements

\* Decatur Utilities changed their fiscal year end from 6/30 to 9/30 to correspond with the City of Decatur's fiscal year end. These totals reflect 15 months of activity.

# CITY OF DECATUR

## Demographic Statistics

Unaudited

YEAR	POPULATION (1)	PUBLIC SCHOOL ENROLLMENT (2)	GRADUATED (2)	MEDIAN AGE (3)	RETAIL SALES (4)	UNEMPLOYMENT RATE (%) (5)
1995	53,000	8,690	430	35.0	1,384,718,849	6.3
1996	54,300	8,670	466	35.0	1,414,387,574	4.7
1997	54,815	8,699	449	35.8	1,560,735,872	4.8
1998	55,087	8,764	454	36.4	1,611,753,762	3.7
1999	56,138	8,799	437	37.0	1,678,093,655	4.0
2000	53,929 *	8,947	418	37.0	1,737,538,250	3.8
2001	54,723	8,841	425	37.0	1,616,151,935	5.2
2002	54,723	8,839	406	36.3	1,640,910,756	6.4
2003	55,809	8,840	451	36.3	1,660,721,870	6.0
2004	56,136	8,806	449	37.5	1,744,655,172	6.1

(1) City Planning Department (Est.)  
 (2) School District  
 (3) Economic Development Association  
 (4) City Financial Records  
 (5) Morgan County  
 \* Federal Census

# CITY OF DECATUR

## Property Value, Construction, and Bank Deposits Last Ten Fiscal Years Ended September 30

Unaudited

Fiscal Year	Real & Personal Property Appraised Value (1)	Commercial & Industrial Construction Value (2) (Repairs Over \$5,000)	Residential Construction Value (2)		Value	Bank Deposits(3)	
			# Single Family	#Apts.			
1995	2,002,729,291	173,764,341	192	17,024,383	4	120,000	920,919,000
1996	2,407,892,945	40,308,186	214	20,680,374	274	8,439,340	921,222,000
1997	2,639,054,766	112,308,952	194	21,017,714	156	4,335,000	N/A
1998	3,008,940,907	100,032,433	232	24,281,764	184	6,559,016	N/A
1999	3,500,893,520	391,787,600	184	25,178,136	26	1,031,000	1,193,248,000
2000	3,656,192,666	72,006,697	225	27,090,590	16	546,000	1,191,362,000
2001	3,984,835,267	193,449,174	188	25,873,768	14	3,193,087	1,297,032,000
2002	3,651,686,967	47,101,128	203	27,341,256	14	3,193,087	1,318,037,000
2003	3,941,093,190	62,706,977	199	28,109,346	4	325,000	1,334,484,000
2004	4,100,628,918	102,305,870	221	34,866,047	0	2,261,125	1,383,794,000

Source: (1) Revenue Commissioner, Morgan County,  
License Commissioner, Morgan County  
(2) Building Department, City of Decatur  
(3) First American Bank, Decatur thru 1996  
(4) Federal Reserve Bank, Atlanta 6/30 1999-2003



# CITY OF DECATUR

## Retail Sales

### Taxable Net Unaudited

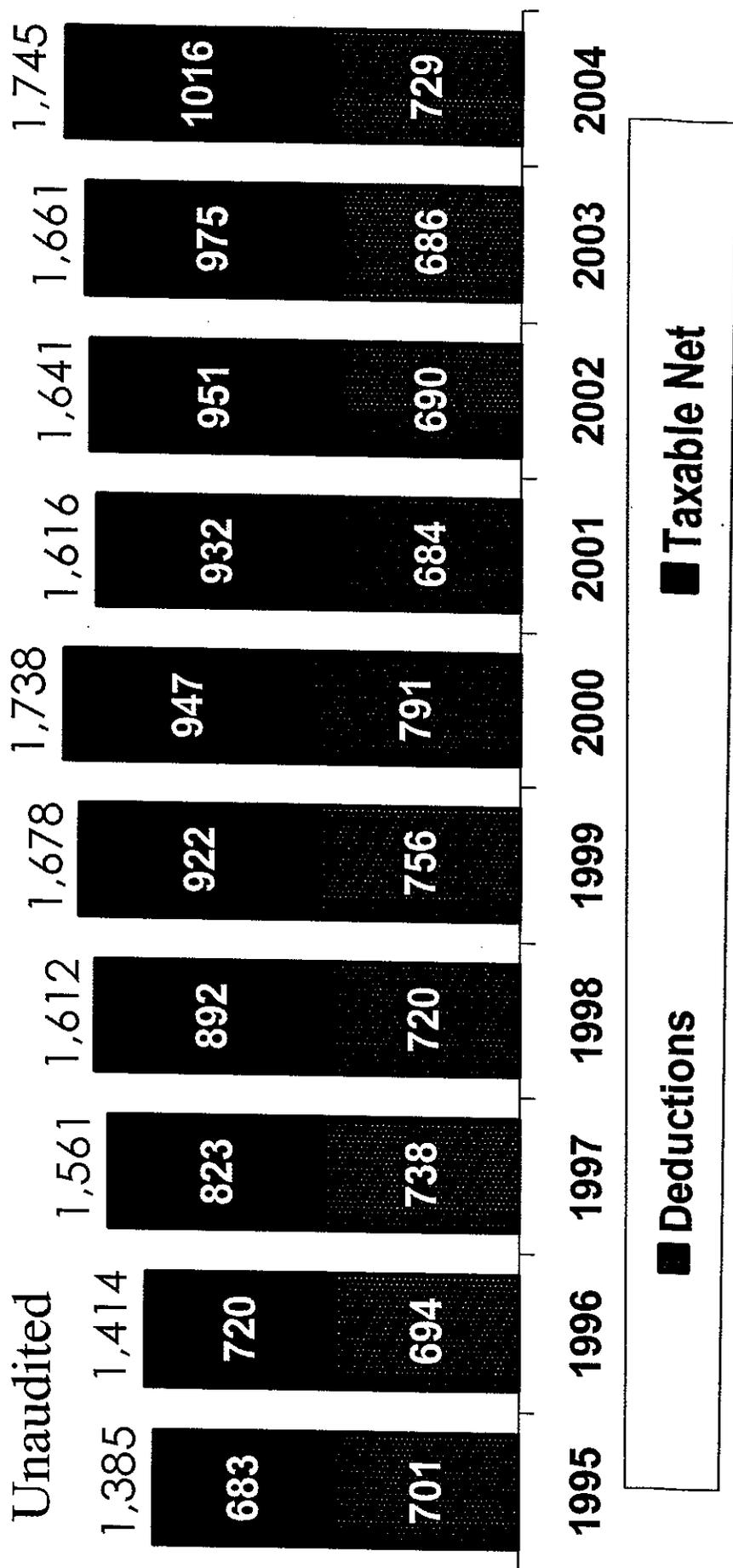
CALENDAR YEAR	GROSS SALES	DEDUCTIONS	TAXABLE NET
1995	1,385	701	683
1996	1,414	694	720
1997	1,561	738	823
1998	1,612	720	892
1999	1,678	756	922
2000	1,738	791	947
2001	1,616	684	932
2002	1,641	690	951
2003	1,661	686	975
2004	1,745	729	1016

Expressed in Millions

# City of Decatur

## Retail Sales - Taxable Net

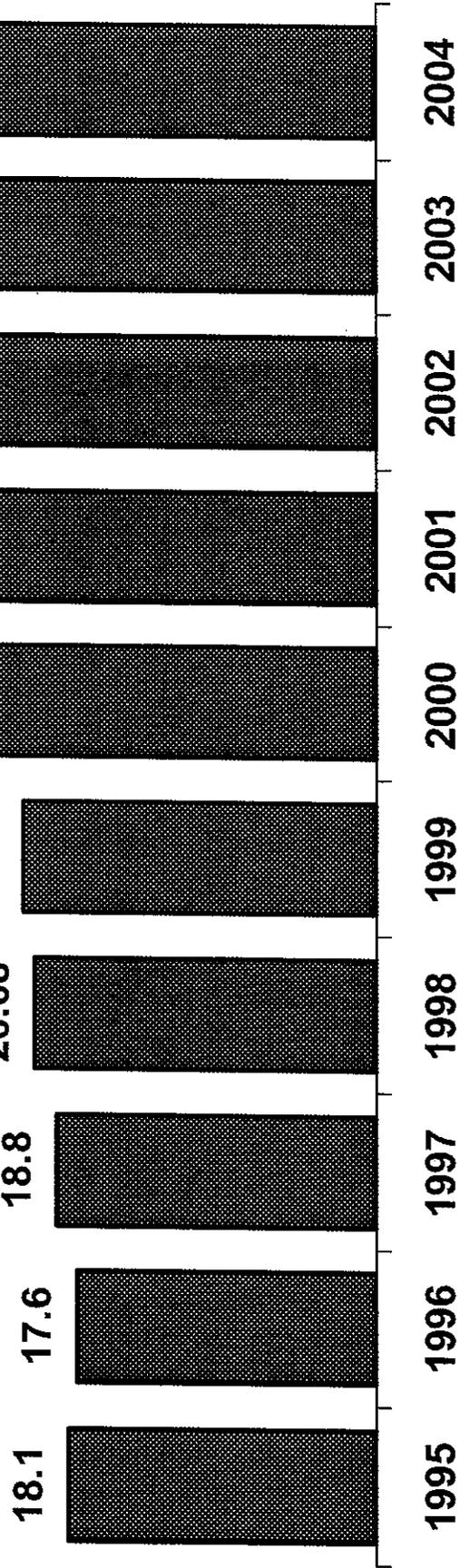
Dollars in Millions



# City of Decatur

## Sales And Use Tax Dollars in Millions

Calendar Year



# CITY OF DECATUR

## Schedule of Interest On Investments

	2004	2003
Interest		
General Fund	\$187,864	\$187,985
General Fund, Reserve	206,420	204,204
General Fund, Landfill Reserve	23,914	30,232
General Fund, Drug Enforcement Recovery Fund	742	832
General Fund, Corrections Fund	7,771	6,951
7 Cent Gasoline Tax	1,031	544
4 & 5 Cent Gasoline Tax	1,792	1,028
Public Port Warrant Fund (039)	79	0
Community Development Fund	337	253
Decatur Cemetary Trust (051)	16,609	18,094
Sanitary Landfill	138,461	115,675
2003 Capital Projects Fund (068)	0	16,536
2003E Capital Projects Fund (069)	113,392	0
Personnel Board Fund	567	585
Totals	\$698,979	\$582,919

Source: City of Decatur Finance Department

# CITY OF DECATUR

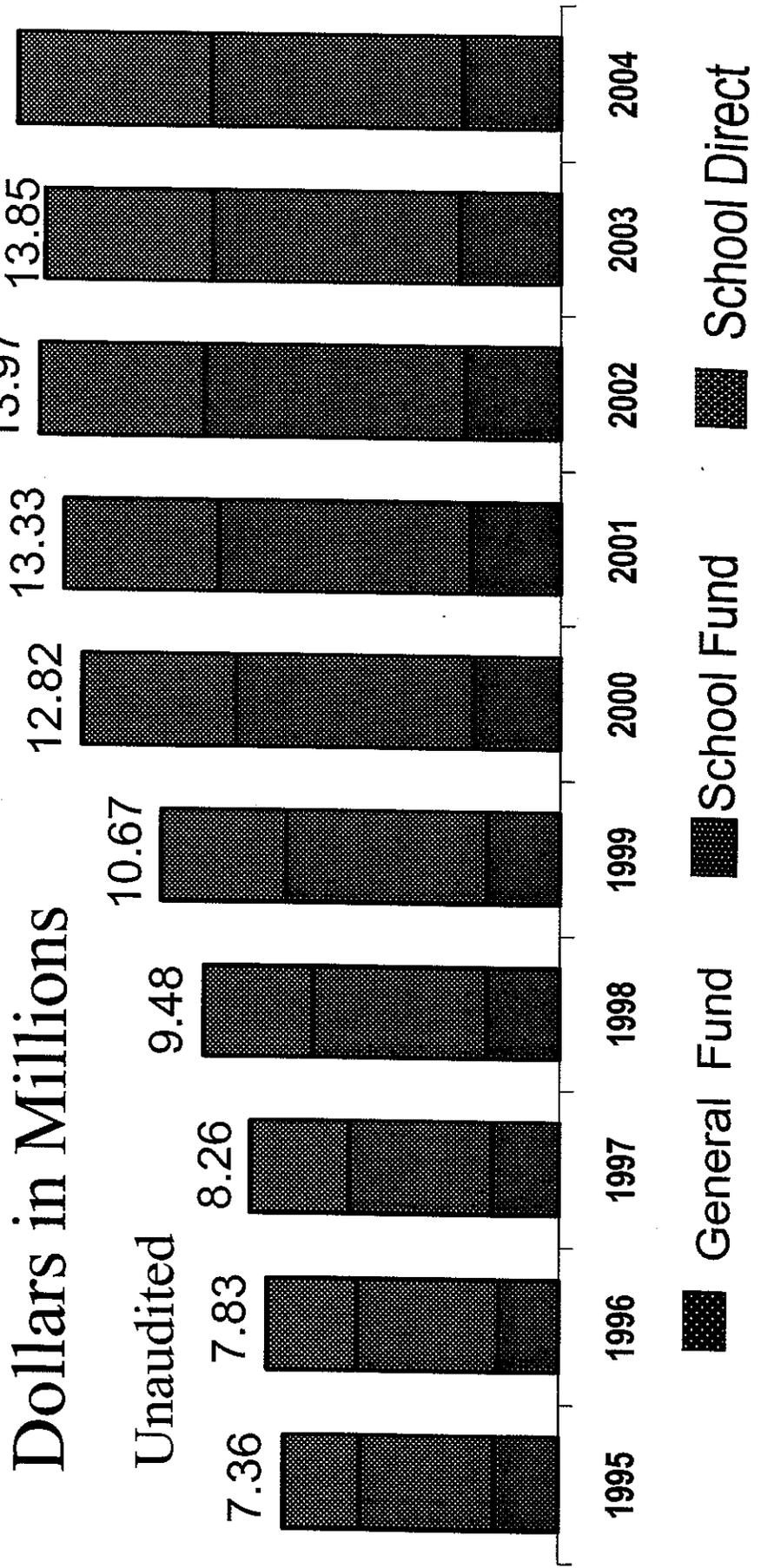
## Ad Valorem Tax - Property & Auto Unaudited

FISCAL YEAR	GENERAL FUND 6 MILLS	SCHOOL FUND 12.6 MILLS	SCHOOL DIRECT 9.4 MILLS	TOTAL 28 MILLS
1995	1,699,042	3,567,671	2,094,872	7,361,585
1996	1,581,999	3,812,057	2,437,007	7,831,063
1997	1,782,688	3,814,817	2,664,149	8,261,654
1998	1,968,477	4,616,407	2,899,540	9,484,424
1999	1,983,372	5,311,240	3,373,391	10,668,003
2000	2,288,285	6,345,610	4,188,533	12,822,428
2001	2,420,368	6,725,394	4,183,257	13,329,019
2002	2,567,410	6,966,618	4,431,924	13,965,952
2003	2,688,121	6,619,210	4,542,838	13,850,169
2004	2,651,914	6,726,096	5,237,965	14,615,975

Source: City of Decatur Financial Records  
Decatur City Schools Financial Statement

# City of Decatur

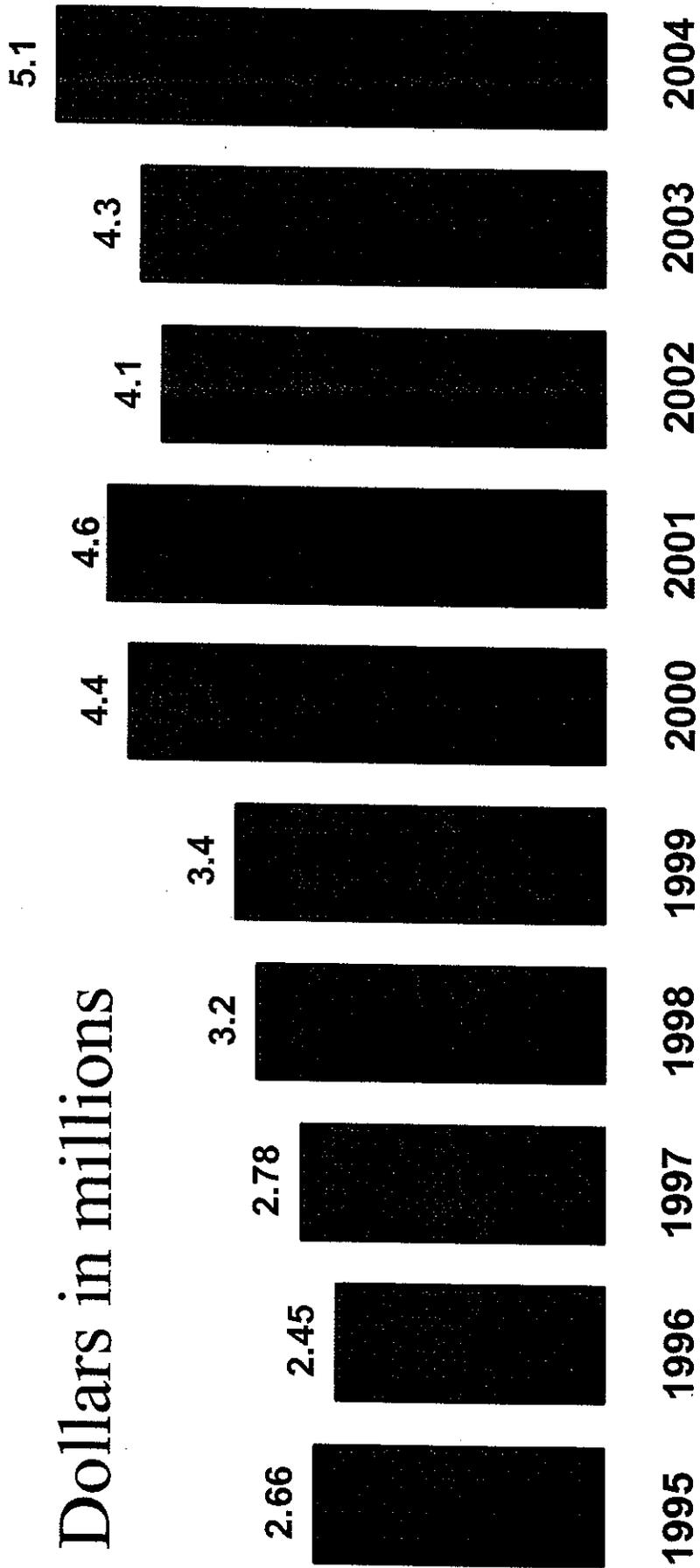
## Ad Valorem Tax - Property & Auto



# City of Decatur

## Privilege License Revenues

Dollars in millions



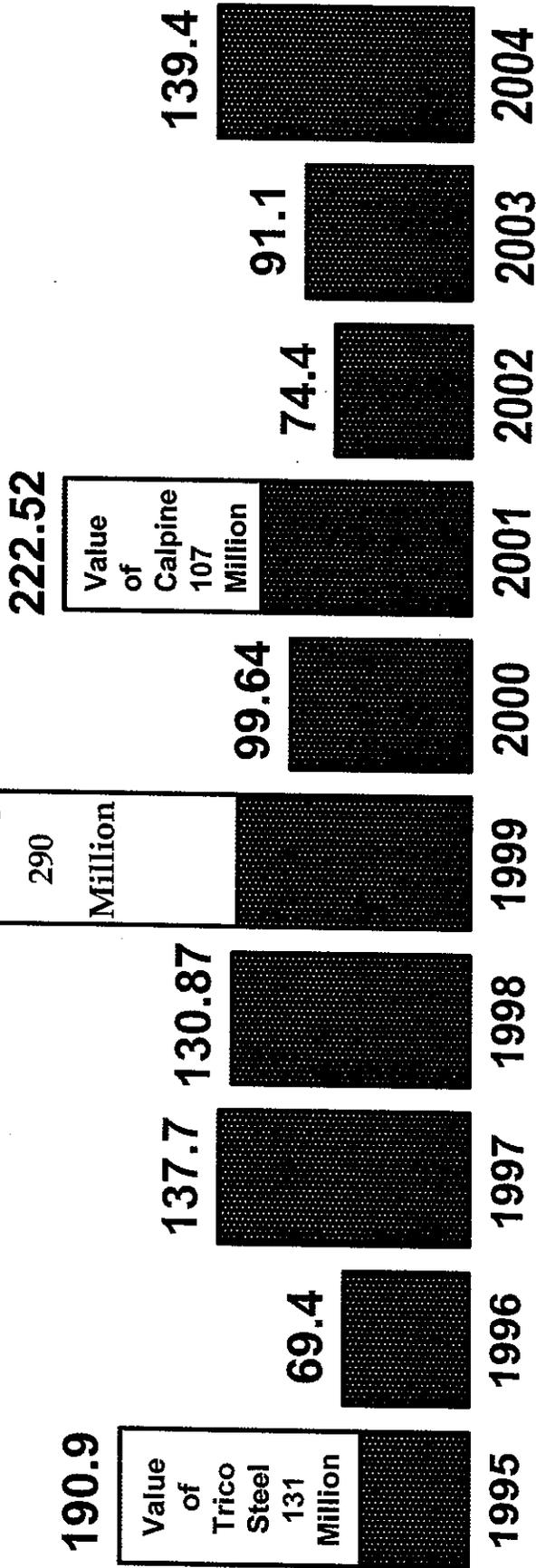
# City of Decatur

## Value of Building Permits

418

Dollars in millions

Unaudited



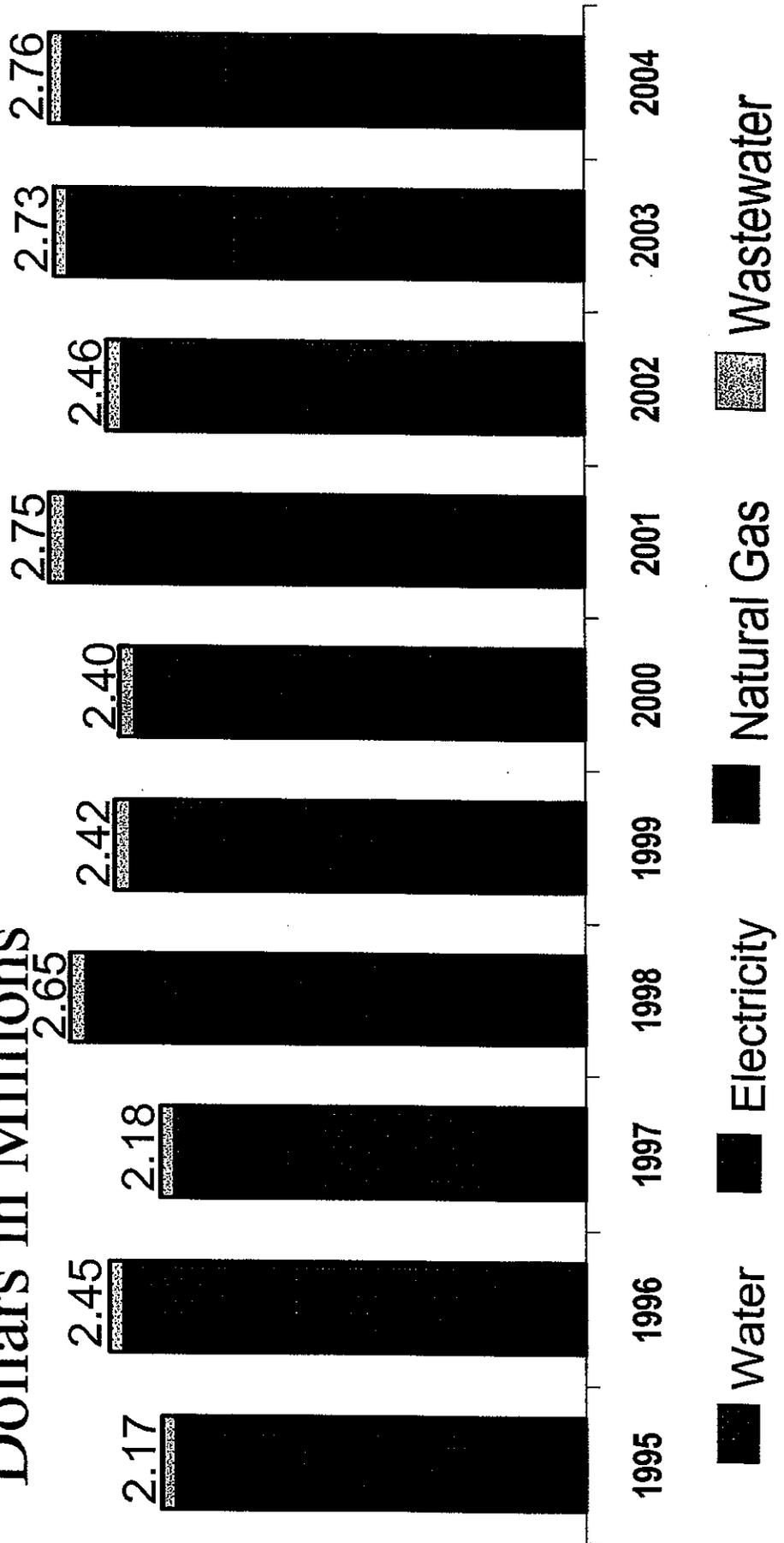
# City of Decatur

## Municipal Utilities Board

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
24.7	25	25.3	25.5	25.7	25.9	26.1	26.1	26.1	26	26.3
21.2	21.5	21.8	22.3	22.6	23	23.3	23.7	23.7	23.8	24.3
18.1	18.2	18.3	18.6	18.8	19	19.1	19.3	19.3	19.4	19.7
Connections in Thousands										
10.7	11.2	12	12.5	13	13.4	13.3	13.9	13.9	14.3	14.6
Unaudited										
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>— Electrical Connections</p> <p>— Water Connections</p> </div> <div style="width: 45%;"> <p>— Gas Connections</p> <p>— Wastewater Connections</p> </div> </div>										

# City of Decatur

## Tax Equivalent Paid by Utilities Dollars in Millions



# CITY OF DECATUR

## Tax Equivalent

### Paid by Municipal Utilities

#### Last Ten Fiscal Years

Description	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Wastewater	\$77,617	\$77,278	\$77,480	\$85,013	\$84,892	\$85,492	\$85,173	\$83,999	\$78,529	\$77,797
Water (City General Fund)	192,055	196,101	182,409	211,446	214,445	244,957	210,517	213,626	188,511	188,000
Water (School Fund)	281,056	286,978	266,940	309,434	313,822	358,473	308,073	312,624	256,919	275,122
Electric (City General Fund)	764,691	793,555	850,018	874,468	890,599	915,971	972,631	1,051,194	1,069,256	1,086,178
Electric (School Fund)	191,173	198,389	212,504	218,617	222,650	228,993	243,158	262,798	267,314	270,555
Natural Gas	668,336	898,988	598,889	951,314	695,301	565,925	933,364	538,289	870,558	864,101
TOTALS	\$2,174,928	\$2,451,289	\$2,188,240	\$2,650,292	\$2,421,709	\$2,399,811	\$2,752,916	\$2,462,530	\$2,731,087	\$2,761,753

# CITY OF DECATUR

## Schedule of Tax Revenue

	2004		2003
	GENERAL	SPECIAL REVENUE	TOTAL
<b>TAXES</b>			
Sales & Use	\$23,240,949	\$7,739,396	\$29,817,226
General Property	2,248,881	5,879,802	7,625,178
Automobile	403,033	846,295	1,256,098
Gasoline	872,696	- 0 -	903,686
Tobacco	307,972	251,728 <sup>(5)</sup>	333,968
Lodging	1,008,037	- 0 -	943,295
Franchise	504,440	- 0 -	534,412
Alcoholic Beverage	1,940,617	- 0 -	2,048,797
Insurance Premium Tax	535,270	- 0 -	510,417
Rental	1,145,779 <sup>(8D)</sup>	- 0 -	882,686
<b>TOTALS</b>	<b>\$32,207,674<sup>(5)</sup></b>	<b>\$14,717,219<sup>(8)</sup></b>	<b>\$44,855,763</b>

Source: City of Decatur Financial Records

# CITY OF DECATUR

## Tax Revenues Per Capita

Last Ten Years  
Unaudited

FISCAL YEAR	POPULATION (1)	TAX COLLECTED (2)	DOLLARS PER CAPITA
1995	53,000	31,252,242	590
1996	54,300	31,273,057	576
1997	54,815	33,106,542	604
1998	55,087	36,240,528	658
1999	56,138	38,321,009	683
2000	53,929 *	41,818,862	775
2001	54,723	41,920,257	766
2002	54,723	47,993,962	877
2003	55,809	49,937,832	895
2004	56,136	52,082,627	928

Source: Revenue Commissioner, Morgan County  
Finance Department, City of Decatur  
(1) Planning Department, City of Decatur  
\* Federal Census

(2) Beginning July 1991, includes \$.01  
Educational Tax levied by County  
and distributed to school systems.  
City Board of Education

# CITY OF DECATUR

## General Obligation Long-Term Debt

### September 30, 2004

The following schedule is a summary of the changes in general obligation long-term debt for the year ended September 30, 2004

(does not include long-term debt recorded on the books of the Municipal Utilities Board).

GENERAL OBLIGATION	BALANCE 9/30/2003	ISSUED FY2004	RETIRED FY2004	BALANCE 9/30/2004
Schools	17,480,000 ✓	0	2,165,000 ✓	15,315,000 ✓
Public Port & Infrastructure	3,945,000 ✓	0	765,000 ✓	3,180,000 ✓
Street Improvement	1,575,000 ✓	0	290,000 ✓	1,285,000 ✓
Municipal Capital Improvement	27,615,000 ✓	19,900,000 ✓	4,290,000 ✓	43,225,000 ✓
Carnegie	730,000 ✓	0	50,000 ✓	680,000 ✓
Princess	1,600,000 ✓	0	1,600,000 ✓	0 ✓
<b>TOTAL</b>	<b>\$52,945,000</b>	<b>\$19,900,000</b>	<b>\$9,160,000</b>	<b>\$63,685,000</b>

# CITY OF DECATUR

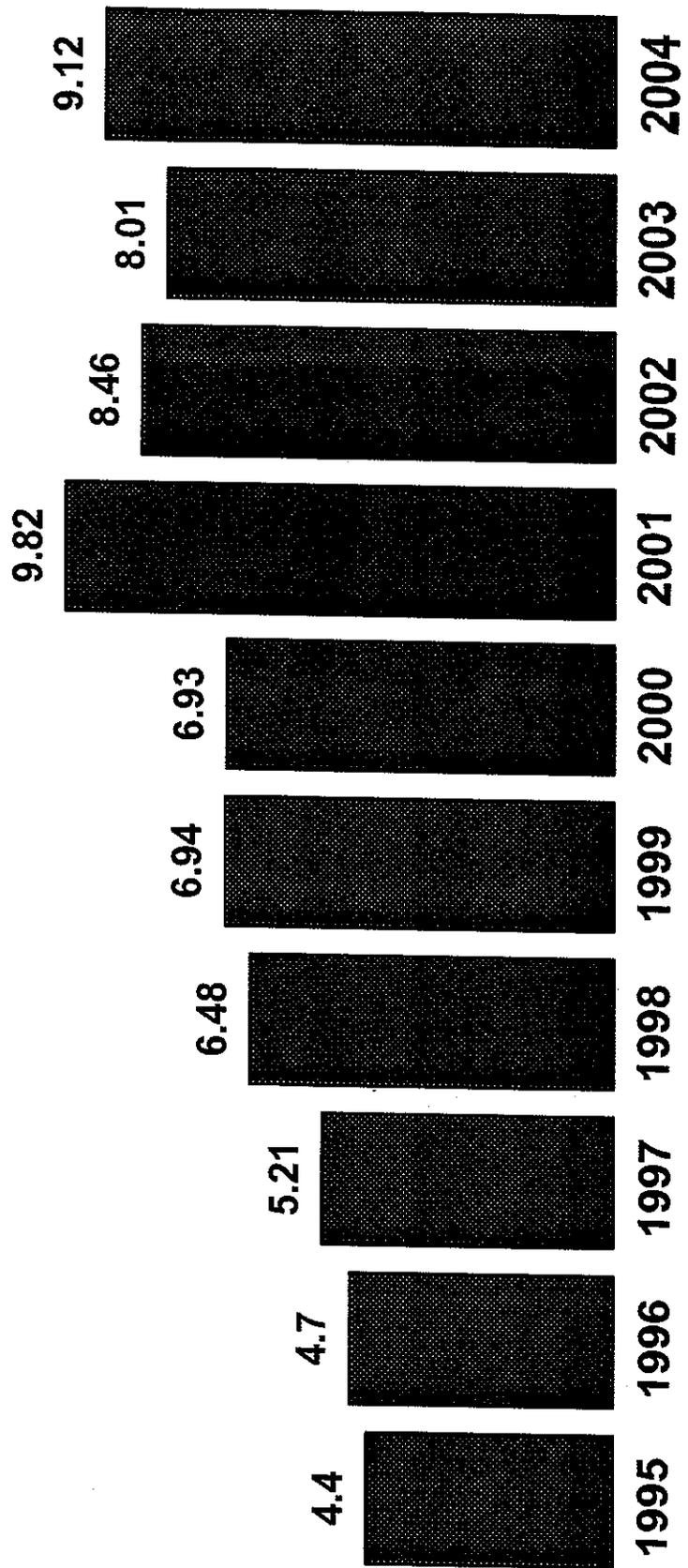
## Debt Service General Obligation Long-Term Debt

The following schedule shows debt service to maturity for general obligation bonds and warrants outstanding September 30, 2004. (does not include long-term debt recorded on the books of the Municipal Utilities Board).

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2005	5,120,000	2,806,490	7,926,490
2006	5,875,000	2,634,414	8,509,414
2007	5,450,000	2,418,486	7,868,486
2008	4,845,000	2,220,745	7,065,745
2009	4,045,000	2,059,083	6,104,083
2010	2,950,000	1,886,282	4,836,282
2011	3,105,000	1,745,131	4,850,131
2012	2,460,000	1,595,793	4,055,793
2013	2,575,000	1,476,946	4,051,946
2014	1,955,000	1,352,153	3,307,153
2015	2,055,000	1,255,409	3,310,409
2016	2,165,000	1,151,552	3,316,552
2017	2,285,000	1,041,018	3,326,018
2018	2,410,000	923,867	3,333,867
2019	2,545,000	799,723	3,344,723
2020	2,695,000	667,993	3,362,993
2021	625,000	527,862	1,152,862
2022	660,000	499,112	1,159,112
2023	690,000	468,588	1,158,588
2024	725,000	435,812	1,160,812
2025	760,000	401,375	1,161,375
2026	800,000	365,275	1,165,275
2027	840,000	327,275	1,167,275
2028	885,000	287,375	1,172,375
2029	930,000	245,338	1,175,338
2030	980,000	201,162	1,181,162
2,031	1,030,000	154,613	1,184,613
2,032	1,085,000	105,687	1,190,687
2,033	1,140,000	54,150	1,194,150
Totals	\$63,665,000	\$30,108,709	\$93,793,709

# City of Decatur

## Debt Service Expenditures Dollars in millions



# Morgan County

## Investments Created by New and Expanding

Industry  
Dollars in Millions  
Unaudited

1040

550.5

848

854

173

161

322

94

263

251

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004

# Morgan County

## Jobs Created by New and

Expanding <sup>3566</sup>

Industry

Unaudited

