

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

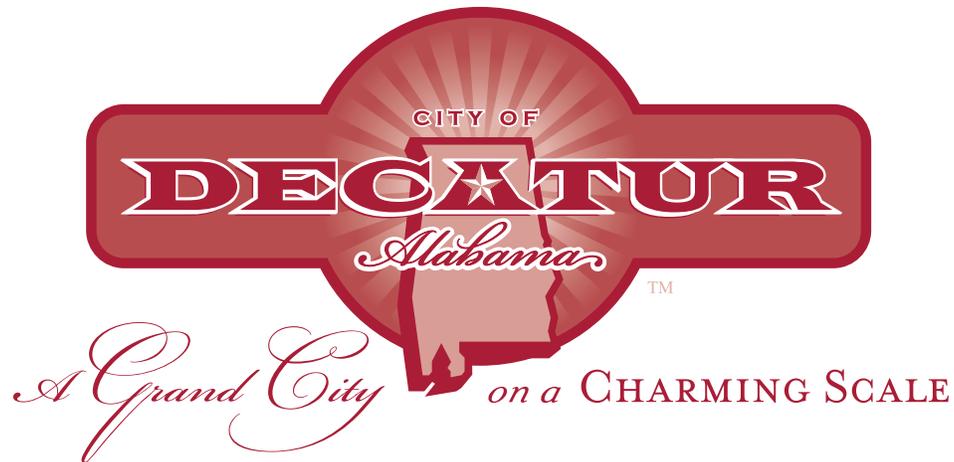
*of the*



FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30,  
**2013**

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

*of the*



FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30,  
**2013**



Government Finance Officers Association

**Certificate of  
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Presented to

**City of Decatur  
Alabama**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

**CITY OF Decatur**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2013**

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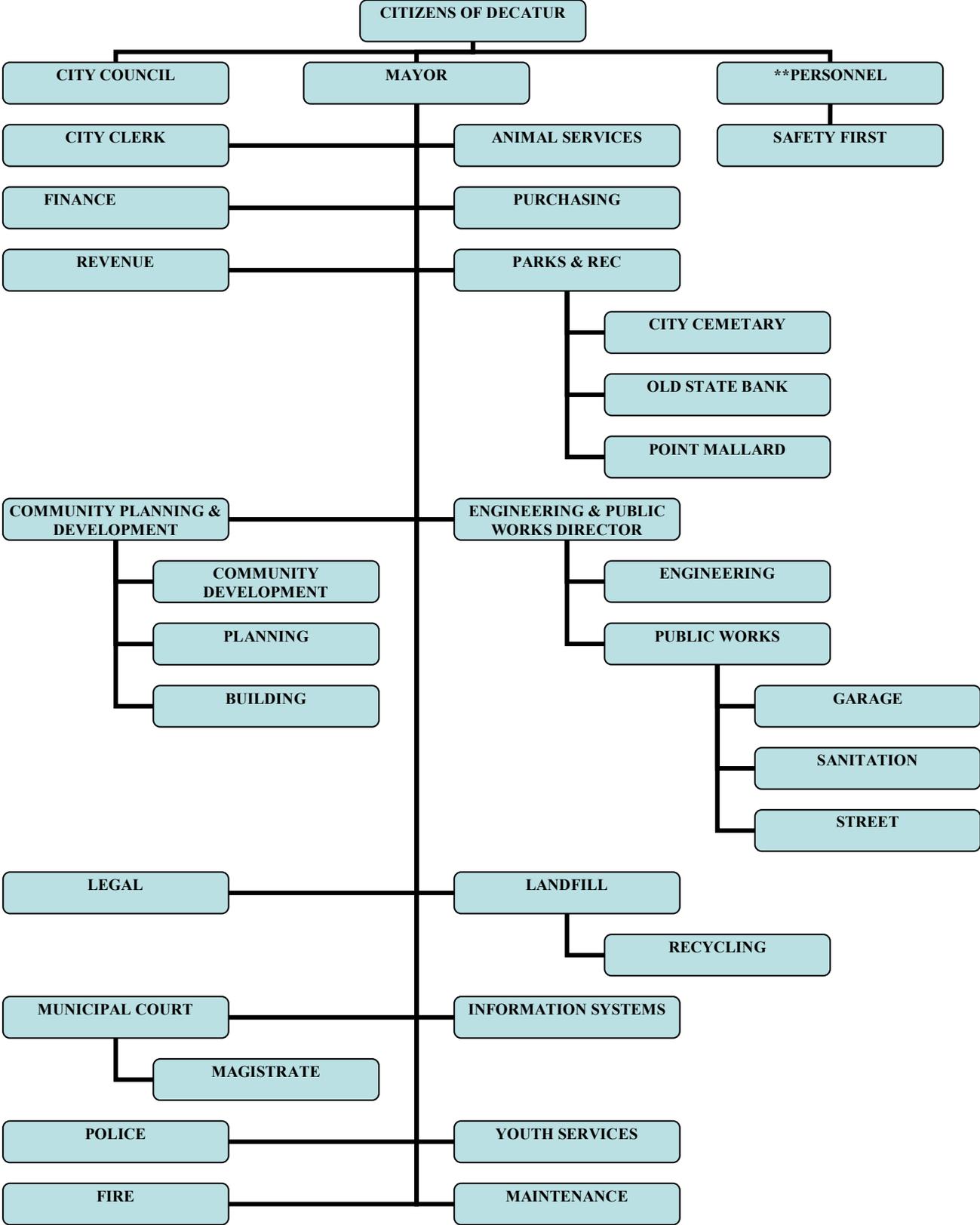
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# 2013 Organizational Chart



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

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## City / County Boards

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

# OFFICIALS OF THE CITY OF DECATUR

## MAYOR

**Don Kyle**

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## CITY COUNCIL

**Gary Hammon – President**

Roger Anders – President Pro Tempore  
Charles Kirby

Billy Jackson  
Chuck Ard

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## DEPARTMENT DIRECTORS

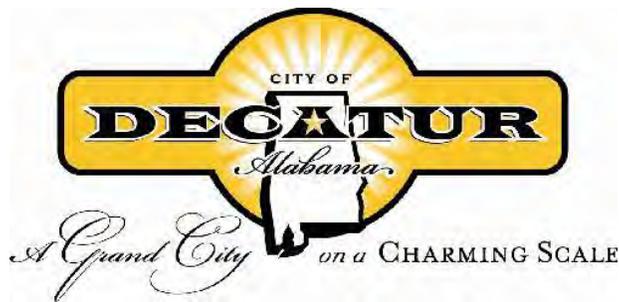
Animal Shelter  
City Attorney  
City Clerk  
City Engineer/Public Works Director  
Community Planning & Development  
Fire Chief  
Information Systems  
Municipal Judge  
Landfill  
Parks & Recreation  
Personnel  
Police Chief  
Youth Services

Carol Wicks  
Herman Marks  
Stacy Gilley  
Mark Petersohn  
Wally Terry  
Darwin Clark  
vacant  
Bill Cook, Jr.  
Rickey Terry  
Jeff Dunlap  
Ken Smith  
Ed Taylor  
Bruce Jones

## OTHER KEY PERSONNEL

Court Magistrate  
Finance Supervisor  
Maintenance Supervisor  
Old State Bank Coordinator  
Purchasing Agent  
Recycling Coordinator  
Revenue Administrator

Jessica Hayes  
Linda McKinney  
Kurt Johnson  
David Breland  
Laura Martin  
Emily Johnson  
Tina Boyles



March 27, 2014

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

The Comprehensive Annual Financial Report of the City of Decatur, Alabama, for the fiscal year ending September 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. This report including the exhibits and statistical data contained herein, has been prepared by the Finance Department of the City of Decatur in conformity with the standards established by the Governmental Accounting Standards Board and complies with accounting principles generally accepted in the United States of America (GAAP). We believe the data as presented is accurate in all material aspects, and that it is presented in a manner to fairly set forth the financial position and results of operations of the City.

An accounting system is designed to assemble, analyze, clarify, record and report financial data. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable but not absolute assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition, and (2) the valuation of costs and benefits requires estimates and judgments made by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Key controls are evaluated periodically by the City's finance department.

Alabama state law requires an annual audit to be made, in accordance with generally accepted auditing standards, of all books and accounts of the City by independent certified public accountants. This requirement has been complied with and the report of Beason & Nalley, Inc., Certified Public Accountants, for the fiscal year ended September 30, 2013 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 African American in population. An election was held August 23, 1988, on a "single member district" basis to fill all five places on the city council, elections continue to be held on this basis quadrennially.

The City of Decatur provides a full range of services. These include police and fire protection, sanitation services, the construction and maintenance of streets and infrastructure, recreational facilities (26 parks comprising 1,278 acres, 17 developed playgrounds, 46 tennis courts, 4 recreation centers, 35 ball fields, 3 pools, 4 golf courses both public & private, 62 acres of soccer fields), cultural events, community services, and general administrative services. Utility services are provided through a separate Municipal Utilities Board, which is a major proprietary fund included in the City's financial statements.

The city operates Point Mallard Park, a major 750 acre family recreation park on the Tennessee River, and home of America's first wave pool. In addition to the wave pool, there are water slides, a Kiddies water feature, Lazy River, 18-hole championship golf course, regulation size ice rink, and a campground with 233 full hook-up sites and 6 primitive tent sites. The City continues to make investments in the park to attract visitors to the area as well as serve the citizens of Decatur.

The City maintains budgetary controls to ensure compliance with legal provisions in the annually appropriated budgets adopted by the City Council. Activities of the general fund and special revenue funds are included in the budget process. 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. A formal amendment to the original budget is adopted after the Council reviews and approves changes at mid-year. All annual appropriations lapse at year-end.

### **Local economy**

The information in the financial statements is better understood when it is considered from the broader perspective of the specific environment within which the City of Decatur operates.

Decatur and Morgan County have a strong diversified industrial base built on the area's proximity to raw materials and easy access to markets. Transportation and Decatur's riverside location have played important roles in the county's history, especially in the development of business and industry. Fourteen of the top Fortune 500 companies and nine Global 500 companies are located in Decatur.

Decatur & Morgan County's new and expanding industry investment numbers for fiscal year 2013 continue to remain strong. There were twenty-three expanding companies which will create 341 new jobs and made investments of \$316,042,141 during the year. This continuing expansion helped the unemployment rate for Decatur to fall to 6.4% at fiscal year-end, the lowest level since 2008.

Based on 2012 calendar year numbers, the Alabama Development Office ranked Morgan County #2 in the state for expanding investment, and #4 in overall investment. Of particular note are: AlphaPET with a \$190 million expansion will double its production capability with a new building, machinery, and 75 new jobs. AlphaPET manufactures materials used in plastic beverage containers and will have almost 200 employees after the expansion. 3M announced in September 2013 an \$11.2 million investment to improve existing facilities for the production of fine chemicals. Fine chemicals are small-volume, very high-dollar products. Thirteen new jobs will be created with this new venture.

Decatur is proud to be the location for the 800-employee manufacturing, assembly, and integration location of United Launch Alliance's (ULA) Delta and Atlas rockets. ULA remains the key to America's access to space. In June 2013, ULA was awarded a \$1.1 billion contract by the U.S. Defense Department to build seven rockets by 2015. The rockets will launch satellites for the Air Force and the National Reconnaissance Office.

Calhoun Community College annexed into the City of Decatur in December 2012. With 11,186 students enrolled for Fall 2013, Calhoun remains Alabama's largest two-year college and the 6th largest higher education institution (two-year and four-year) in the state. The campus sits on 114 acres, with about 616,840 square feet of building space valued at \$114 million.

The Alabama Center for the Arts, a partnership of Calhoun Community College and Athens State University, opened for classes in August 2012. The \$8.5 million visual arts center was a new 43,000 square foot, three-story building on Second Avenue. The second phase of the Arts College's funding is in place and architectural drawings are being prepared for the \$10 million 45,000 square-foot drama and music center to be located adjacent to the visual arts building.

In August 2013, the Alabama Department of Mental Health transferred ownership of the closed Lurleen B. Wallace Development Center to the Alabama National Guard. \$10 million will be invested in the 160 acre property that will serve as a site for regional multi-state National Guard field training exercises. It will feature barracks, a medical facility, a dining facility, a fitness center, and classrooms. An additional \$4 million will be invested in the existing armory in Decatur. Alabama has the sixth-largest Guard in the nation with more than 11,000 soldiers.

The Arts and Entertainment (A&E) District located downtown began in June to allow patrons to purchase and consume alcohol in outside venues. The area encompasses 90 acres around the Second Avenue and Bank Street shopping districts. In addition, the new A & E District has brought even more patrons downtown through monthly 3<sup>rd</sup> Friday block parties which include various entertainment from street musicians and performers.

### **Long-term financial planning**

Tourism continues to be a major focus of development. Point Mallard Water Park received an investment of \$2.7 million in a new Lazy River water feature with over 1000 feet of relaxing waterway. Another \$1 million in improvements to the water park included resurfacing of the Olympic pool, new waterslides, a new pavilion with restrooms and concessions, and parking lots.

Decatur Utilities plans to undertake \$48 million in upgrades over the next three years for its water and wastewater infrastructure to ensure regulatory compliance and reliability for residential, commercial, and industrial customers. These upgrades include valve replacement at the water stations, new lift stations for the wastewater, and new sewage lines.

The City of Decatur and Morgan County have entered into a long term agreement relating to the construction and operation of a correctional facility to be operated by the sheriff and owned by the County. The agreement will allow the City to stabilize inmate housing costs and personnel expenses related to the operation of the jail. As a result of the agreement there will also be better utilization of space at City Hall and technology enhancements will aid Municipal Court in their operation.

Phase one of the Beltline Sewer project was primarily completed during the fiscal year. \$2.3 million of the \$6.5 million 2011 bond issue has been spent. Decatur's long range plan calls for the annexation of property in the area around the intersection of Hwy 67 (Beltline Road) and Gordon Terry Parkway and going west to Hwy 20 following Hwy 67. This area was identified by our Planning department as the highest priority area due to the potential for producing future revenues.

### **Relevant financial polices**

City Council approved the General Fund reserve policy in 2000 to provide a minimum of three months operating funds held in reserve for future general contingencies. Updated in 2010 with the new fund balance categories, unassigned fund balance of at least 10% of current year budgeted annual revenues plus committed fund balance of \$8.6 million combine to fulfill this requirement to hold three months of budgeted expenses in reserve.

In November 2011, the City Council approved the resolution to pay off The Crossings development debt from General Fund money in excess of reserves. Revenue from the development originally dedicated to its debt service is now dedicated to be available to support General Fund reserve policy and then to pay debt service on operating capital and major maintenance requests for General Fund departments.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Decatur for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles and applicable legal requirements

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

The preparation of this report is possible because of the efficient and dedicated service of the entire staff of the Finance Department, particularly that of retired Finance Supervisor, Joy Hill. We wish to express our appreciation to our independent auditors, especially Jeremy Jefferys, CPA and Casi Poslajko, 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 sound and responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Linda McKinney", with a long, sweeping horizontal line extending to the right.

Linda McKinney  
Finance Supervisor

## **FINANCIAL SECTION**



## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Alabama (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Decatur's Board of Education ("Board of Education"), which is a component unit of the City, or the financial statements of the Municipal Utilities Board Enterprise Fund ("Utilities Board"). The Board of Education's financial statements represent 100 percent, of the assets, net assets, and revenues of the discretely presented component units. The Utilities Board's financial statements represent 89.6 percent, 87.0 percent, and 92.9 percent, respectively, of the assets, net position, and revenues of the enterprise funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based on the report 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

[www.beasonnalley.com](http://www.beasonnalley.com)

## 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and The Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

As described in Notes 1F to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

As also described in Note 5G to the financial statements, the City has recorded prior period adjustments which affected the beginning net assets of the governmental activities of the primary government.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 3, and budgetary comparison information, on page 20, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Alabama's basic financial statements. The introductory section, supplementary information section, and statistical section, as listed in the table of contents, and collectively referred to as supplementary information as follows, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

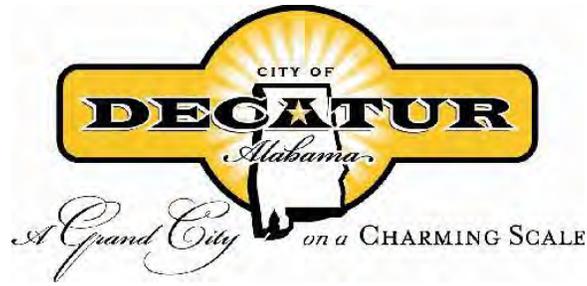
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the City of Decatur, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Decatur, Alabama  
March 27, 2014



## Management's Discussion and Analysis

As management of the City of Decatur (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the challenges of the coming and subsequent years), d) identify any material deviations from the financial plan (the adopted budget) and (e) identify individual fund issues or concerns.

Because the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and known facts, we encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

### 2013 Highlights

#### Financial Highlights

- The total net position of the City is \$281 million. Of this amount, \$(2.2) million from governmental activities is considered unrestricted and is mainly the result of the increased liability for the other post employment benefits (OPEB) obligation.
- The unrestricted net position of the business-type activities is \$47.2 million and may be used to meet the ongoing obligations of the business-type activities.
- The City's net position increased by \$2.8 million (or 1.0%). The governmental net position decreased \$3.5 million (or 9.3%) and business-type net position increased by \$6.3 million (or 2.6%).
- The governmental activities revenues decreased \$1.1 million (or 1.3%) due in large part to fewer capital grants despite an overall increase in sales tax from the previous year. Total expenses of governmental activities increased \$1.7 million or 2.1% due in part to increases in the number of constructions projects related to streets and sewer expansion during the current year.
- As of September 30, 2013, the governmental funds reported a combined ending fund balance of \$29.6 million, a decrease of \$1.6 million from the prior year. Of the ending fund balance, \$8.8 million is unassigned and available to finance the activities of the governmental funds and \$19 million committed or assigned to meet existing obligations.
- The General Fund reported a fund balance of \$21 million and \$9.4 million of this amount is available for any purpose. The fund balance increased \$942 thousand from the prior year.
- The policy of the City is to at all times maintain a minimum reserve of 3 months (90 days) General Fund operating expenses. This policy includes 10% unassigned budgeted revenues. \$8.6 of the \$10.9 million committed fund balance is related to this reserve. At fiscal year-end, there were sufficient funds to meet the reserve and exceed the requirement by \$4.6 million or a total of 121 operating days of expenses in reserve.
- The City's total debt increased by \$40.3 million during 2013. Debt of the governmental activities declined by \$4.3 million with principal reduction. Business-type activities increased by \$44.6 million due to the issuance of \$48.8 million in revenue bonds for improvements in the Water and Wastewater Systems exceeding overall principal reductions of \$4.3 million during the year.

## Management's Discussion and Analysis- Continued

### City Highlights

- Council approved a 30-year water contract with Limestone County to sell water through a pipeline project under the Tennessee River.
- Twenty-three expansions of existing companies within the City and Morgan County were announced during the year for a total investment of \$316 million and 341 new jobs.
- The Arts and Entertainment District began in the summer to allow patrons to purchase and consume alcoholic beverages in outside venues. The downtown area includes Second Avenue and Bank Street shopping districts.
- The new \$200,000 Amphitheatre at Founders Park had its groundbreaking in May. The location at the Old State Bank will be available for concerts downtown and performances by the Alabama Center for the Arts.
- Calhoun Community College with its 616,840 square feet of buildings and 114 acres in Limestone County annexed into the City in FY 2013. The \$8.4 million Fine Arts building opened for classes in downtown in August 2012 and funding for the adjacent \$10 million 45,000 square foot music and drama building has been approved by the State.
- The National Guard announced a \$10 million investment in 160 acres to create a regional, multi-state training facility and another \$4 million to improve the existing local armory.
- City of Decatur and Morgan County entered into a multi-year agreement for the City to acquire space in the new jail facility. The agreement will stabilize the cost of housing inmates and corrections personnel expenses over the next twenty years.
- A new retail complex with Kohl's department store as its anchor opened in March at the intersection of Hwy 31 and Hwy 67 and new retail stores have filled the complex during the year.
- Carmike Cinemas opened in March with a 12-screen, 2300 seat 3-D "Big D" auditorium. The movie theatre is located in the Decatur Mall on the Beltline. Also on the Beltline, Red Lobster is investing \$365 thousand in renovations at their current restaurant, and Buffalo Wild Wings announced their plans to construction a new facility. Mellow Mushroom opened their new downtown restaurant in March. On Sixth Avenue, the new Wal-Mart Neighborhood Market opened in April, Hardees's new restaurant was under construction, and Zaxby's purchased land for their second location.
- Wheeler National Wildlife Refuge held its first Festival of the Cranes to kick-off a year-long celebration of their 75<sup>th</sup> anniversary. This 35,000 acre refuge attracts thousands of wintering waterfowl each year, including a small number of the endangered whooping crane. Each year thousands of visitors come to the refuge to experience recreational opportunities including wildlife observation, photography, fishing, hunting, hiking, boating and educational exhibits.
- Decatur's Park and Recreation venues were host to numerous athletic tournaments for softball/baseball, tennis, soccer and fishing. Also, the 2<sup>nd</sup> annual Dragon Boat Race, benefitting the Decatur Morgan Hospital Foundation, was held at Point Mallard. Around 7,000 people, including 77 teams of 25 people each, attended this event.

### USING THIS ANNUAL REPORT

#### Overview of the Financial Statements

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

## Management's Discussion and Analysis- Continued

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

The government-wide financial statements can be found on pages 15 through 16 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 seventeen 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 fifteen 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 17 through 19 of this report.

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

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

- The Municipal Utilities Board Fund is considered to be a *major* proprietary fund of the City, and information is presented separately in the *proprietary statement of net position* and in the *proprietary fund statement of revenues, expenditures, and changes in net position* 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 21 through 23 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 27 through 60 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for most of its governmental funds, a comparison of budget to actual results is provided for these funds to demonstrate compliance with the budget. This information and the combining nonmajor funds statements referred to earlier can be found beginning on page 72 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. Overall, the City's assets exceeded liabilities by \$281.4 million at the close of the most recent fiscal year.

The largest portion of the City's net position (62.2 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 position (21.8 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).

## Management's Discussion and Analysis- Continued

The remaining balance of unrestricted net position is \$45 million, which consisted of \$(2.2) million from governmental activities and \$47.2 million from business-type activities.

The positive unrestricted net position 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 Position (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$36,523	\$38,753	\$ 129,491	\$81,640	\$166,014	\$ 120,393
Capital assets	79,613	80,742	222,080	222,143	301,693	302,885
Total assets	116,136	119,495	351,571	303,783	467,707	423,278
Deferred outflows of resources	1,097	1,210	-	-	1,097	1,210
Long-term liabilities outstanding	76,741	76,233	84,886	39,948	161,627	116,181
Other liabilities	6,499	6,973	19,236	22,718	25,735	29,691
Total liabilities	83,240	83,206	104,122	62,666	187,362	145,872
Deferred inflows of resources	1	17	-	-	1	17
Net position:						
Invested in capital assets, net of related debt	33,080	33,976	141,973	186,703	175,053	220,679
Restricted	3,145	5,659	58,289	8,839	61,434	14,498
Unrestricted	(2,233)	(2,153)	47,187	45,575	44,954	43,422
Total net position	\$33,992	\$ 37,482	\$ 247,449	\$241,117	\$281,441	\$ 278,599

Net position from governmental activities decreased \$3.5 million in fiscal year 2013 which was mainly due to a decrease in cash and cash equivalents with capital projects such as the Beltline Sewer project that consumed \$1.8 million in cash. The 2012 Capital Projects fund spent \$1.6 million with transfers to Point Mallard for the Water Park improvements and the Library renovation. Cash in General Fund increased \$1.9 million to replenish the \$2 million that was spent in 2012 to pay off The Crossings debt. Revenues for the General Fund remained comparable to 2012 with an overall increase of \$190 thousand or .3%. Expenditures for the General Fund increased by \$946 thousand compared to FY 2012 and revenues exceeded expense by \$1.9 million. Transfers out to other funds for their expenses further reduced cash in General Fund by an additional \$962 thousand. Intergovernmental expenses in School Fund increased \$269 thousand which reflects a positive revenue increase for the Board of Education from sales tax and property tax. Net position from business-type activities increased \$6.3 million due in part to the \$48.8 million in new warrant issues. Decatur Utilities made upgrades and improvements at the wastewater treatment plant along with other system improvements in the collection side.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	21,368	\$20,978	149,130	\$ 149,378	\$170,498	\$ 170,356
Operating grants & contributions	1,132	1,151	-	-	1,132	1,151
Capital grants & contributions	396	2,295	740	986	1,136	3,281
General revenues:						
Sales taxes	36,228	35,762	-	-	36,228	35,762
Property taxes	11,568	11,426	-	-	11,568	11,426
Other taxes	8,492	8,511	-	-	8,492	8,511
Interest on investments	135	125	209	221	344	346
Forgiveness of Long-term debt	-	-	-	8,798	-	8,798
Other	749	906	61	-	810	906
<b>Total revenues</b>	<b>80,068</b>	<b>81,154</b>	<b>150,140</b>	<b>159,383</b>	<b>230,208</b>	<b>240,537</b>
Expenses:						
General government	4,955	5,044	-	-	4,955	5,044
Public safety	22,959	21,944	-	-	22,959	21,944
Public works	8,129	7,609	-	-	8,129	7,609
Public services	10,165	10,437	-	-	10,165	10,437
Intergovernmental assistance	27,711	25,840	-	-	27,711	25,840
Community service contracts	2,401	2,740	-	-	2,401	2,740
Community development	1,026	1,751	-	-	1,026	1,751
Personnel Board	574	595	-	-	574	595
Interest on long-term debt	1,911	2,147	-	-	1,911	2,147
Unallocated depreciation	2,507	2,575	-	-	2,507	2,575
Municipal Utilities Board	-	-	134,134	132,445	134,134	132,445
Other	-	-	10,894	10,275	10,894	10,275
<b>Total expenses</b>	<b>82,338</b>	<b>80,682</b>	<b>145,028</b>	<b>142,720</b>	<b>227,366</b>	<b>223,402</b>
Increase in net position before Transfers	(2,270)	472	5,112	16,663	2,842	17,135
Transfers	(1,220)	(3,091)	1,220	3,091	-	-
<b>Increase in net position</b>	<b>(3,490)</b>	<b>(2,619)</b>	<b>6,332</b>	<b>19,754</b>	<b>2,842</b>	<b>17,135</b>
Net position - beginning of year	37,482	40,101	241,117	221,363	278,599	261,464
Net position - end of year	\$ 33,992	\$ 37,482	\$247,449	\$ 241,117	\$ 281,441	\$ 278,599

## Management's Discussion and Analysis- Continued

**Governmental Activities.** Revenues from governmental activities decreased \$1.1 million (1.3 percent) during 2013. Capital grants decreased \$1.9 million from FY 2012 due primarily to the Second Avenue Streetscape project. The changes were significant as the local economy continues to stabilize with expanding industry and new retail; we have noted some of these below:

- Sales taxes increased \$466 thousand or 1.3 percent and continues to strengthen. Local industries continued to invest in plant expansions and the overall workforce grew in FY 2013 which created consumer optimism and increased spending that we expect to continue as new retail opens.
- Property taxes increased \$142 thousand or 1.2 percent due to annual property value re-appraisals that reflect prior year values and some industrial property abatements that ended.
- Lodging taxes decreased \$69 thousand or 6% compared to 2012, but is comparable to 2011. There were fewer construction workers than in 2012 as some industrial expansions were finished. A large fishing tournament in 2012 did not return in 2013 and fewer business travelers due to the International Paper closure were some factors in the reduced revenue.
- Alcoholic beverage taxes decreased \$31 thousand or 1.7%. Another municipality in the county began alcohol sales mid-year that affected alcohol sales in Decatur. Although the new Arts and Entertainment District began in the summer, more rainfall than normal and cooler weather affected beer sales.
- Charges for Services increased \$391 thousand or 1.9% largely due to the state shared revenue from the oil and gas wells off the state coast. The \$1.2 million payment helped to mitigate the reductions in the payment-in-lieu-of-tax from the local utilities and TVA due to the mild winter, and cooler, wet summer.

Expenses of governmental activities increased \$1.7 million or 2.1% over 2012. A significant portion of this increase in Public Safety was related to the personnel expense of Police and Fire. As a result of the Cops Hiring and SAFER grants, the ranks have expanded, grants have ended, and attrition has decreased. Public Works increased 6.8% due primarily to the on-going construction of the Beltline Sewer project that had \$1.1 million more in expense than 2012. Community service contracts decreased as the final payment of \$300 thousand in 2012 completed the appropriation to the Downtown Arts Center. Intergovernmental assistance also increased \$1.87 million primarily due to the \$1.25 million increase in the OPEB obligation. Community Development expenditures decreased by \$724 thousand primarily due to the decrease in reimbursement from the SAFER grant of \$532 and the decrease in CDBG expenditures of \$511 thousand. The decrease is only \$724 thousand primarily because of increased expenditures of Riverview Drive of \$149 thousand and Second Avenue Streetscape of \$161 thousand.

**Business-Type Activities.** Revenues from business-type activities decreased \$9.2 million (5.8 percent) which is attributable to decreases within the Municipal Utilities Board. The majority of the decrease was due to the forgiveness of long term debt for the Water and Wastewater systems in 2012. The Alabama Drinking Water Finance Authority loaned the Water System \$6.8 million with funds made available by the American Recovery and Reinvestment Act (ARRA). Of this amount, \$3.6 million was forgiven and recorded as forgiveness of long-term debt. The Alabama Water Pollution control Authority loaned the Wastewater System \$15.6 million with funds also made available by the ARRA. \$5.1 million was forgiven when Decatur Utilities issued warrants for both projects when warrants were issued in 2012. Electric System Operating Revenues were down \$1.7 million or 1.84% from prior year due to a mild and wet summer. The Gas System revenues increased \$2.13 million or 13.6% above FY 12 with volumes up significantly. A mild winter negatively affected 2012 volumes. From fiscal year 2012 to 2013, operating revenues decreased 5%. Current year volumes were down and influenced significantly by the mild and wet summer. Sales volumes were the lowest in the past ten years. Additionally, other operating expenses were up 13.1%. A new joint cost study effective in 2013 caused more payroll and related expenses to be allocated to the Water System. In the Wastewater System, treatment expense was up 5.88% due primarily to increased chemical costs.

## Management's Discussion and Analysis- Continued

### Financial Analysis of the Governments Funds

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned, assigned, and committed fund balance categories may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balances of the City's governmental funds as of September 30, 2013 were \$29.7 million, which was a decrease of \$1.6 million from the 2012 fiscal year. Of this amount, \$28 million constitutes unassigned, assigned, and committed fund balance, which is generally available for spending at the City's discretion, although it is subject to certain commitments made within each fund by the City Council.

Fund balance of General Fund increased \$942 thousand. The increase is due primarily to the revenues exceeding expenses. In 2012, \$2.5 million of fund balance money in excess of the reserve was used to pay off The Crossings debt. Revenue had a modest increase of \$190 thousand or .3%, and total expenditures increased by \$946 thousand or 1.9%. The School Fund has a zero fund balance as all funds are now remitted to the Board of Education since their debt has paid off. The Room Occupancy Fund has a negative fund balance of \$2.5 million which is reflective of the internal loan of \$2 million from General Fund and \$1.6 million from the Landfill Fund to finance the construction of the \$3.6 million Ingalls' Harbor Pavilion. The loan is to be repaid by the Room Occupancy Fund over the course of fifteen years from its \$2 per room night charge through the Hospitality Association. Fund balance for the Heritage Trust Fund increased \$960 thousand as a result of the unusually large state shared revenue payment of \$1.25 million in 2013.

The General Fund is the primary operating fund of the City. The unassigned, assigned, and committed fund balance of the General Fund was \$21 million, but \$1.6 million of this amount has been earmarked by management for special purposes.

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

The net position of the enterprise funds increased \$5.7 million. \$4.7 million increase in utility plant in service and \$51 million increase in revenue warrant covenant accounts with the corresponding liability from the warrant issues as Municipal Utilities Board continues to upgrade their equipment.

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.** Original FY13 revenue budget was \$1.6 million (3%) above FY12, due primarily to the strength of the sales tax trend and the new retail businesses slated to open during the year. Sales tax represented 48.84% of the amended revenue budget, but was \$319 thousand or 1% below budget. New retail venues, Carmike Theatre, Kohl's, and Mellow Mushroom slated to open in the fall of 2012 did not open until spring of 2013. Other taxes that exceeded budget were the rental tax that exceeded its amended budget by \$16 thousand due in part to uniform rentals from new employees in the industrial plant expansions, and the franchise tax for new 4G service towers installed during the year exceeded its original budget by \$109 thousand. In anticipation that an adjacent town was to begin alcohol sales this year, the original budget for beer tax was \$185 thousand less than FY 2012. However, sales remained strong, amended budget was increased

## Management's Discussion and Analysis- Continued

by \$200 thousand, and actual revenue exceeded the amended number by \$10 thousand. Some of the increase is attributed to the new Arts and Entertainment District's outdoor consumption regulation and downtown attractions.

Automobile tax continued its upward trend of increasing revenue to finish \$21 thousand above budget. Business licenses fees are based on prior year actual sales and original budget was \$272 thousand or 5% above prior year amended budget. Municipal Court has experienced a back log of cases and collections due to on-going staff replacement and training. At mid-year, revenues were adjusted down. As staff replacement and training gained momentum, case dockets and collections increased and surpassed budget expectations by \$84 thousand. Soccer tournaments, softball tournaments, and fishing tournaments at the Parks and Recreation facilities increased their charges for services by \$67 thousand over projections. State shared revenues exceeded their budget by \$129 thousand due to the financial institution excise tax which is remitted from the State of Alabama. The budget is conservative as the State will not release an estimate. Residential and commercial gas volumes increased significantly the gas revenues for Decatur Utilities which increased their tax equivalents transfers to the City. TVA adjustments late in the year also increased revenue.

Expenditures were below budget by most departments due to good management by the Department Directors. Exceptions of significance were the Sanitation Department which was \$152 thousand over budget due to repair expense for their aging fleet and increased fuel costs. Success of the City's recycling program helped reduce the cost of landfill dumping charges in Sanitation by \$55 thousand and mitigate the impact to the department's budget. The Workman's Compensation line item was exceeded by \$45 thousand due to more claims and one larger settlement. Operating transfers out exceeded its budget by \$88 thousand due to a transfer to support Point Mallard fund. Although the Lazy River project was in operation and helped increase interest in the water park, the summer was one of record rainfall and cooler weather which affected attendance. The contract with the Convention and Visitors Bureau is based on 75% of the 6% lodgings tax and exceeded its projected number by \$6 thousand due to sporting events scheduled late in the fiscal year. Newly elected mayor and councilmen attended more training than anticipated which increased their expenses by \$4 thousand. Engineering had more extensive revisions for the Bike Trail at \$4 thousand, Cemetery personnel benefits increased by \$5 thousand, and Youth Services Department had increased attendance at their programs and their contract services which caused the \$6 thousand overage.

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for governmental and business-type activities as of September 30, 2013, totals \$302 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 decreased \$1.8 million in 2013. Those used for governmental activities decreased by \$1.1 million. Capital assets used for business-type activities decreased by \$668 thousand.

Major Capital events during the fiscal year included the following:

- \$378 thousand was spent on Police vehicles including ten new patrol cruisers
- Fire Department purchased \$334 thousand in fire vehicles
- \$236 thousand was spent for two loader trucks for the Sanitation Department
- \$313 thousand purchased 9 new mowers for the Parks and Recreation Department
- \$502 thousand in energy saving renovations at the Public Library included a new HVAC system and window tinting
- \$40 thousand was spent on renovations for the Sanitation building
- 5.87 acres were purchased for \$48 thousand to develop a new ball field for Parks and Recreation
- \$29 thousand was spent on two pavilions and a parking lot for Parks and Recreation

## Management's Discussion and Analysis- Continued

- \$54 thousand in site assessment and architectural plans for the historic Vine Street railroad depot rehab
- \$94 thousand completed the HVAC system for the Aqua Dome for Parks and Recreation
- \$30 thousand for renovations for two department floors in City Hall
- \$208 thousand was spent from the Capital Fund for various street and drainage projects around the city.
- \$122 thousand purchased service vehicles for various city departments
- \$96 thousand was spent on a new concessions building with bathrooms at Butch Matthews ball field
- \$172 thousand continued the work on the bike trail that connects city parks
- Landfill purchased \$132 thousand in equipment and vehicles
- Point Mallard spent \$2.7 million for the Lazy River attraction and \$1 million for other water park improvements.
- \$168 thousand was spent on Riverview Street to improve industrial access for a plant expansion

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$10,117	\$10,084	\$4,099	\$3,955	\$14,216	\$14,039
Land improvements	12,447	13,418	-	-	12,447	13,418
Buildings and improvements	20,321	20,319	12,331	9,799	32,652	30,118
Infrastructure	27,570	29,441	-	-	27,570	29,441
Construction in process	5,135	3,878	4,596	4,268	9,731	8,146
Machinery and Equipment	4,022	3,602	2,591	2,922	6,613	6,524
Utility plant-in-service	-	-	198,463	201,804	198,463	201,804
<b>Total</b>	<b>\$79,612</b>	<b>\$80,742</b>	<b>\$222,080</b>	<b>\$222,748</b>	<b>\$301,692</b>	<b>\$303,490</b>

Additional information on the City's capital assets can be found in Note 4B on pages 39 through 40 of this report.

**Long-term debt.** As of September 30, 2013, the City had \$135.3 million of long-term debt outstanding. Of this amount, \$54.8 million is debt backed by the full faith and credit of the City and \$80.5 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (utility system debt). Long-term debt of the governmental activities decreased by \$4.25 million or 7%. This reduction was attributable to the annual principal payments especially the \$1.575 payment on the 2009B School Warrants which was paid off in 2013. Long-term debt of the business-type activities increased by \$44.5 million (123 percent). Decatur Utilities and the city issue revenue bonds primarily to finance improvements to the Water and Wastewater Systems. These bonds are repaid from revenues derived by DU from operation of the Systems. \$10.4 million in revenue bonds were issued for Water System improvements and \$37.1 million in revenue bonds for Waste Water Systems improvements. Additionally, the School System has debt of \$55.8 million in capital outlay warrants, for which the School System's ad valorem tax payments are pledged and which is not an obligation of the City of Decatur. Series 2013 Warrants were issued primarily to advance refund the Series 2005 Warrants and provide an additional \$6 million for capital improvements. The School System has also issued additional warrants of \$7.9 million in capital outlay warrants, for which the School System has pledged local taxed and public school funds and which are also not obligations of the City of Decatur

## 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	
	2013	2012	2013	2012	2013	2012
General obligation warrants	\$54,779	\$59,029	\$ -	\$ -	\$54,779	\$59,029
Revenue warrants	-	-	80,545	35,995	80,545	35,995
Capital leases	-	-	-	-	-	-
<b>Total</b>	<b>\$54,779</b>	<b>\$59,029</b>	<b>\$80,545</b>	<b>\$35,995</b>	<b>\$135,324</b>	<b>\$95,024</b>

The City's general obligation bond rating by Standard & Poor's Corporation and Moody's Investor Services, Inc. are "AA" and "Aa2", 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, 2013, the City's allocable debt outstanding was \$70.3 million less than the legal debt limit.

Additional information regarding the City's long-term debt can be found in Note 4E on pages 43 through 48 of this report.

#### 2014 Budget

The Mayor and City Council have considered many factors in the development of the fiscal year 2014 budget. The approach to the budget process has been one of conservatism. Revenue projections are based on estimates from the source of the revenue as well as trend analysis, historical data, and the current economic conditions with an overall increase of 1%. Department expenditures were level funded in operations to accommodate normal salary increases. Management believes revenues and expenditures will meet overall budgetary goals.

#### Request for Information

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mayor Don Kyle, P.O. Box 488 Decatur, Alabama 35602, by calling (256) 341-4501, or by sending an email to the mayor [dkyle@decalur-al.gov](mailto:dkyle@decalur-al.gov). This report and other City financial information are available on the City's website at [www.decaluralabamausa.com](http://www.decaluralabamausa.com).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DECATUR**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**

	<b>Primary Government</b>			<b>Component Units</b>
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash & investments, at cost	\$ 31,622,573	\$ 52,716,484	\$ 84,339,057	\$ 30,694,912
Receivables (net of allowances)	4,523,837	15,479,459	20,003,296	-
Due from governmental entities	1,159,491	-	1,159,491	18,311,288
Inventories	13,545	1,712,408	1,725,953	191,922
Prepaid items	-	-	-	-
Other	68,833	143,177	212,010	-
Unavailable costs	-	285,109	285,109	30,535,149
Internal balances	(865,731)	865,731	-	-
Restricted assets				
Cash & investments, at cost	-	58,288,930	58,288,930	-
Capital assets				
Land, collections and construction in process	15,252,125	8,694,795	23,946,920	8,563,311
Other assets, net of accum. depreciation	64,360,576	213,384,787	277,745,363	67,966,330
<b>Total assets</b>	<b>116,135,249</b>	<b>351,570,880</b>	<b>467,706,129</b>	<b>156,262,912</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Losses on debt refundings	1,096,736	-	1,096,736	-
<b>LIABILITIES</b>				
Accounts payable	2,299,627	12,192,071	14,491,698	564,129
Accrued liabilities	2,065,978	3,145,499	5,211,477	6,025,780
Contract retainages	41,662	11,567	53,229	-
Due to component units	1,645,649	-	1,645,649	-
Due to governmental entities	88,821	-	88,821	-
Customer deposits	272,553	3,887,270	4,159,823	-
Unearned revenue	-	-	-	125,276
Other	83,737	-	83,737	-
Liabilities payable from restricted assets:				
Matured warrants payable	-	4,750,000	4,750,000	-
Noncurrent liabilities				
Due within one year	3,739,784	93,161	3,832,945	1,291,686
Due in more than one year	73,000,534	80,042,388	153,042,922	64,159,617
<b>Total liabilities</b>	<b>83,238,345</b>	<b>104,121,956</b>	<b>187,360,301</b>	<b>72,166,488</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	1,267	-	1,267	14,375,000
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	33,080,019	141,972,809	175,052,828	38,118,913
Restricted for:				
Capital projects	1,343,934	-	1,343,934	11,103,852
Debt service	816,287	58,288,930	59,105,217	2,812,107
Other	-	-	-	3,366,585
Perpetual care:				
Expendable	-	-	-	-
Nonexpendable	985,086	-	985,086	-
Unrestricted	(2,232,953)	47,187,185	44,954,232	14,319,967
<b>Total net position</b>	<b>\$ 33,992,373</b>	<b>\$ 247,448,924</b>	<b>\$ 281,441,297</b>	<b>\$ 69,721,424</b>

The accompanying notes are an integral part of this statement.

CITY OF DECATUR  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Assets			Component Units
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental activities</b>								
General government	\$ 4,954,798	\$ 6,118,428	\$ -	\$ -	\$ 1,163,630	\$ -	\$ 1,163,630	\$ -
Public safety	22,958,877	2,279,815	-	-	(20,679,062)	-	(20,679,062)	-
Public works	8,129,190	3,295,403	-	-	(4,833,787)	-	(4,833,787)	-
Public services	10,164,983	777,107	-	-	(9,387,876)	-	(9,387,876)	-
Intergovernmental assistance	27,710,626	8,897,954	-	-	(18,812,672)	-	(18,812,672)	-
Community service contracts	2,401,418	-	-	-	(2,401,418)	-	(2,401,418)	-
Community development	1,026,452	-	1,131,772	396,166	501,486	-	501,486	-
Personnel board	573,625	-	-	-	(573,625)	-	(573,625)	-
Interest on long-term debt	1,910,582	-	-	-	(1,910,582)	-	(1,910,582)	-
Unallocated depreciation	2,507,112	-	-	-	(2,507,112)	-	(2,507,112)	-
<b>Total governmental activities</b>	<b>82,337,663</b>	<b>21,368,707</b>	<b>1,131,772</b>	<b>396,166</b>	<b>(59,441,018)</b>	<b>-</b>	<b>(59,441,018)</b>	<b>-</b>
<b>Business-type activities</b>								
Municipal Utilities Board	134,132,114	138,618,004	-	740,348	-	5,226,238	5,226,238	-
Point Mallard	5,311,189	4,658,432	-	-	-	(652,757)	(652,757)	-
Sanitary Landfill	5,582,815	5,853,244	-	-	-	270,429	270,429	-
<b>Total business-type activities</b>	<b>145,026,118</b>	<b>149,129,680</b>	<b>-</b>	<b>740,348</b>	<b>-</b>	<b>4,843,910</b>	<b>4,843,910</b>	<b>-</b>
<b>Total primary government</b>	<b>227,363,781</b>	<b>170,498,387</b>	<b>1,131,772</b>	<b>1,136,514</b>	<b>(59,441,018)</b>	<b>4,843,910</b>	<b>(54,597,108)</b>	<b>-</b>
<b>Component Units</b>								
All	93,854,653	6,701,527	49,029,555	2,267,604	-	-	-	(35,855,967)
<b>Total component units</b>	<b>93,854,653</b>	<b>6,701,527</b>	<b>49,029,555</b>	<b>2,267,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,855,967)</b>
<b>General Revenues</b>								
Sales & use taxes		36,227,828					36,227,828	14,301,670
Property taxes		11,568,399					11,568,399	16,024,103
Alcoholic beverage taxes		1,785,189					1,785,189	-
Gasoline taxes		841,873					841,873	-
Automobile taxes		1,397,678					1,397,678	-
Lodging taxes		1,494,547					1,494,547	-
Rental taxes		1,016,323					1,016,323	-
Other taxes		1,955,953					1,955,953	1,002,485
Interest on investments		134,835				208,518	343,353	269,322
Other		748,981				61,011	809,992	4,650,189
Transfers		(1,219,764)				1,219,764	-	-
<b>Total general revenues &amp; transfers</b>		<b>55,951,842</b>				<b>1,489,293</b>	<b>57,441,135</b>	<b>36,247,769</b>
<b>Change in net position</b>		<b>(3,489,176)</b>				<b>6,333,203</b>	<b>2,844,027</b>	<b>391,802</b>
Net position, beginning		37,481,549				241,755,818	279,237,367	69,329,622
Prior period adjustments		-				(640,097)	(640,097)	-
<b>Net position, ending</b>		<b>\$ 33,992,373</b>				<b>\$ 247,448,924</b>	<b>\$ 281,441,297</b>	<b>\$ 69,721,424</b>

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2013**

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash & cash equivalents	\$ 18,493,605	\$ 798,551	\$ 11,808,730	\$ 31,100,886
Cash with fiscal agents	521,687	-	-	521,687
Investments, at cost	-	-	-	-
Receivables (net of allowances)				
Accounts	430,023	711,918	209,292	1,351,233
Notes	-	-	324,103	324,103
Taxes	2,737,884	-	110,602	2,848,486
Accrued interest	15	-	-	15
Due from other funds	1,980,457	24,177	42,447	2,047,081
Due from governmental entities	569,533	113,956	476,002	1,159,491
Deposits	68,833	-	-	68,833
Inventories	13,545	-	-	13,545
<b>Total assets</b>	<b>24,815,582</b>	<b>1,648,602</b>	<b>12,971,176</b>	<b>39,435,360</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>LIABILITIES</b>				
Accounts payable	1,822,162	2,953	474,512	2,299,627
Accrued liabilities	1,379,286	-	86,307	1,465,593
Contract retainages	-	-	41,662	41,662
Due to other funds	-	-	2,912,812	2,912,812
Due to component units	-	1,645,649	-	1,645,649
Due to governmental entities	-	-	88,821	88,821
Customer deposits	270,459	-	2,094	272,553
Other	82,432	-	1,305	83,737
<b>Total liabilities</b>	<b>3,554,339</b>	<b>1,648,602</b>	<b>3,607,513</b>	<b>8,810,454</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	259,243	-	713,068	972,311
<b>FUND BALANCES</b>				
Nonspendable	13,545	-	985,086	998,631
Restricted	-	-	827,177	827,177
Committed	10,871,653	-	7,369,361	18,241,014
Assigned	751,791	-	-	751,791
Unassigned	9,365,011	-	(531,029)	8,833,982
<b>Total fund balance</b>	<b>21,002,000</b>	<b>-</b>	<b>\$ 8,650,595</b>	<b>29,652,595</b>
<b>Total liabilities, inflows and fund balance</b>	<b>\$ 24,815,582</b>	<b>\$ 1,648,602</b>	<b>\$ 12,971,176</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.	\$ 79,612,701
Other long-term receivables are not available for current-period expenditures and, therefore, are not reported in the funds.	971,044
The net other post retirement obligation resulting from the amount of annual required contribution in excess of contributions are not current financial obligations and therefore are not reported in the funds.	(18,502,585)
Long-term liabilities, including warrants payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(58,838,118)
<b>Net assets of governmental activities</b>	<b>\$ 32,895,637</b>

**CITY OF DECATUR**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Year Ended September 30, 2013**

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>				
Sales & use taxes	\$ 26,410,909	\$ 8,866,249	\$ 950,671	\$ 36,227,829
Property taxes	3,234,596	8,333,803	-	11,568,399
Other taxes	6,835,787	1,179,214	476,565	8,491,566
Licenses & permits	6,395,655	-	-	6,395,655
Fines & forfeitures	718,539	-	575,888	1,294,427
Revenues from money & property	250,515	-	81,037	331,552
Charges for services	4,746,517	-	-	4,746,517
Intergovernmental	6,134,461	603,455	3,384,506	10,122,422
Gifts & donations	65,842	-	13,273	79,115
Other revenues	140,381	-	622,372	762,753
<b>Total revenues</b>	<b>54,933,202</b>	<b>18,982,721</b>	<b>6,104,312</b>	<b>80,020,235</b>
<b>EXPENDITURES</b>				
Current				
General government	4,064,737	33,410	256,054	4,354,201
Public safety	21,735,915	-	930,049	22,665,964
Public works	7,471,337	-	2,674,940	10,146,277
Public services	8,555,660	-	1,188,311	9,743,971
Intergovernmental assistance	4,671,085	18,294,568	19,258	22,984,911
Community services contracts	2,401,419	-	-	2,401,419
Community development	-	-	1,465,521	1,465,521
Personnel Board	-	-	573,625	573,625
Principal	2,599,087	697,239	953,675	4,250,001
Interest and fiscal charges	1,540,748	17,117	298,314	1,856,179
Debt issuance costs	-	-	-	-
Capital projects construction and outlay	-	-	-	-
<b>Total expenditures</b>	<b>53,039,988</b>	<b>19,042,334</b>	<b>8,359,747</b>	<b>80,442,069</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,893,214</b>	<b>(59,613)</b>	<b>(2,255,435)</b>	<b>(421,834)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Premium on debt issue	-	-	-	-
Discount on debt issued	-	-	-	-
Capital lease proceeds	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	10,229	-	742,636	752,865
Transfers (out)	(961,678)	-	(1,010,951)	(1,972,629)
Total other financing (uses) sources	(951,449)	-	(268,315)	(1,219,764)
<b>Net change in fund balance</b>	<b>941,765</b>	<b>(59,613)</b>	<b>(2,523,750)</b>	<b>(1,641,598)</b>
Fund balance, beginning	20,060,235	59,613	11,174,345	31,294,193
<b>Fund balance, ending</b>	<b>\$ 21,002,000</b>	<b>\$ -</b>	<b>\$ 8,650,595</b>	<b>\$ 29,652,595</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, 2011**

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

Net change in fund balances - total governmental funds	\$ (1,641,598)
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 depreciation expense exceeded capital outlays in the current period.	(1,114,261)
Governmental funds report the sales of capital assets as revenues and unlike the Statement of Activities, do not recognize the effect of the cost of those assets and their related depreciation. This is the amount by which the cost of assets sold, minus their accumulated depreciation, was exceeded by the proceeds from the sales. This amount is included in Other revenue in the Statement of Activities.	(15,091)
Revenues in the statement of activities that do not provide current financial resources	(101,680)
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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,193,380
Other expenses reported in the Statement of Activities that do not require current financial resources.	<u>(4,809,926)</u>
<b>Change in Net Assets Of Governmental Activities</b>	<b><u><u>\$ (3,489,176)</u></u></b>

**CITY OF DECATUR  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET & ACTUAL  
For the Year Ended September 30, 2013**

	General Fund			School Fund			
	Budget		Actual Amounts	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	\$ 36,555,500	\$ 36,673,200	\$ 36,481,292	\$ 18,889,229	\$ 18,867,229	\$ 18,982,721	115,492
Licenses and permits	6,512,175	6,403,175	6,395,655	-	-	-	(7,520)
Fines and forfeitures	807,200	634,200	718,539	-	-	-	84,339
Revenues from money and property	231,335	250,335	250,515	-	-	-	180
Charges for services	4,516,450	4,635,950	4,746,517	-	-	-	110,567
Intergovernmental	5,987,009	5,973,389	6,134,461	-	-	-	161,072
Gifts and donations	32,000	66,390	65,842	-	-	-	(548)
Other revenues	48,070	125,070	140,381	-	-	-	15,311
<b>Total revenues</b>	54,689,739	54,761,709	54,933,202	18,889,229	18,867,229	18,982,721	115,492
<b>EXPENDITURES</b>							
Current							
General government	4,110,005	4,186,305	4,064,737	22,125	40,625	33,410	7,215
Public safety	22,257,425	22,062,425	21,735,915	-	-	-	326,510
Public works	7,488,813	7,523,548	7,471,337	-	-	-	52,211
Public services	8,655,036	8,912,506	8,555,660	-	-	-	356,846
Intergovernmental assistance	4,737,553	4,758,253	4,671,085	18,151,748	18,051,748	18,294,568	87,168
Community services contracts	2,407,113	2,407,113	2,401,419	-	-	-	5,694
Debt service							
Principal	2,599,389	2,599,389	2,599,087	697,239	697,239	697,239	302
Interest	1,580,279	1,540,468	1,540,748	18,117	18,117	17,117	(280)
<b>Total expenditures</b>	53,835,613	53,990,007	53,039,988	18,889,229	18,807,729	19,042,334	950,019
<b>Excess of revenues over expenditures</b>	854,126	771,702	1,893,214	-	59,500	(59,613)	1,121,512
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	-	-	-	-	-	-
Transfers in	9,611	9,611	10,229	-	-	-	618
Transfers out	(793,237)	(873,237)	(961,678)	-	-	-	(88,441)
Total other financing sources (uses)	(783,626)	(863,626)	(951,449)	-	-	-	(87,823)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	70,500	(91,924)	941,765	-	59,500	(59,613)	1,033,689
Fund balance, beginning	19,275,380	17,074,906	20,060,235	59,613	59,613	59,613	2,985,329
<b>Fund balance, ending</b>	\$ 19,345,880	\$ 16,982,982	\$ 21,002,000	\$ 59,613	\$ 119,113	\$ -	\$ 4,019,018

The accompanying notes are an integral part of this statement.

**CITY OF DECATUR  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 September 30, 2013**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & cash equivalents	\$ 34,858,942	\$ 17,857,542	\$ 52,716,484
Investments, at cost	-	-	-
Receivables (net of allowance)			
Accounts	11,814,349	609,378	12,423,727
Accrued interest	-	-	-
Other	3,055,732	-	3,055,732
Due from other funds	-	1,287,240	1,287,240
Inventories, at cost	1,647,061	65,347	1,712,408
Other	143,177	-	143,177
<b>Total current assets</b>	<b>51,519,261</b>	<b>19,819,507</b>	<b>71,338,768</b>
<b>Noncurrent assets</b>			
Restricted cash, cash equivalents and investments:			
Revenue warrant covenant accounts	58,288,930	-	58,288,930
Deferred costs	285,109	-	285,109
Capital assets:			
Land	2,602,132	1,496,730	4,098,862
Buildings	-	9,673,239	9,673,239
Improvements other than buildings	-	19,968,581	19,968,581
Furniture & equipment	-	8,369,609	8,369,609
Utility plant in service	339,424,183	-	339,424,183
Construction work in progress	4,055,767	540,166	4,595,933
Less accumulated depreciation	(140,960,926)	(23,089,899)	(164,050,825)
Total capital assets (net of accumulated depreciation)	205,121,156	16,958,426	222,079,582
<b>Total noncurrent assets</b>	<b>263,695,195</b>	<b>16,958,426</b>	<b>280,653,621</b>
<b>Total assets</b>	<b>315,214,456</b>	<b>36,777,933</b>	<b>351,992,389</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	11,727,808	464,263	12,192,071
Accrued liabilities	3,130,110	15,389	3,145,499
Contract retainages	-	11,567	11,567
Compensated absences	74,285	18,876	93,161
Customer deposits	3,887,270	-	3,887,270
Revenue warrants payable - current	4,750,000	-	4,750,000
Due to other funds	421,509	-	421,509
<b>Total current liabilities</b>	<b>23,990,982</b>	<b>510,095</b>	<b>24,501,077</b>
<b>Noncurrent liabilities</b>			
Landfill closure and post-closure care costs	-	3,847,166	3,847,166
Revenue notes payable	75,356,773	-	75,356,773
Compensated absences	668,567	169,882	838,449
<b>Total noncurrent liabilities</b>	<b>76,025,340</b>	<b>4,017,048</b>	<b>80,042,388</b>
<b>Total liabilities</b>	<b>100,016,322</b>	<b>4,527,143</b>	<b>104,543,465</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	125,014,383	16,958,426	141,972,809
Restricted for debt service	58,288,930	-	58,288,930
Unrestricted	31,894,821	15,292,364	47,187,185
<b>Total net position</b>	<b>\$ 215,198,134</b>	<b>\$ 32,250,790</b>	<b>\$ 247,448,924</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 POSITION  
 For the Year Ended September 30, 2013**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>Operating revenue</b>			
Charges for services	\$138,618,004	\$ 5,853,244	\$ 144,471,248
Premiums & fees	-	4,658,432	4,658,432
<b>Total operating revenue</b>	<b>138,618,004</b>	<b>10,511,676</b>	<b>149,129,680</b>
<b>Operating expenses</b>			
Personnel, operations & maintenance	122,558,803	7,891,874	130,450,677
Closure and postclosure costs	-	265,043	265,043
Depreciation and amortization	9,706,224	1,570,031	11,276,255
Administrative costs	-	1,167,056	1,167,056
<b>Total operating expenses</b>	<b>132,265,027</b>	<b>10,894,004</b>	<b>143,159,031</b>
<b>Operating income</b>	<b>6,352,977</b>	<b>(382,328)</b>	<b>5,970,649</b>
<b>Nonoperating revenue (expenses)</b>			
Interest income	146,198	62,320	208,518
Interest expense	(1,912,046)	-	(1,912,046)
Gain (loss) on disposition of assets	-	4,225	4,225
Miscellaneous revenue (expense)	44,959	56,786	101,745
<b>Total nonoperating revenue (expenses)</b>	<b>(1,720,889)</b>	<b>123,331</b>	<b>(1,597,558)</b>
<b>Income before contributions, transfers &amp; special items</b>	<b>4,632,088</b>	<b>(258,997)</b>	<b>4,373,091</b>
Capital contributions	740,348	-	740,348
Special item	-	-	-
Transfers in	-	1,219,764	1,219,764
<b>Change in net position</b>	<b>5,372,436</b>	<b>960,767</b>	<b>6,333,203</b>
Total net position, beginning (as previously stated)	210,465,795	31,290,023	241,755,818
Prior period adjustments	(640,097)	-	(640,097)
Total net position, beginning (as restated)	209,825,698	31,290,023	241,115,721
<b>Total net position, ending</b>	<b>\$215,198,134</b>	<b>\$ 32,250,790</b>	<b>\$ 247,448,924</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, 2013**

	Municipal Utilities Board	Other Enterprise Funds	Totals
<b>Operating activities</b>			
Receipts from customers and users	\$138,401,257	\$ 10,555,595	\$ 148,956,852
Other operating cash receipts	-	57,811	57,811
Payments to suppliers	(111,827,120)	(2,280,516)	(114,107,636)
Payments to employees	(12,037,590)	(7,748,806)	(19,786,396)
Payments for interfund services	-	(90,506)	(90,506)
<b>Net cash provided by operating activities</b>	<b>14,536,547</b>	<b>493,578</b>	<b>15,030,125</b>
<b>Noncapital financing activities</b>			
Advanced to other funds	-	104,649	104,649
Transfers in	-	1,219,764	1,219,764
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>1,324,413</b>	<b>1,324,413</b>
<b>Capital and related financing activities</b>			
Acquisition and construction of capital assets	(6,675,454)	(3,638,918)	(10,314,372)
Proceeds from sale of capital assets	-	3,400	3,400
Proceeds from issuing warrants	48,904,902	-	48,904,902
Capital contributions	740,348	-	740,348
Principal payments on capital leases	-	-	-
Principal payments on warrants	(4,330,000)	-	(4,330,000)
Interest paid on warrants	(1,522,421)	-	(1,522,421)
<b>Net cash (used) by capital and related financing activities</b>	<b>37,117,375</b>	<b>(3,635,518)</b>	<b>33,481,857</b>
<b>Investing activities</b>			
Decrease (increase) in restricted assets	(51,280,848)	-	(51,280,848)
Miscellaneous non-operating income	44,959	-	44,959
Sale of investments	-	-	-
Interest received	146,198	62,320	208,518
<b>Net cash provided (used) by investing activities</b>	<b>(51,089,691)</b>	<b>62,320</b>	<b>(51,027,371)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>564,231</b>	<b>(1,755,207)</b>	<b>(1,190,976)</b>
Cash and cash equivalents, beginning	34,294,711	19,612,749	53,907,460
<b>Cash and cash equivalents, ending</b>	<b>\$ 34,858,942</b>	<b>\$ 17,857,542</b>	<b>\$ 52,716,484</b>
<b>Operating income (loss)</b>	<b>\$ 6,352,977</b>	<b>\$ (382,328)</b>	<b>\$ 5,970,649</b>
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>			
Depreciation and amortization	9,706,224	1,570,031	11,276,255
Miscellaneous item	-	322,654	322,654
Prior period adjustments	(640,097)	-	(640,097)
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	45,096	44,119	89,215
Accounts payable	302,812	(1,006,658)	(703,846)
Contract retainages	-	-	-
Inventory	118,981	8,637	127,618
Prepaid items	(45,821)	-	(45,821)
Due to (from) other funds	-	(90,506)	(90,506)
Accrued liabilities	-	27,629	27,629
Customer deposits	(888,222)	-	(888,222)
Deferred revenue	-	-	-
Other items	(415,403)	-	(415,403)
<b>Net cash provided by operating activities</b>	<b>\$ 14,536,547</b>	<b>\$ 493,578</b>	<b>\$ 15,030,125</b>

The accompanying notes are an integral part of this statement.

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## **NOTES TO THE FINANCIAL STATEMENTS**

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

**A. Reporting Entity**

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

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

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

Board of Education  
302 Fourth Avenue Northeast  
Decatur, Alabama 35601

Separate financial statements are not prepared for the Personnel Board.

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

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets 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.

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

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

The following are the City's major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the government, except those accounted for in another fund.
- The *School Fund* accounts for the specific revenues that are for specific expenditures – which include sales and use tax, and the designated portion of the tobacco tax, general property tax, automotive tax, and tax-equivalent – Electric and Water departments..

The following are the City's major enterprise funds:

- The *Municipal Utilities Board Fund* accounts for the 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.

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 *Debt Service Funds* account for the servicing of warrants which are not being used for general government purposes. Sources of funds for servicing this debt consist of designated property tax and sales tax collections.
- The *Capital Projects Funds* account for financial resources used to refund other G.O. Warrants held by the City and for future capital projects related to additional funding received.
- The *Permanent Fund* accounts for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Funds:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

Deposits and Investments

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

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

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

Investments consist of 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." The only individually significant amounts due from any single entity as of September 30, 2013, was \$634,117 due from Morgan County for various tax receivables and \$148,677 due from Alabama Department of Transportation, \$115,709 from the United States Department of Housing and Urban Development and \$93,838 from other federal grantors.

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

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

Non-current portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their 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 are 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 collected. The taxes are collected by the Morgan County Revenue and License Commissioners and remitted to the City net of a collection fee ranging from 1 to 4 percent for the different taxes.

Privilege licenses and city liquor taxes are collected directly by the City and recorded when received since they are taxpayer-assessed.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The costs of Governmental Fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City uses the purchases method to account for monthly medical insurance payments. The average monthly payment is \$515,285.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets tangible in nature, with an initial individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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.

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

Depreciation of all exhaustible capital assets except infrastructure is charged as an expense against their operations or functions whereas the infrastructure depreciation is unallocated. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, are depreciated using the straight-line method over the estimated useful lives as follows:

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

Compensated Absences

City employees may accumulate up to three-hundred and seventy (370) days of sick leave. Employees of the City who were employed by the City prior to January 1, 2013 and who have twenty-five (25) years of service or who have reached sixty (60) years of age and have 10 years of service are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. Employees of the City hired after January 1, 2013 who have reached sixty-two (62) years of age and have 10 years of service are entitled to payment for one-half (1/2) of their accumulated sick leave upon retirement, not to exceed a maximum of 600 hours. The liability is calculated according to GASB Statement No. 16 using the termination payment method for governmental funds and the vesting method for proprietary funds. Vacation is accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are considered to be and are accrued as a long-term liability within the governmental activities of the government-wide statement of net assets and within the proprietary fund statement of net assets. Amounts are reported in the governmental fund financial statements only at the time that they mature. Compensated absences have been historically liquidated through the fund from which the employee is paid, which is primarily, the General Fund and the nonmajor proprietary funds of Pt. Mallard and Sanitary Landfill. All reimbursable leave is paid at the time of an employee's resignation or retirement.

Deferred Outflows/Inflows of Resources

The City has deferred outflows and deferred inflows of resources. The deferred outflows of resources are a consumption of net assets by the City that is applicable to a future reporting period and consists of the unamortized amounts for losses on debt refundings. Deferred inflows of resources are an acquisition of net assets by the City that is applicable to a future reporting period and consists of deferred revenue.

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

Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance- This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance- These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the City Council for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance- This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and finance director have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance- This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Encumbrances-The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2013, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

General Fund	\$	7,372
Other Governmental Funds		<u>1,131,045</u>
Total	\$	<u><u>1,138,417</u></u>

These encumbrances are already included in the classifications of net assets and fund balances in the financial statements as of September 30, 2013.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

The City Council has set a General Fund minimum fund balance target at 25% or 3 months of budgeted expenditures. No other fund balance policies exist.

**E. GASB Accounting Pronouncements**

Pronouncements Effective for the 2013 Financial Statements:

The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 189 FASB and AICPA Pronouncements*. This statement incorporated certain accounting and financial reporting guidance included in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure that were issued before November 30, 1989 into the Governmental Accounting Standards Board's (GASB) authoritative literature.

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

The City has changed its financial reporting to comply with with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, which were defined in Concepts Statement No. 4, Elements of Financial Statements, as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Application is effective for financial statements whose fiscal year began after December 15, 2011, fiscal 2013.

The City adopted GASB No. 65, *Items Previously Reported as Assets and Liabilities* during the fiscal year. This statement provides financial reporting guidance that reclassifies items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. It also provides other guidance related to the impact of financial statement elements deferred outflows of resources or deferred inflows of resources, such as major fund calculations and limiting the use of the term deferred in the financial statement presentations. (see note 1D)

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

In March 2013, GASB issued Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, required for fiscal periods beginning after December 15, 2012, fiscal 2014. This statement resolves conflicts between statement No. 62 and No. 54 by removing the limitations for risk financing activities to be recorded in the general fund and internal service fund type only. It also provides guidance on accounting for operating leases and clarifies application of Statement No.13, Accounting for Operating Leases with Scheduled Rent Increases.

The City Plans to adopt GASB No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for fiscal periods beginning after June 15, 2014, fiscal 2015. This statement provides financial reporting guidance by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. It establishes standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expense/expenditures and also covers note disclosure and required supplementary information requirements.

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

**F. Change in Accounting Principle**

In March 2013, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and/or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources and/or deferred inflow of resources, certain items previously reported as assets and liabilities. As a result, costs related to the issuance of bonds which were previously deferred have been reclassified as if they had been reported as an outflow of resources when incurred.

	Governmental Activities	Business-Type Activities	Total
Net Position-beginning of period, as previously reported	\$ 38,526,298	\$ -	\$ 38,526,298
Removal of Unamortized Bond Issuance Costs due to implementation of GASB 65	(788,698)	-	(788,698)
Change in unamortized refunding losses related to implementation of GASB 65	(256,051)	-	(256,051)
Net Position-beginning of period, as restated	<u>\$ 37,481,549</u>	<u>\$ -</u>	<u>\$ 37,481,549</u>

**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 \$(57,741,382) difference are as follows:

Warrants Payable	\$ (54,091,746)
Accrued interest payable	(600,385)
Compensated absences	(2,315,118)
Claims Payable	<u>(734,133)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$ (57,741,382)</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net 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 \$(1,114,261) difference are as follows:

Capital outlay	\$ 4,856,933
Depreciation expense	<u>(5,971,194)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,114,261)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., warrants and leases) provides current financial resources and the repayment of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$4,193,380 difference are as follows:

Debt issued or incurred:	
Principal repayments:	
General obligation debt	4,250,002
Amortization of premium and refunding loss	(56,622)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,193,380</u>

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

Another element of that reconciliation states that “other expenses reported in the statement of activities that do not require current financial resources.” The detail of this \$(4,809,926) difference is as follows:

Compensated absences	\$ (100,343)
Claims	29,231
Accrued interest	3,069
Other postemployment expenses	<u>(4,741,883)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,809,926)</u>

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

**A. Budgetary Information**

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

<u>Annually-Budgeted Governmental Funds</u>	<u>Governmental Funds Not Annually-Budgeted</u>
<b>General Fund</b>	<b>Special Revenue Funds</b>
	Community Development Fund
<b>Special Revenue Funds</b>	Municipal Court Fund
7 Cent Gas Tax Fund	
4&5 Cent Gas Tax Fund	<b>Debt Service Fund</b>
School Fund	Crossings Warrant Fund
Personnel Board Fund	
Heritage Trust Fund	<b>Capital Projects Funds</b>
Docket Fees Fund	Capital Projects Fund
Room Occupancy Fund	Sewer Fund
Corrections Fund	2012 Capital Improvements Fund
	<b>Permanent Fund</b>
	Perpetual Care Fund

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

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

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

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

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

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

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

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

**B. Excess of Expenditures over Appropriations**

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2013:

**General Fund**

*General Government:*

Mayor and Council	\$	4,046
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*Public Works*

Engineering	\$	4,226
Sanitation		65,060

*Public Services*

Cemetery	\$	5,585
Youth Services		5,994

*Intergovernmental Assistance*

Miscellaneous	\$	23,536
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*Debt Service Expenditures*

Interest and fiscal charges	\$	280
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**School Fund**

Intergovernmental assistance	\$	242,820
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The excess expenditures were provided by available fund balance in the related funds.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

**A. Deposits and Investments**

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

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

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

Cash on hand	\$ 84,817,370
Carrying amount of deposits	521,687
Carrying amount of investments	<u>57,288,930</u>
Total	<u>\$ 142,627,987</u>
Per Governmental Funds Balance Sheet-total governmental funds	
Cash and investments	\$ 31,622,573
Per Proprietary Funds Statement of Net Assets	
Total enterprise funds	
Cash and investments	52,716,484
Restricted cash for debt service	<u>58,288,930</u>
	<u>111,005,414</u>
Total	<u>\$ 142,627,987</u>

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

	<u>Board of Education</u>
Cash on hand	\$ 30,692,491
Carrying amount of deposits	<u>2,421</u>
Total Cash and investments	<u>\$ 30,694,912</u>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

**B. Capital Assets**

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance September 30, 2012	Additions	Deletions	Transfers In/ (Transfers Out)	Balance September 30, 2013
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 10,083,774	\$ 46,755	\$ (14,972)	\$ 1,500	\$ 10,117,057
Construction in progress	3,878,355	2,440,671	-	(1,183,958)	5,135,068
<b>Total capital assets, not being depreciated</b>	<b>13,962,129</b>	<b>2,487,426</b>	<b>(14,972)</b>	<b>(1,182,458)</b>	<b>15,252,125</b>
Capital assets, being depreciated:					
Buildings and improvements	40,920,014	644,388	-	552,287	42,116,689
Land improvements	23,507,967	47,520	-	33,727	23,589,214
Furniture, equipment and other	26,085,409	1,637,170	(1,245,751)	-	26,476,828
Infrastructure	95,539,630	40,313	-	596,444	96,176,387
<b>Total capital assets, being depreciated</b>	<b>186,053,020</b>	<b>2,369,391</b>	<b>(1,245,751)</b>	<b>1,182,458</b>	<b>188,359,118</b>
Less accumulated depreciation for:					
Buildings and improvements	(20,601,273)	(1,195,522)	-	-	(21,796,795)
Land improvements	(10,090,309)	(1,051,521)	-	-	(11,141,830)
Furniture, equipment and other	(22,483,079)	(1,217,041)	1,245,751	-	(22,454,369)
Infrastructure	(66,098,436)	(2,507,112)	-	-	(68,605,548)
<b>Total accumulated depreciation</b>	<b>(119,273,097)</b>	<b>(5,971,196)</b>	<b>1,245,751</b>	<b>-</b>	<b>(123,998,542)</b>
<b>Total capital assets, being depreciated, net</b>	<b>66,779,923</b>	<b>(3,601,805)</b>	<b>-</b>	<b>1,182,458</b>	<b>64,360,576</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 80,742,052</b>	<b>\$ (1,114,379)</b>	<b>\$ (14,972)</b>	<b>\$ -</b>	<b>\$ 79,612,701</b>
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 3,955,260	\$ 143,602	\$ -	\$ -	\$ 4,098,862
Construction in progress	4,267,764	73,616,806	(72,089,343)	(1,199,294)	4,595,933
<b>Total capital assets, not being depreciated</b>	<b>8,223,024</b>	<b>73,760,408</b>	<b>(72,089,343)</b>	<b>(1,199,294)</b>	<b>8,694,795</b>
Capital assets, being depreciated:					
Buildings and improvements	26,206,303	2,236,224	-	1,199,294	29,641,821
Furniture, equipment and other	8,097,813	300,372	(28,576)	-	8,369,609
Utility plant-in-service	334,624,531	6,193,511	(1,393,855)	-	339,424,187
<b>Total capital assets, being depreciated</b>	<b>368,928,647</b>	<b>8,730,107</b>	<b>(1,422,431)</b>	<b>1,199,294</b>	<b>377,435,617</b>
Less accumulated depreciation for:					
Buildings and improvements	(16,402,663)	(908,657)	-	-	(17,311,320)
Furniture, equipment and other	(5,145,780)	(661,373)	28,575	-	(5,778,578)
Utility plant-in-service	(132,820,150)	(9,706,224)	1,565,442	-	(140,960,932)
<b>Total accumulated depreciation</b>	<b>(154,368,593)</b>	<b>(11,276,254)</b>	<b>1,594,017</b>	<b>-</b>	<b>(164,050,830)</b>
<b>Total capital assets, being depreciated, net</b>	<b>214,560,054</b>	<b>(2,546,147)</b>	<b>171,586</b>	<b>-</b>	<b>213,384,787</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 222,783,078</b>	<b>\$ 71,214,261</b>	<b>\$ (71,917,757)</b>	<b>\$ -</b>	<b>\$ 222,079,582</b>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

Depreciation expense of \$2,507,112 for the Governmental activities Infrastructure assets is not allocated to the functions. The depreciation expense for all other depreciable assets is charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 581,876
Public Safety	1,055,366
Public Works	183,713
Public Services	1,612,059
Intergovernmental	<u>31,070</u>
Total allocated depreciation expense – governmental activities	3,464,084
Total unallocated depreciation expense- governmental activities	<u>2,507,112</u>
Total depreciation expense-governmental activities	<u>\$ 5,971,196</u>

Business-type activities:

Municipal Utilities Board Fund	\$ 9,706,224
Sanitary Landfill Fund	1,055,927
Point Mallard Fund	<u>514,104</u>
Total depreciation expense – business-type activities	<u>\$ 11,276,255</u>

Activity for the discretely presented component unit, Board of Education for the year ended September 30, 2013 was as follows:

	September 30, 2012	Additions/ Reclassifications	Deletions/ Reclassifications	September 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,476,997	\$ -	\$ -	\$ 6,476,997
Construction in progress	3,878,351	2,751,976	4,544,013	2,086,314
Total capital assets, not being depreciated	<u>10,355,348</u>	<u>2,751,976</u>	<u>4,544,013</u>	<u>8,563,311</u>
Capital assets, being depreciated:				
Buildings and improvements	105,940,901	4,544,013	-	110,484,914
Furniture, equipment and other	8,170,329	334,482	40,736	8,464,075
Total capital assets, being depreciated	<u>114,111,230</u>	<u>4,878,495</u>	<u>40,736</u>	<u>118,948,989</u>
Less accumulated depreciation	<u>47,486,557</u>	<u>3,526,477</u>	<u>30,375</u>	<u>50,982,659</u>
Total capital assets, being depreciated, net	<u>66,624,673</u>	<u>1,352,018</u>	<u>10,361</u>	<u>67,966,330</u>
Total governmental activities capital assets, net	<u>\$ 76,980,021</u>	<u>\$ 4,103,994</u>	<u>\$ 4,554,374</u>	<u>\$ 76,529,641</u>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

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

**Transfers In/Out:**

The composition of interfund balances as of September 30, 2013 is as follows:

Transfers From:	General Fund	Decatur Utilities	Non-major Government	Non-major Enterprise	Total In
Transfers To:					
General Fund	\$ -	\$ -	\$ 10,229	\$ -	\$ 10,229
Non-major Government	742,636	-	-	-	742,636
Non-major Enterprise	<u>219,042</u>	<u>-</u>	<u>1,000,722</u>	<u>-</u>	<u>1,219,764</u>
Total Out	<u>\$ 961,678</u>	<u>\$ -</u>	<u>\$ 1,010,951</u>	<u>\$ -</u>	<u>\$ 1,972,629</u>

**Due To/From Other Funds:**

Due To:	General Fund	School Fund	Non-major Government	Non-major Enterprise	Total In
Due From:					
Decatur Utilities	\$ 354,885	\$ 24,177	\$ 42,447	\$ -	\$ 421,509
Non-major Government	<u>1,625,572</u>	<u>-</u>	<u>-</u>	<u>1,287,240</u>	<u>2,912,812</u>
Total Out	<u>\$ 1,980,457</u>	<u>\$ 24,177</u>	<u>\$ 42,447</u>	<u>\$ 1,287,240</u>	<u>\$ 3,334,321</u>

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

Due To:	Primary Government-School Fund	Total In
Due From:		
Component Unit- Board of Education	<u>\$ 1,645,649</u>	<u>\$ 1,645,649</u>
Total Out	<u>\$ 1,645,649</u>	<u>\$ 1,645,649</u>

\$1,609,051 of the balance due to the general fund and \$1,287,240 due to non-major proprietary funds from non-major governmental funds resulted from advances made for the construction of Ingalls Harbor Pavilion.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

Transfers have been used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations during the current year. The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

**D. Leases**

Operating Leases

In 2008, the City entered into three non-cancelable operating lease agreements for the use of golf carts. The final lease under this agreement expired during the year. Total costs associated with the lease for the year ended September 30, 2013 were \$6,159. During 2013, the City entered into two non-cancelable operating leases for golf carts. Lease expense related to the new leases was \$54,856 for the year ended September 30, 2013. The future minimum lease payments for these leases are as follow:

<u>Year Ending September 30</u>	<u>Business-Type Activities Point Mallard</u>
2014	\$ 54,856
2015	54,856
2016	<u>54,856</u>
Total minimum lease payments	<u>\$ 164,568</u>

Component Unit

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

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2013 are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2014	154,112
2015	154,112
2016	154,112
2017	<u>154,113</u>
Total minimum lease payments	616,449
Less amount representing interest	(49,710)
Present value of minimum lease payments	<u>\$ 566,739</u>

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

**E. Long-Term Debt**

General Obligation Warrants

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

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

Source of Repayment of Long-Term Debt

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

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

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**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

Outstanding Debt

The amount of debt outstanding at September 30, 2013, 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>							
2003-C	\$ 3,775	2/1/2003	8/1/2013	3.8 - 4.0	205 - 500	\$ -	\$ -
2006-Capital Improvement	16,215	10/11/2006	10/1/2026	4.0 - 4.375	175 -2,360	14,565	175
2009-A	13,170	6/1/2009	7/1/2020	2.0 - 4.0	190-2,015	11,535	520
2009-B	8,775	6/1/2009	6/1/2014	1.2 - 2.5	1,080-2,290	1,080	1,080
2011-Sewer	6,500	6/1/2011	6/1/2029	2.0-4.0	295-480	5,910	300
2012 General Obligation	17,760	7/1/2012	7/1/2033	2-3.125	650-1,145	17,110	670
2012-B	1,238	8/7/2012	8/7/2015	1.05	408-413	795	413
2012-C	1,354	8/7/2012	8/7/2015	1.45	185-199	1,154	188
2012-D	2,750	8/7/2012	8/7/2015	2.11	112-1,645	2,630	114
	<u>71,537</u>					<u>54,779</u>	<u>3,460</u>
Total Governmental Activities	<u>\$ 71,537</u>					<u>\$ 54,779</u>	<u>\$ 3,460</u>

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**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

**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 (thousand)	Amount Due Within One Year
<u>Business-Type Activities</u>							
<i>Water System Revenue Warrants</i>							
2009	\$ 12,980	6/1/2009	6/1/2019	2.0 - 4.0	1,690 - 2,050	\$ 11,290	\$ 1,735
2009 SRF/ARRA	3,100				115-220	2,985	120
2012	490		8/15/2033		20-30	490	20
2013	<u>10,410</u>	11/1/2013	5/1/2033	3.0-3.5	605-905	<u>10,410</u>	-
	<u>26,980</u>					<u>25,175</u>	<u>1,875</u>
<i>Wastewater System Revenue Warrants</i>							
1997	\$ 2,850	11/1/1996	8/15/2017	3.95	135 - 200	\$ 935	\$ 175
2004	9,645	04/21/2004	8/15/2013	2.85	910 - 1,125	1,125	1,125
2009 SRF/ARRA	10,530				385 - 720	10,160	385
2010	15,590	12/22/1999	8/15/2020	3.85	720 - 1,095	7,695	840
2012	855		8/15/2033		30-55	855	30
2013	<u>37,125</u>	8/15/2013	8/15/2033	2.0-3.5	1,400-2,370	<u>37,125</u>	<u>1,400</u>
	<u>76,595</u>					<u>57,895</u>	<u>3,955</u>
Total Business-Type Activities	<u>\$ 103,575</u>					<u>\$ 83,070</u>	<u>\$ 5,830</u>
Total Primary Government	<u>\$ 175,112</u>					<u>\$ 137,849</u>	<u>\$ 9,290</u>
<b>COMPONENT UNITS</b>							
<u>Governmental-Type Activities</u>							
<i>Board of Education</i>							
Series 2005	\$ 25,730	2005	2/1/2030	4.0 - 4.5	270 – 9,625	\$ 25,455	\$ 1,040
2010	1,050	2010	9/1/2027	5.15	1,050	1,050	-
2011	5,000	2011	5/1/2026	4.60	5,000	5,000	-
2013	-	2013	6/1/1933	3.25-5	61-591	1,830	61
Series 2013	<u>-</u>	2013	2/1/1935	2.75-5	1,030-3,380	<u>30,325</u>	<u>-</u>
Total Component Units	<u>\$ 31,780</u>					<u>\$ 63,660</u>	<u>\$ 1,101</u>

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

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2013 are shown below. There is \$816,287 available in the Crossings Debt Service Fund to service general obligation debt and \$60,831,686 available in the Municipal Utilities Board Enterprise Fund to service the revenue warrants.

The Municipal Utilities Board Fund received multiple loans made available by the American Recovery and Reinvestment Act (the "ARRA") in 2010, 2011 and 2012. The Alabama Drinking Water Finance Authority loaned \$7,367,402 to the Municipal Utilities Board Fund of which \$3,662,402 was forgiven in the prior year pursuant to the ARRA and recorded as forgiveness of long-term debt on the statement of activities and a special item on the proprietary statement of revenues, expenses and changes in fund net assets. The fund was required to issue water and sewer warrants, respectively, in the amount of the loans less the ARRA forgiveness portion. The 2009 Series SRF/ARRA Water Warrants were issued in the amount of \$3,215,000. The 2012 Series SRF/ARRA Water Warrants were issued in the amount of \$490,000. Total bonds outstanding at September 30, 2013 were \$3,475,000 with final maturity in 2013 and 2033.

The Alabama Water Pollution Control Authority also loaned \$15,665,364 to the Municipal Utilities Board Fund of which \$5,135,364 was forgiven in the prior year pursuant to the ARRA and recorded as forgiveness of long-term debt on the statement of activities and a special item on the proprietary statement of revenues, expenses and changes in fund net assets. The fund was required to issue water and sewer warrants, respectively, in the amount of the loans less the ARRA forgiveness portion. The 2009 Series SRF/ARRA Wastewater Warrants were issued in the amount of \$10,530,000. The 2012 Series SRF/ARRA Wastewater Warrants were issued in the amount of \$855,000. Total bonds outstanding at September 30, 2013 were \$10,630,000 with final maturity in 2031 and 2033.

**PRIMARY GOVERNMENT**

**(thousands)**

G.O. Warrants

Governmental Activities:

	Principal	Interest
2013	\$ 4,250	\$ 1,896
2014	3,459	1,797
2015	3,539	1,718
2016	3,242	1,626
2017	3,333	1,533
2018 – 2022	16,861	6,072
2023 – 2027	17,175	2,996
2028 – 2032	6,025	705
2033	1,145	36
Total governmental activities	<u>\$ 59,029</u>	<u>\$ 18,379</u>

Business-Type Activities

	Principal	Interest
2014	4,750	2,535
2015	4,895	2,412
2016	5,045	2,279
2017	5,215	2,127
2018	5,190	1,965
2019 – 2023	18,835	7,584
2024 – 2028	17,755	4,918
2029 - 2033	18,860	1,883
Total business-type activities	<u>\$ 80,545</u>	<u>\$ 25,703</u>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

**COMPONENT UNITS**

<u>Governmental Activities: Board of Education</u>	Capital Outlay 2005 Warrants		Capital Outlay 2013 Warrant	
	Principal	Interest	Interest	Interest
2014	1,040	1,064	-	1,080
2015	24,415	522	-	1,080
2016	-	-	1,030	1,064
2017	-	-	1,065	1,033
2018	-	-	1,105	995
2019-2023	-	-	6,340	4,197
2024-2028	-	-	7,965	2,706
2029-2033	-	-	9,440	1,352
2034-2038	-	-	3,380	101
<b>Total Governmental Activities</b>	<b>\$ 25,455</b>	<b>\$ 1,586</b>	<b>\$ 30,325</b>	<b>\$ 13,608</b>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2013, 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	\$ 59,029	\$ -	\$ (4,250)	\$ 54,779	\$ 3,460
Less amounts deferred for: Issue discounts & premiums	467	-	(57)	410	
<b>Total warrant, bonds, &amp; notes</b>	<b>59,496</b>	<b>-</b>	<b>(4,307)</b>	<b>55,189</b>	<b>3,460</b>
Compensated absences	2,215	204	(104)	2,315	232
Claims payable	763	250	(279)	734	48
Other post-employment benefits	13,761	6,217	(1,475)	18,503	-
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 76,235</b>	<b>\$ 6,671</b>	<b>\$ (6,165)</b>	<b>\$ 76,741</b>	<b>\$ 3,740</b>
<u>Business-Type Activities:</u>					
Revenue warrants	\$ 35,995	\$ 48,880	\$ (4,330)	\$ 80,545	\$ 4,330
Less amounts deferred for: Issue discounts & premiums	(554)	-	116	(438)	-
<b>Total warrants</b>	<b>35,441</b>	<b>48,880</b>	<b>(4,214)</b>	<b>80,107</b>	<b>4,330</b>
Landfill closure and postclosure	3,582	265	-	3,847	-
Compensated absences	926	823	(817)	932	93
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$ 39,949</b>	<b>\$ 49,968</b>	<b>\$ (5,031)</b>	<b>\$ 84,886</b>	<b>\$ 4,423</b>

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

**COMPONENT UNITS-BOARD OF EDUCATION**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-Type Activities – Board of Education</u>					
Revenue warrants	\$ 31,780	\$ 32,155	\$ (275)	\$ 63,660	\$ 1,101
Issue discounts & premiums	(180)	1,280	124	1,224	56
Capitalized Leases	697	-	(130)	567	135
Total Board of Education					
Long-Term Liabilities	\$ 32,297	\$ 33,435	\$ (281)	\$ 65,451	\$ 1,292

**F. Conduit Debt Obligations**

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

As of September 30, 2013, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the six outstanding issues was approximately \$383,123,743. The original issue amounts of these series totaled \$48,340,000.

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**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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

**G. Fund Balance Constraints**

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

	General Fund	School Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	13,545	-	-	13,545
Permanent Fund	-	-	985,086	985,086
<b>Total Nonspendable</b>	<b>13,545</b>	<b>-</b>	<b>985,086</b>	<b>998,631</b>
<b>Restricted:</b>				
Special Revenues	-	-	827,277	827,277
<b>Total Restricted</b>	<b>-</b>	<b>-</b>	<b>827,277</b>	<b>827,277</b>
<b>Committed:</b>				
OPEB Reserve	568,000	-	-	568,000
Repairs/Maintenance	33,984	-	-	33,984
Tri-Centennial	1,312	-	-	1,312
General Government	-	-	-	-
Reserve Policy	8,651,935	-	-	8,651,935
Debt Service	-	-	816,287	816,287
Personnel Board	-	-	106,089	106,089
Amphitheater	-	-	100,000	100,000
Sewer Extension	-	-	4,643,560	4,643,560
Hwy 31 Grant	-	-	34,430	34,430
Bike Trail Project	-	-	39,480	39,480
Bank Street Streetscapes	-	-	55,780	55,780
Butch Matthews Baseball Field	-	-	263,032	263,032
Misc Capital Projects	-	-	1,243,934	1,243,934
Other	1,616,422	-	66,769	1,683,191
<b>Total Committed</b>	<b>10,871,653</b>	<b>-</b>	<b>7,369,361</b>	<b>18,241,014</b>
<b>Assigned:</b>				
Landfill closure and post closure costs	726,974	-	-	726,974
Other Purposes	24,817	-	-	24,817
<b>Total Assigned</b>	<b>751,791</b>	<b>-</b>	<b>-</b>	<b>751,791</b>
<b>Unassigned:</b>	<b>9,365,011</b>	<b>-</b>	<b>(531,029)</b>	<b>8,833,982</b>
<b>Total Fund Balance:</b>	<b>\$ 21,002,000</b>	<b>\$ -</b>	<b>\$ 8,650,695</b>	<b>\$ 29,652,695</b>

**H. Tax Equivalents**

The Municipal Utilities Board Fund is required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Municipal Utilities Board Fund during 2013 was \$1,674,766 by the Electric System, \$395,951 by the Natural Gas System, \$451,978 by the Water System and \$75,808 by the Wastewater 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.

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

**I. Closure and Postclosure Care Cost**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will only be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The total amount of \$3,847,166 reported for landfill closure and postclosure care liability at September 30, 2013 within the proprietary statement of net assets, represents the cumulative amount reported to date based on the use of 43.47 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure of \$5,002,997 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, 2013. The City expects to close the landfill in the year 2032. Actual costs of closure and postclosure may be higher due to inflation, changes in technology, or changes in laws and regulations.

**NOTE 5 – OTHER INFORMATION**

**A. Contingent Liabilities and Commitments**

Grants

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other government units. As of September 30, 2013, significant amounts of grant expenditures have not been audited by the grantor agencies, but the City believes that future disallowed expenditures related to the unaudited grant programs, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

Construction Contracts

The City has entered into various construction contracts as of September 30, 2013. The unfulfilled balance of these contracts that relate to the non-major governmental funds operations are included in the “Committed” fund balance classification as described more fully in Note 4G.

Purchase Commitments

Under its wholesale power agreement, the Electric System is committed to purchase its electric power and energy requirement from the Tennessee Valley Authority. The rates for such purchases are subject to review periodically. Additionally, the Electric System has entered into a TVA agreement that allows customers to finance new and/or replacement HVAC units and repay on their monthly utility bill. DU serves as the collection agent for repayment of these loans. The outstanding balance of these loans receivable was \$2,038,571 and the outstanding balance due to TVA for collection of the loans was also \$2,038,571.

Occasionally, the Gas System enters into natural gas purchase commitments to purchase minimum volumes of gas at fixed prices over a one to three year period. These futures can either be held for use in the contracted future month or cashed out at a profit and the proceeds used to reduce the cost of gas in future months. At September 30, 2013, contract commitments total \$1,377,172 for fiscal year 2014 and \$9,500 for fiscal year 2015. At September 30, 2013, no purchase commitments extended beyond October 2014. Subsequent to December 31, 2013, additional outstanding commitments were \$1,004,074 for fiscal year 2014, \$459,465 for fiscal year 2015 and \$37,800 for fiscal year 2016.

**NOTE 5 – OTHER INFORMATION - CONTINUED**

Litigation

The City is a defendant in a number of claims and lawsuits. The outcome of these matters is uncertain as of the date of this report. The City Attorney estimates the total liability with respect to these claims and lawsuits that are not covered by insurance will not exceed \$500,000, \$250,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund at September 30, 2013. The remaining portion has been reported in the government-wide statement of net assets as noncurrent liabilities due in more than one year.

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

**B. Jointly Governed Organizations**

Joint Ventures

The City of Decatur is involved in three joint ventures:

*Decatur- Morgan County Port Authority* was incorporated in 1982 for the purpose of developing the port and industrial park located in Morgan County on the Tennessee River. The Authority has a five-member board, of which two members are appointed by the City and a third in conjunction with the County. There are no financial assets, liabilities or ongoing activity related to the authority during the year or at September 30, 2013.

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

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

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

Jointly Governed

*Decatur-Morgan County Emergency Management Agency* provides measures for the mobilization, organization, and direction of the civilian population and necessary support agencies to prevent, or minimize, the effect of fire, flood, earthquake and epidemic. The officers and employees of the City and Morgan County comprise the agency. The City provided \$23,442 in appropriations during the fiscal year ending September 30, 2013.

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

**NOTE 5 – OTHER INFORMATION - CONTINUED**

*NARCOG* – The North Alabama Regional Council of Governments provide regional planning for the physical, economic and human resources development within North Alabama. There were three particular programs controlled by NARCOG, which the City of Decatur supported financially. These were the Aging Program, Regional Planning, and Transportation Planning. The City of Decatur contributed a total of \$25,200 to these programs during the fiscal year. In March, the City Council voted to terminate the City's membership agreement and bring the Metropolitan Planning Organization (MPO) office and employees into city hall effective June 1, 2012.

*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 \$461,197 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 \$26,676 to the Board during the fiscal year.

*North Central Alabama Mental Retardation Authority* provides services to mentally disabled children. The Board is comprised of five members of whom one is appointed by the City Council. The City contributed \$10,680 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 does not extend beyond member appointments. The City Council appoints the board members of the Board of Equalization; Decatur, Alabama Health Care Authority; Downtown Redevelopment Authority; Industrial Development Board of the City of Decatur; and Medical Clinic Board. The Mayor appoints the board members of the Housing Authority of the City of Decatur, Alabama.

**D. Pension Plans**

The City of Decatur's defined benefit pension plan provides retirement, disability benefits 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 Systems of Alabama. The Retirement Systems 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 Systems 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 Systems of Alabama, PO Box 302150, Montgomery, Alabama, 36130-2150 or by calling (334) 517-7000.

On October 1, 2002, the Municipal Utilities Board elected to move its retirement plan to the Employees' 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, and 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.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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**NOTE 5 – OTHER INFORMATION - CONTINUED**

State correctional officers, certified full-time firefighters, and certified full-time law enforcement officers employed prior to January 1, 2013, or Tier 1 employees, are required to contribute 6% of their annual covered salary to the plan. Those hired after January 1, 2013, or Tier 2 employees, are required to contribute 7% of their annual covered salary to the plan. All other System members employed prior to January 1, 2013, or Tier 1 employees, are required by the State of Alabama to contribute 5% of their annual covered salary to the plan. Those hired after January 1, 2013, or Tier 2 employees, are required by the State of Alabama to contribute 6% 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 (including both Tier 1 and Tier 2 employees) is 11.56%, with the exception of the Municipal Utilities Board Fund, for which the rate is 15.79%. The contribution requirements of plan members are established and may be amended by the Employee's Retirement System of Alabama.

For 2013, the City of Decatur's annual pension cost was equal to their actual required contributions. The required contribution was determined as part of the September 30, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 4% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 7.25% per year, and (c) 0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of the system's assets was determined using market values of instruments at September 30, 2012 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, 2012 and September 30, 2011, 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, 2013 was 26 and 30 for the Board and the City, respectively.

**Trend Information for the System (1)**

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
City of Decatur	9/30/12	2,877,466	100%
	9/30/11	3,052,681	100%
	9/30/10	2,793,064	100%
	9/30/09	2,770,883	100%
	9/30/08	2,294,853	100%
Municipal Utilities Board	9/30/12	1,345,599	100%
	9/30/11	1,545,500	100%
	9/30/10	1,524,475	100%
	9/30/09	1,473,229	100%
	9/30/08	1,288,608	100%

(1) Trend information for the year ended September 30, 2013 was not yet available from the System.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

**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	9/30/12	65,688,795	102,012,679	36,323,884	64.4	24,440,693	148.6%
	9/30/11	67,322,510	102,408,218	35,085,708	65.7%	23,674,710	148.2%
	9/30/10	69,102,121	101,509,109	32,405,988	68.1%	23,962,799	135.2%
	9/30/09	70,643,974	100,531,710	29,887,736	70.3%	23,818,576	125.5%
	9/30/08	71,189,160	96,887,807	25,698,647	73.5%	23,784,423	108.0%
Municipal Utilities Board	9/30/12	25,265,153	41,580,326	16,315,173	60.76%	8,339,323	195.64%
	9/30/11	25,839,783	43,315,003	17,475,220	59.7%	8,897,976	196.4%
	9/30/10	26,546,448	42,658,743	16,112,295	62.2%	8,998,596	179.1%
	9/30/09	26,035,764	41,029,331	14,993,567	63.5%	8,597,323	174.4%
	9/30/08	25,564,413	39,155,660	13,591,247	65.3%	7,919,39	171.6%
	9/30/07	23,777,554	36,629,622	12,852,068	64.9%	7,260,852	177.0

(1) Trend information for the year ended September 30, 2013 was not yet 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 are provided to plan members.

The Teachers' Retirement System was established October 1, 1941, 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.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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**NOTE 5 – OTHER INFORMATION - CONTINUED**

Employees of the Board are required to contribute 7.25% 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:

	Fiscal Year Ended September 30,		
	2013	2012	2011
Total percentage of payroll	17.58%	17.25%	17.51%
Contributions:			
Percentage contributed by the Board	10.08%/9.44%	10.00%	12.51%
Percentage contributed by employees	7.50%/6.00%	7.25%	5.00%
Amount contributed by the Board	\$ 5,004,840	\$ 4,921,183	\$ 6,281,211
Amount contributed by employees	3,723,839	3,567,858	2,510,476
Total Contributions	<u>\$ 8,728,679</u>	<u>\$ 8,489,041</u>	<u>\$ 8,791,687</u>

**E. Post-Retirement Health Plan**

Plan Description

The City of Decatur provides certain post-retirement medical benefits to certain retired employees, through a single-employer defined benefit plan, an other postemployment benefit plan ("OPEB") as defined by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. For all employees hired before October 1, 2009, the City provides post employment health, dental and vision care benefits to each permanent full-time employee who has twenty-five years of qualified service or reaches age sixty (60) with at least ten years under the state requirements of service with the City of Decatur and retires from the City of Decatur through the Employees Retirement System of the State of Alabama (ERS), prior to the age of sixty-five (65) and whose effective date of retirement, as approved by the ERS, falls on or after July 1, 1995.

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

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

Funding Policy

Retirees with family coverage are required to pay premiums for a portion of the benefits in an amount established by City Ordinance, which is \$100 or 12.52% (for individuals not yet reaching the age of retirement) and 25.32% (for those over the age of 65) of the total cost to the City as of September 30, 2010 unless Medicare is involved, in which case, retirees pay the State Employee's Insurance benefit Medicare rate. The City pays all costs of retirees with single coverage. This is equivalent to the required premiums of active employees. In addition, when an eligible retiree reaches Medicare eligibility, the City will continue to pay for the medical insurance (at a reduced rate) with Medicare becoming primary.

**City of Decatur**  
**Notes to the Financial Statements**  
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**NOTE 5 – OTHER INFORMATION - CONTINUED**

The City is required to pay the remaining premiums and has funded the plan on a projected pay-as-you-go basis in the current year. Based on the change in terms of retirees hired after October 1, 2009, as noted above, the City believes the actuarial liability will decrease upon the next valuation date. Therefore, a \$568,000 reserve of fund balance has been created for OPEB liabilities as of year-end, but the City will continue to fund the plan on a projected pay-as-you-go basis until after the next valuation. At that time, the City plans to begin contributing the remaining cost of benefits at a rate determined by an actuarial valuation that is prepared in accordance with certain parameters.

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty (30) years.

For 2013, the required contribution was determined as part of the September 30, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.25% inflation rate (b) 4.0% investment rate of return; (c) a 4.5% medical cost trend rate; (d) a 3.5% cost trend for dental and vision care, respectively; (e) 100% participation rate by retirees and 80.0% participation rate by spouses of participating retirees; (f) retirement rates consistent with the City's pension plan actuarial valuation; and (g) a thirty-year amortization period of the actuarial liability as a level percentage of projected payroll on an open basis. The actuarially determined rate as a percentage of annual covered payroll was 28.42%.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	6,216,776
Interest on net OPEB obligation	550,428
Adjustment to annual required contribution	<u>(765,176)</u>
Annual OPEB cost (expense)	6,002,028
Contributions made	<u>1,260,145</u>
Increase in net OPEB obligation	4,741,883
Net OPEB obligation-beginning of year	<u>13,760,702</u>
Net OPEB obligation-end of year	<u>\$ 18,502,585</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for September 30, 2013 are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
9/30/12	\$ 4,898,623	28.7%	\$13,760,702
9/30/11	\$ 4,898,623	25.6%	\$ 4,557,577
9/30/10	\$ 3,429,850	27.7%	\$ 4,557,577
9/30/09	\$ 4,557,577	24.7%	\$ 3,429,850

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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**NOTE 5 – OTHER INFORMATION – CONTINUED**

The funded status of the plan as of September 30, 2013, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/12	\$0	\$65,817,918	\$65,817,918	0%	\$21,877,494	300.85%
9/30/10	\$0	\$69,145,336	\$69,145,336	0%	\$22,950,035	301.29%
9/30/08	\$0	\$58,847,513	\$58,847,513	0%	\$22,680,049	259.47%

The City elected to implement GASB Statement No. 45, prospectively in the year of implementation, fiscal year 2009. Therefore, comparative data prior to 2009 is not available.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*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, 2013 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.

For 2012, the required contribution of the Board was determined as part of the September 30, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.0% discount rate; (b) 3.5% projected salary increases; (c) an 8% medical cost trend rate graded to 5.0% over six years; (d) 100% participation rate by retirees and 60.0% participation rate by spouses of participating retirees; (e) retirement rates consistent with the City's pension plan actuarial valuation; and (f) a thirty-year amortization period of the actuarial liability. The actuarially determined rate as a percentage of annual covered payroll was 21.34%.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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**NOTE 5 – OTHER INFORMATION – CONTINUED**

The Board's annual OPEB cost, the annual OPEB cost contributed to the plan, and the net OPEB obligation for September 30, 2013 are as follows:

*Annual Required Contribution:*

	2012	2013
Normal Cost	\$ 479,385	\$ 503,731
Amortization	694,262	912,423
Interest	<u>23,243</u>	<u>28,045</u>
Total ARC	\$ 1,196,890	\$ 1,444,199

*Net OPEB Obligation:*

Annual Required Contribution	\$ 592,310	\$ 737,876
Interest	<u>607,796</u>	<u>705,494</u>
Net OPEB Obligation	<u>\$ 1,200,106</u>	<u>\$ 1,443,370</u>

*Present Value of Future Benefits as of October 1, 2010:*

Active Employees	\$ 14,942,748	\$ 15,821,079
Retirees	<u>8,108,260</u>	<u>12,787,160</u>
Total	<u>\$ 23,051,008</u>	<u>\$ 28,608,239</u>

Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012-2013	\$0	\$21,692,149	\$21,692,149	0%	\$8,714,949	248.9%
2011-2012	\$0	\$17,775,704	\$17,775,704	0%	\$8,125,125	218.8%
2010-2011	\$0	\$17,229,925	\$17,229,925	0%	\$8,125,125	212.1%
2009-2010	\$0	\$15,727,655	\$15,727,655	0%	\$7,317,731	214.9%
2008-2009	\$0	\$15,182,949	\$15,182,949	0%	\$7,317,731	207.5%

Component Units

Plan Description

The Board of Education contributes to the Alabama Retired Education Employees' Health Care Trust (the "Trust"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The Trust provides health care benefits to state and local school system retirees and was established in 2007 under the provisions of Act Number 2007-16, Acts of Alabama, as an irrevocable trust fund. Responsibility for general administration and operations of the Trust is vested with the Public Education Employees' Health Insurance Board (PEEHIB) members. The **Code of Alabama 1975**, Section 16-25A-4 provides the PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years. The Trust issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at the Public Education Employees' Health Insurance Plan website, <http://www.rsa-al.gov/PEEHIP/peehip.html> under the Trust Fund Financial tab.

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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**NOTE 5 – OTHER INFORMATION – CONTINUED**

Funding Policy

The Public Education Employees' Health Insurance Fund (PEEHIF) was established in 1983 under the provisions of Act Number 255 to provide a uniform plan of health insurance for current and retired employees of state educational institutions. The plan is administered by the PEEHIB. Any Trust Fund assets used in paying administrative costs and retiree benefits are transferred to and paid from PEEHIF. The PEEHIB periodically reviews the funds available in the PEEHIF and if excess funds are determined to be available, the PEEHIB authorizes a transfer of funds from the PEEHIF to the Trust. Retirees are required to contribute monthly as follows:

	2013
Individual Coverage – Non-Medicare Eligible	\$ 151.00
Individual Coverage – Medicare Eligible	\$ 10.00
Family Coverage – Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	\$ 391.00
Family Coverage – Non-Medicare Eligible Retired Member and Dependent Medicare Eligible	\$ 250.00
Family Coverage – Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s)	\$ 250.00
Family Coverage – Medicare Eligible Retired Member and Dependent Medicare Eligible	\$ 109.00
Tobacco Surcharge	\$ 28.00
Surviving Spouse – Non-Medicare Eligible	\$ 671.00
Surviving Spouse – Non-Medicare Eligible and Dependent Non-Medicare Eligible	\$ 860.00
Surviving Spouse – Non-Medicare Eligible and Dependent Medicare Eligible	\$ 829.00
Surviving Spouse – Medicare Eligible	\$ 317.00
Surviving Spouse – Medicare Eligible and Dependent Non-Medicare Eligible	\$ 506.00
Surviving Spouse – Medicare Eligible and Dependent Medicare Eligible	\$ 475.00

For employees that retire other than for disability, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium.

The Board is required to contribute at a rate specified by the State for each active employee. The Board's share of premiums for retired Board employees health insurance is included as part of the premium for active employees. The following shows the required contributions in dollars and the percentage of that amount contributed for Board retirees:

Fiscal Year Ended September, 30,	2013	2012	2011
Active Health Insurance Premiums Paid by the Board	\$ 714.00	\$ 714.00	\$ 752.00
Amount of Premium Attributable to Retirees	\$ 216.90	\$ 228.85	\$ 198.94
Percentage of Active Employee Premiums Attributable to Retirees	30.38%	32.05%	26.45%
Percentage of Required Amount Contributed	100.00%	100.00%	100.00%
Total Amount Paid Attributable to Retirees	\$ 3,089,054.00	\$ 3,226,460.00	\$ 2,895,327.00

**City of Decatur**  
**Notes to the Financial Statements**  
September 30, 2013

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**NOTE 5 – OTHER INFORMATION – CONTINUED**

Each year the PEEHIB certifies to the Governor and to the Legislature the contribution rates based on the amount needed to fund coverage for benefit for the following fiscal year and the Legislature sets the premium rate in the annual appropriation bill. This results in a pay-as-you-go funding method. The provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, were implemented prospectively.

**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, 2013 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.

Changes in the balance of claims liability (net of anticipated insurance coverage) for the year ended September 30, 2013 are as follows:

	September 30,	
	2013	2012
Unpaid claims, beginning of year	\$ 763,364	\$ 579,279
Incurred claims	-	250,000
Less claim payments	(29,231)	(65,915)
Unpaid claims, end of year	<u>\$ 734,133</u>	<u>\$ 763,364</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. Prior Period Adjustment**

In 2013, the System determined that overhead associated with work in process across the Electric, Gas, Water and Wastewater Systems had been over charged by \$476,554, \$45,702, \$29,649 and \$88,192 respectively in 2012. Therefore, restatements to the 2012 business-type activities financial statements were required. The result of this was a prior-year adjustment of \$476,554, \$45,702, \$29,649 and \$88,192 to the Electric, Gas, Water and Wastewater Systems respectively. The prior-period adjustment represents a decrease in work in process, an increase in expenses, and an offsetting reduction to the October 1, 2012 Net Position.

**H. Subsequent Events**

The Company has evaluated subsequent events through March 31, 2014, the date on which the financial statements were available for issue.

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## **SUPPLEMENTAL INFORMATION**

**CITY OF DECATUR  
GENERAL FUND  
BALANCE SHEET  
September 30, 2013**

**ASSETS**

Cash & cash equivalents	\$ 18,493,605
Cash with fiscal agent	521,687
Receivables (net of allowances):	
Accounts	430,023
Notes	-
Taxes	2,737,884
Accrued interest	15
Due from other funds	1,980,457
Due from other governmental entities	569,533
Deposits	68,833
Inventories	13,545

**Total assets** \$ 24,815,582

**DEFERRED OUTFLOWS OF RESOURCES** -

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 1,822,162
Accrued liabilities	1,379,286
Customer deposits	270,459
Other	82,432

**Total liabilities** 3,554,339

**DEFERRED INFLOWS OF RESOURCES** 259,243

**FUND BALANCE**

Nonspendable	13,545
Restricted	-
Committed	10,871,653
Assigned	751,791
Unassigned	9,365,011

**Total fund balance** 21,002,000

**Total liabilities, deferred resources and fund balance** \$ 24,815,582

**CITY OF DECATUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET & ACTUAL  
September 30, 2013**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and payments in lieu of taxes	\$ 36,555,500	\$ 36,673,200	\$ 36,481,292	\$ (191,908)
Licenses and permits	6,512,175	6,403,175	6,395,655	(7,520)
Fines and forfeitures	807,200	634,200	718,539	84,339
Revenues from money and property	231,335	250,335	250,515	180
Charges for services	4,516,450	4,635,950	4,746,517	110,567
Intergovernmental	5,987,009	5,973,389	6,134,461	161,072
Gifts and donations	32,000	66,390	65,842	(548)
Other revenues	48,070	125,070	140,381	15,311
<b>Total revenues</b>	<b>54,689,739</b>	<b>54,761,709</b>	<b>54,933,202</b>	<b>171,493</b>
<b>EXPENDITURES</b>				
Current				
General government	4,110,005	4,186,305	4,064,737	121,568
Public safety	22,257,425	22,062,425	21,735,915	326,510
Public works	7,488,813	7,523,548	7,471,337	52,211
Public services	8,655,036	8,912,506	8,555,660	356,846
Intergovernmental assistance	4,737,553	4,758,253	4,671,085	87,168
Community services contracts	2,407,113	2,407,113	2,401,419	5,694
Debt service:				
Principal	2,599,389	2,599,389	2,599,087	302
Interest and fiscal charges	1,580,279	1,540,468	1,540,748	(280)
<b>Total expenditures</b>	<b>53,835,613</b>	<b>53,990,007</b>	<b>53,039,988</b>	<b>950,019</b>
<b>Excess of revenues over expenditures</b>	<b>854,126</b>	<b>771,702</b>	<b>1,893,214</b>	<b>1,121,512</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Operating transfers in	9,611	9,611	10,229	618
Operating transfers out	(793,237)	(873,237)	(961,678)	(88,441)
<b>Total other financing sources (uses)</b>	<b>(783,626)</b>	<b>(863,626)</b>	<b>(951,449)</b>	<b>(87,823)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>70,500</b>	<b>(91,924)</b>	<b>941,765</b>	<b>1,033,689</b>
Fund balance, beginning	19,275,380	17,074,906	20,060,235	2,985,329
<b>Fund balance, ending</b>	<b>\$ 19,345,880</b>	<b>\$ 16,982,982</b>	<b>\$ 21,002,000</b>	<b>\$ 4,019,018</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, 2013**

**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	\$ 27,000,000	\$ 26,730,000	\$ 26,410,909	\$ (319,091)
Ad valorem	3,125,000	3,216,700	3,234,596	17,896
Other	6,430,500	6,726,500	6,835,787	109,287
<b>Total</b>	<b>36,555,500</b>	<b>36,673,200</b>	<b>36,481,292</b>	<b>(191,908)</b>
Licenses and permits				
Motor Vehicle	175,000	175,000	180,959	5,959
Business Licenses and Permits	5,623,000	5,636,000	5,623,211	(12,789)
Building Permits and Inspection Fees	714,175	592,175	591,485	(690)
<b>Total</b>	<b>6,512,175</b>	<b>6,403,175</b>	<b>6,395,655</b>	<b>(7,520)</b>
Fines and forfeitures				
	807,200	634,200	718,539	84,339
Revenues from money and property				
Interest	86,000	101,000	98,650	(2,350)
Other	145,335	149,335	151,865	2,530
<b>Total</b>	<b>231,335</b>	<b>250,335</b>	<b>250,515</b>	<b>180</b>
Charges for current services				
Recreation	461,900	560,900	628,348	67,448
Animal shelter	30,000	37,000	36,876	(124)
General government	462,200	462,200	460,376	(1,824)
Public safety	192,000	212,500	258,477	45,977
Public works	3,323,400	3,304,400	3,295,404	(8,996)
Cemetery	45,100	47,100	54,750	7,650
Old bank	750	750	120	(630)
Youth services	1,100	11,100	12,166	1,066
Historic Preservation	-	-	-	-
<b>Total</b>	<b>4,516,450</b>	<b>4,635,950</b>	<b>4,746,517</b>	<b>110,567</b>
Intergovernmental				
Tax equivalents	5,774,759	5,762,759	5,798,000	35,241
State Grants	-	3,380	-	(3,380)
State Shared Taxes	212,250	207,250	336,461	129,211
State contributions	-	-	-	-
<b>Total</b>	<b>5,987,009</b>	<b>5,973,389</b>	<b>6,134,461</b>	<b>161,072</b>
Gifts & donations				
	32,000	66,390	65,842	(548)
Other revenues	48,070	125,070	140,381	15,311
<b>TOTAL REVENUES</b>	<b>54,689,739</b>	<b>54,761,709</b>	<b>54,933,202</b>	<b>171,493</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, 2013**

**Page 2 of 7**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
<b>General Government</b>				
Mayor and Council				
Personal services	277,431	283,163	284,549	(1,386)
Operating expenses	36,650	34,018	36,678	(2,660)
<b>Total</b>	<b>314,081</b>	<b>317,181</b>	<b>321,227</b>	<b>(4,046)</b>
Legal Services				
Personal services	371,130	371,130	373,245	(2,115)
Operating expenses	57,800	57,800	45,555	12,245
<b>Total</b>	<b>428,930</b>	<b>428,930</b>	<b>418,800</b>	<b>10,130</b>
Municipal Court				
Personal services	461,423	461,423	462,659	(1,236)
Operating expenses	39,000	39,000	35,678	3,322
<b>Total</b>	<b>500,423</b>	<b>500,423</b>	<b>498,337</b>	<b>2,086</b>
City Clerk				
Personal services	424,399	417,899	412,708	5,191
Operating expenses	142,875	124,175	121,979	2,196
<b>Total</b>	<b>567,274</b>	<b>542,074</b>	<b>534,687</b>	<b>7,387</b>
Revenue department				
Personal services	218,995	218,995	219,714	(719)
Operating expenses	65,870	65,870	55,282	10,588
<b>Total</b>	<b>284,865</b>	<b>284,865</b>	<b>274,996</b>	<b>9,869</b>
Finance department				
Personal services	612,788	598,038	558,924	39,114
Operating expenses	16,475	19,925	19,125	800
<b>Total</b>	<b>629,263</b>	<b>617,963</b>	<b>578,049</b>	<b>39,914</b>
Public building				
Personal services	124,838	114,338	113,048	1,290
Operating expenses	476,599	576,799	536,338	40,461
<b>Total</b>	<b>601,437</b>	<b>691,137</b>	<b>649,386</b>	<b>41,751</b>
Community development				
Personal services	647,932	647,932	626,560	21,372
Operating expenses	135,800	155,800	162,695	(6,895)
<b>Total</b>	<b>783,732</b>	<b>803,732</b>	<b>789,255</b>	<b>14,477</b>
<b>Total general government</b>	<b>4,110,005</b>	<b>4,186,305</b>	<b>4,064,737</b>	<b>121,568</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, 2013

Page 3 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Safety</b>				
Fire				
Personal services	8,936,582	8,673,582	8,649,499	24,083
Operating expenses	795,528	860,528	781,809	78,719
Total	9,732,110	9,534,110	9,431,308	102,802
Inspection				
Personal services	654,681	634,681	612,585	22,096
Operating expenses	58,100	78,100	67,613	10,487
Total	712,781	712,781	680,198	32,583
Police				
Personal services	10,293,834	10,258,834	10,115,241	143,593
Operating expenses	1,518,700	1,556,700	1,509,168	47,532
Total	11,812,534	11,815,534	11,624,409	191,125
<b>Total public safety</b>	<b>22,257,425</b>	<b>22,062,425</b>	<b>21,735,915</b>	<b>326,510</b>
<b>Public Works</b>				
Director				
Personal services	451,471	451,471	448,918	2,553
Operating expenses	100,330	100,330	84,209	16,121
Total	551,801	551,801	533,127	18,674
Streets				
Personal services	2,119,685	2,119,685	2,024,794	94,891
Operating expenses	1,009,660	1,044,395	1,036,463	7,932
Total	3,129,345	3,164,080	3,061,257	102,823
Engineering				
Personal services	186,989	186,989	187,471	(482)
Operating expenses	30,600	30,600	34,344	(3,744)
Total	217,589	217,589	221,815	(4,226)
Sanitation				
Personal services	1,871,778	1,871,778	1,843,681	28,097
Operating expenses	1,718,300	1,718,300	1,811,457	(93,157)
Total	3,590,078	3,590,078	3,655,138	(65,060)
<b>Total public works</b>	<b>7,488,813</b>	<b>7,523,548</b>	<b>7,471,337</b>	<b>52,211</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, 2013

Page 4 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Services</b>				
Animal Shelter				
Personal services	580,565	585,165	563,066	22,099
Operating expenses	131,414	137,214	139,736	(2,522)
Total	711,979	722,379	702,802	19,577
Park and recreation				
Personal services	4,128,745	4,530,745	4,166,446	364,299
Operating expenses	2,504,700	2,296,180	2,379,881	(83,701)
Total	6,633,445	6,826,925	6,546,327	280,598
Landscape and beautification				
Personal services	220,269	203,769	179,258	24,511
Operating expenses	79,100	95,600	77,637	17,963
Total	299,369	299,369	256,895	42,474
Cemetery				
Personal services	85,146	79,446	83,283	(3,837)
Operating expenses	86,100	91,800	93,548	(1,748)
Total	171,246	171,246	176,831	(5,585)
Youth services				
Personal services	458,924	458,924	455,612	3,312
Operating expenses	144,981	198,571	207,877	(9,306)
Total	603,905	657,495	663,489	(5,994)
Culture				
Cultural Facilities	120,000	120,000	107,347	12,653
Old Bank	112,292	112,292	101,664	10,628
Historic Preservation Commission	2,800	2,800	305	2,495
Total	235,092	235,092	209,316	25,776
<b>Total public services</b>	<b>8,655,036</b>	<b>8,912,506</b>	<b>8,555,660</b>	<b>356,846</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, 2013

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	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><i>Intergovernmental assistance</i></b>				
Garage				
Personal services	297,963	297,963	279,141	18,822
Operating expenses	54,650	54,650	51,515	3,135
Total	352,613	352,613	330,656	21,957
Purchasing				
Personal services	96,748	106,748	107,905	(1,157)
Operating expenses	6,150	35,150	32,243	2,907
Total	102,898	141,898	140,148	1,750
Information services				
Personal services	649,118	612,032	558,843	53,189
Operating expenses	621,700	633,186	622,221	10,965
Total	1,270,818	1,245,218	1,181,064	64,154
Miscellaneous				
Workman's compensation	500,000	500,000	544,728	(44,728)
Insurance	230,000	257,455	257,455	-
Other	1,982,436	1,962,281	1,941,089	21,192
Total	2,712,436	2,719,736	2,743,272	(23,536)
Planning department				
Personal services	256,988	256,988	252,242	4,746
Operating expenses	27,800	27,800	15,473	12,327
Total	284,788	284,788	267,715	17,073
Safety				
Personal services	-	-	-	-
Operating expenses	14,000	14,000	8,230	5,770
Total	14,000	14,000	8,230	5,770
<b><i>Total Intergovernmental assistance</i></b>	<b>4,737,553</b>	<b>4,758,253</b>	<b>4,671,085</b>	<b>87,168</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, 2013**

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	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Community Service Contracts</b>				
Wheeler Basin Regional Library Board	346,873	346,873	346,873	-
Morgan County Emergency Management Dist.	461,197	461,197	461,197	-
Decatur-Morgan County Emergency Mgt. Agency	23,442	23,442	23,442	-
NARCOG:				
Regional Planning	-	-	-	-
Senior Aid Program	-	-	-	-
Transport Planning	-	-	-	-
NCA Mental Health Board	14,550	14,550	14,550	-
NCA Mental Health Board - Facets	12,126	12,126	12,126	-
Economic Development Association	64,883	64,883	64,883	-
NCA Mental Retardation Center, Inc.	10,680	10,680	10,680	-
Tennessee Valley Rehabilitation Center, Inc.	-	-	-	-
Morgan County Health Department	118,560	118,560	118,560	-
Morgan County Commission	150,000	150,000	150,000	-
Community Action and Community Development				
Agency of North Alabama:				
Meals on Wheels	15,808	15,808	15,808	-
Foster Grandparents	10,725	10,725	10,725	-
Decatur-Morgan County Seniors' Council, Inc.	53,200	53,200	53,200	-
Decatur Convention and Visitors' Bureau	657,000	657,000	651,306	5,694
Chamber of Commerce:				
BRAC	-	-	-	-
Beautification Board	18,000	18,000	18,000	-
Community Business Development Board	14,217	14,217	14,217	-
Cornerstone	-	-	-	-
Morgan County Rescue Squad	8,342	8,342	8,342	-
Main Street of Decatur	-	-	-	-
Hospice of the Valley	4,075	4,075	4,075	-
American Red Cross	4,075	4,075	4,075	-
Pryor Field Airport Authority	30,000	30,000	30,000	-
ARC of Morgan County	5,244	5,244	5,244	-
Volunteer Center	7,866	7,866	7,866	-
Carnegie Visual Arts	20,000	20,000	20,000	-
PACT	3,575	3,575	3,575	-
System of Services	4,800	4,800	4,800	-
Free Health Clinic	59,280	59,280	59,280	-
Morgan County Child Advocacy Center	20,995	20,995	20,995	-
Junior Achievement	-	-	-	-
Downtown Redevelopment Authority	74,100	74,100	74,100	-
Decatur Youth Symphony	13,500	13,500	13,500	-
Calhoun Robotics Complex	-	-	-	-
Princess Theatre	40,000	40,000	40,000	-
Downtown Arts Center	-	-	-	-
Entrepreneurial Center	100,000	100,000	100,000	-
C/C One Vision, One Voice	40,000	40,000	40,000	-
<b>Total Community Services Contract</b>	<b>2,407,113</b>	<b>2,407,113</b>	<b>2,401,419</b>	<b>5,694</b>
<b>Debt Service Expenditures</b>				
Principal	2,599,389	2,599,389	2,599,087	302
Interest and fiscal charges	1,580,279	1,540,468	1,540,748	(280)
<b>Total Debt Service Expenditures</b>	<b>4,179,668</b>	<b>4,139,857</b>	<b>4,139,835</b>	<b>22</b>
<b>TOTAL EXPENDITURES</b>	<b>53,835,613</b>	<b>53,990,007</b>	<b>53,039,988</b>	<b>950,019</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>854,126</b>	<b>771,702</b>	<b>1,893,214</b>	<b>1,121,512</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, 2013**

**Page 7 of 7**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Operating transfers in	9,611	9,611	10,229	618
Operating transfers out	(793,237)	(873,237)	(961,678)	(88,441)
Total other financing sources (uses)	(783,626)	(863,626)	(951,449)	(87,823)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	70,500	(91,924)	941,765	1,033,689
Fund balance, beginning	19,275,380	17,074,906	20,060,235	2,985,329
<b>Fund balance, ending</b>	<b>\$ 19,345,880</b>	<b>\$ 16,982,982</b>	<b>\$ 21,002,000</b>	<b>\$ 4,019,018</b>

	Special Revenue Funds											Capital Projects Fund			Debt Service Fund			Total Nonmajor Governmental Funds
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy	Perpetual Care	Sewer Fund	Capital Improvements Fund	Capital Improvements Fund	2012 Capital Improvements Fund	Crossings Warrant Fund	Public Port & Infrastructure Warrants Fund	
<b>ASSETS</b>																		
Cash & investments, at cost	\$ 427,896	\$ 495,791	\$ 102,695	\$ 141,359	\$ 164,791	\$ 1,657,931	\$ 202,679	\$ 313,409	\$ 231,526	\$ 327,825	\$ 985,086	\$ 4,639,943	\$ 1,076,679	\$ 296,326	\$ 742,894		\$ 11,808,730	
Investments, at cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables (net of allowances)	-	-	-	46	88,835	-	30,184	11,461	43	-	-	-	-	-	-	-	209,292	
Accounts Notes	-	-	78,723	-	-	-	-	-	-	-	-	-	-	-	-	-	324,103	
Accrued interest	-	-	324,103	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxes	-	-	-	-	-	-	-	-	-	37,209	-	-	-	-	73,393	-	110,602	
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	42,447	-	-	-	-	42,447	
Due from governmental entities	12,452	277,399	422,073	-	-	-	-	-	-	-	-	-	13,738	-	-	-	476,002	
<b>Total assets</b>	\$ 440,348	\$ 523,530	\$ 927,494	\$ 141,405	\$ 253,626	\$ 1,657,931	\$ 232,863	\$ 324,870	\$ 231,569	\$ 365,034	\$ 985,086	\$ 4,682,390	\$ 1,092,417	\$ 296,326	\$ 816,287		\$ 12,971,176	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>																		
<b>LIABILITIES</b>																		
Accounts payable	17,113	21,433	292,431	3,517	94,043	2,800	3,930	3,776	3,007	-	-	1,391	31,071	-	-	-	474,512	
Accrued liabilities	-	-	954	15,278	69,457	-	521	97	-	-	-	-	-	-	-	-	86,307	
Contract retainages	-	-	4,223	-	-	-	-	-	-	-	-	37,439	-	-	-	-	41,662	
Due to other funds	-	-	-	-	-	-	-	-	-	2,896,291	-	-	-	-	-	-	2,912,812	
Due to other governmental entities	-	-	-	-	88,821	-	-	-	-	-	-	-	-	-	-	-	88,821	
Customer deposits	-	-	2,094	-	-	-	-	-	-	-	-	-	-	-	-	-	2,094	
Other	-	-	-	-	1,305	-	-	-	-	-	-	-	-	-	-	-	1,305	
<b>Total liabilities</b>	17,113	21,433	299,702	35,316	253,626	2,800	4,451	3,873	3,007	2,896,291	-	38,830	31,071	-	-	-	3,607,513	
<b>DEFERRED INFLOWS OF RESOURCES</b>																		
<b>FUND BALANCES</b>																		
Nonspendable	-	-	-	-	-	-	-	-	-	-	985,086	-	-	-	-	-	985,086	
Restricted	423,235	502,097	-	-	-	1,655,131	228,412	320,997	228,562	(2,531,257)	-	4,643,560	1,047,608	296,326	816,287	-	827,177	
Committed	-	-	459,491	106,089	-	-	-	-	-	-	-	-	-	-	-	-	7,369,361	
Unassigned	-	-	(531,029)	-	-	-	-	-	-	-	-	-	-	-	-	-	(531,029)	
<b>Total fund balance (deficit)</b>	423,235	502,097	(71,538)	106,089	-	1,655,131	228,412	320,997	228,562	(2,531,257)	985,086	4,643,560	1,047,608	296,326	816,287	-	8,650,595	
<b>Total liabilities, deferred inflows and fund balance</b>	\$ 440,348	\$ 523,530	\$ 927,494	\$ 141,405	\$ 253,626	\$ 1,657,931	\$ 232,863	\$ 324,870	\$ 231,569	\$ 365,034	\$ 985,086	\$ 4,682,390	\$ 1,092,417	\$ 296,326	\$ 816,287		\$ 12,971,176	

CITY OF DECATUR  
 NON-MAJOR GOVERNMENTAL FUNDS (by fund type)  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 For the Year Ended September 30, 2013

	Special Revenue Funds										Debt Service Fund	Total Nonmajor Governmental Funds				
	7 Cent Gas Tax	4 & 5 Cent Gas Tax	Community Development	Personnel Board	Municipal Court	Heritage Trust	Corrections	Docket Fees	Drug Seizure	Room Occupancy			Perpetual Care	Sewer Fund	Capital Improvements Fund	2012 Capital Improvements Fund
<b>REVENUE</b>																
Sales & use taxes																
Property taxes																
Other taxes																
Licenses & permits																
Fines & forfeitures																
Revenues from money & property	1,871	1,500					180,681	639		48,467		16,662	7,203	3,789		
Intergovernmental	136,162	303,763	1,405,427			1,253,573		48,865				236,716				
Gifts & donations												489,222				
Other revenues		122,512	638													
<b>Total revenues</b>	138,033	305,263	1,527,939	638		1,253,573	180,681	49,804	476,565	48,467	515,884	257,192		3,789	950,671	6,104,312
<b>EXPENDITURES</b>																
Current																
General government																
Public safety																
Public works	336,721	111,901				30,489	186,648	5,461				754,737				256,054
Public services							93,791	81,521			1,630,283	461,296		94,465		930,049
Intergovernmental assistance							223,107		43,119			434,051		488,034		2,674,940
Community development												19,258				1,188,311
Debt service																19,258
Principal																1,465,521
Interest and fiscal charges																573,625
Debt issuance costs																
Capital projects construction and outlay																
<b>Total expenditures</b>	336,721	111,901	1,465,521	573,625		293,870	280,439	86,982	166,313		2,136,096	1,669,342		582,499	622,982	8,359,747
<b>Excess (deficiency) of revenues over expenditures</b>	(198,688)	193,362	62,418	(672,987)		959,703	115,374	(37,176)	310,252	48,467	(1,620,212)	(1,412,150)		(578,710)	327,689	(2,255,495)
<b>OTHER FINANCING SOURCES (USES)</b>																
Long-term debt issued																
Discount on debt issued																
Payment to escrow agent																
Transfers in																
Transfers (out)																
Total other financing sources (uses)																
<b>Net change in fund balance</b>	(198,688)	193,362	150,375	(18,308)		959,703	115,374	(37,176)	298,351	44,850	(1,620,212)	(1,312,150)		(1,574,143)	327,689	(2,523,750)
Fund balance (deficit), beginning	621,923	308,735	(221,913)	124,397		695,428	113,038	265,740	(2,829,608)	940,236	6,263,772	2,359,758		1,870,469	488,598	11,174,345
<b>Fund balance (deficit), ending</b>	\$ 423,235	\$ 502,097	\$ (71,538)	\$ 106,089	\$ -	\$ 1,655,131	\$ 228,412	\$ 228,562	\$ (2,531,257)	\$ 985,086	\$ 4,643,560	\$ 1,047,608	\$ -	\$ 296,326	\$ 816,287	\$ 8,650,595

**CITY OF DECATUR  
7 CENT GAS TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
September 30, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 136,162	\$ (3,838)
Revenues from money and property	1,000	1,000	1,871	871
Total revenues	141,000	141,000	138,033	(2,967)
<b>Expenditures</b>				
Operating expenses	718,186	718,186	336,721	381,465
Capital outlay	44,737	44,737	-	44,737
Total expenditures	762,923	762,923	336,721	426,202
<b>Excess (deficiency) of revenues over expenditures</b>	(621,923)	(621,923)	(198,688)	423,235
<b>Net change in fund balance</b>	(621,923)	(621,923)	(198,688)	423,235
Fund balance, beginning	621,923	621,923	621,923	-
<b>Fund balance, ending</b>	\$ -	\$ -	\$ 423,235	423,235

**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, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 293,000	\$ 293,000	\$ 303,763	\$ 10,763
Revenues from money and property	500	500	1,500	1,000
Other revenue	-	-	-	-
<b>Total revenues</b>	<b>293,500</b>	<b>293,500</b>	<b>305,263</b>	<b>11,763</b>
<b>Expenditures</b>				
Operating expenses	602,235	602,235	111,901	490,334
<b>Total expenditures</b>	<b>602,235</b>	<b>602,235</b>	<b>111,901</b>	<b>490,334</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(308,735)</b>	<b>(308,735)</b>	<b>193,362</b>	<b>502,097</b>
<b>Net change in fund balance</b>	<b>(308,735)</b>	<b>(308,735)</b>	<b>193,362</b>	<b>502,097</b>
Fund balance, beginning	308,735	308,735	308,735	-
<b>Fund balance, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 502,097</b>	<b>\$ 502,097</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, 2013**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$ -	\$ -	\$ 638	\$ 638
Total revenues	-	-	638	638
<b>Expenditures</b>				
Personal services	483,756	483,756	489,546	(5,790)
Operating expenses	106,300	106,300	84,079	22,221
Total expenditures	590,056	590,056	573,625	16,431
<b>Excess (deficiency) of revenues over expenditures</b>	(590,056)	(590,056)	(572,987)	17,069
<b>Other financing sources</b>				
Operating transfers in	554,679	554,679	554,679	-
Total other financing sources (uses)	554,679	554,679	554,679	-
<b>Net change in fund balance</b>	(35,377)	(35,377)	(18,308)	17,069
Fund balance, beginning	124,397	124,397	124,397	-
<b>Fund balance, ending</b>	\$ 89,020	\$ 89,020	\$ 106,089	\$ 17,069

**CITY OF DECATUR  
HERITAGE TRUST FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 350,000	\$ 1,253,572	\$ 1,253,573	\$ 1
Revenues from money and property	-	-	-	-
Total revenues	350,000	1,253,572	1,253,573	1
<b>Expenditures</b>				
Operating expenses	-	-	-	-
Capital outlay	361,736	406,559	293,870	112,689
Total expenditures	361,736	406,559	293,870	112,689
<b>Excess (deficiency) of revenues over expenditures</b>	(11,736)	847,013	959,703	112,690
Total other financing sources (uses)	-	-	-	-
<b>Net change in fund balance</b>	(11,736)	847,013	959,703	112,690
Fund balance, beginning	695,428	695,428	695,428	-
<b>Fund balance, ending</b>	<u>\$ 683,692</u>	<u>\$ 1,542,441</u>	<u>\$ 1,655,131</u>	<u>\$ 112,690</u>

**CITY OF DECATUR  
CORRECTIONS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Fines and Forfeitures	\$ 370,000	\$ 370,000	\$ 395,207	\$ 25,207
Revenues from money and property	1,000	1,000	606	(394)
Total revenues	<u>371,000</u>	<u>371,000</u>	<u>395,813</u>	<u>24,813</u>
<b>Expenditures</b>				
Personal services	209,698	209,698	176,940	32,758
Operating expenses	183,000	363,000	103,499	259,501
Capital outlay	-	-	-	-
Total expenditures	<u>392,698</u>	<u>572,698</u>	<u>280,439</u>	<u>292,259</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(21,698)</u>	<u>(201,698)</u>	<u>115,374</u>	<u>317,072</u>
<b>Net change in fund balance</b>	<u>(21,698)</u>	<u>(201,698)</u>	<u>115,374</u>	<u>317,072</u>
Fund balance, beginning	<u>113,038</u>	<u>113,038</u>	<u>113,038</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 91,340</u>	<u>\$ (88,660)</u>	<u>\$ 228,412</u>	<u>\$ 317,072</u>

**CITY OF DECATUR  
DOCKET FEE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2013**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$ 120,000	\$ 120,000	\$ 180,681	\$ 60,681
Total revenues	120,000	120,000	180,681	60,681
<b>Expenditures</b>				
Personal services	41,083	41,083	9,686	31,397
Operating expenses	78,917	78,917	23,770	55,147
Total expenditures	120,000	120,000	33,456	86,544
<b>Net change in fund balance</b>	-	-	147,225	147,225
Fund balance, beginning	173,772	173,772	173,772	-
<b>Fund balance, ending</b>	<b>\$ 173,772</b>	<b>\$ 173,772</b>	<b>\$ 320,997</b>	<b>\$ 147,225</b>

**CITY OF DECATUR  
DRUG SEIZURE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2013**

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 48,865	\$ (1,135)
Revenues from money and property	1,000	1,000	939	(61)
Total revenues	51,000	51,000	49,804	(1,196)
<b>Expenditures</b>				
Operating expenses	120,000	140,000	71,693	68,307
Capital outlay	75,000	55,000	15,289	39,711
Total expenditures	195,000	195,000	86,982	108,018
<b>Excess (deficiency) of revenues over expenditures</b>	(144,000)	(144,000)	(37,178)	106,822
<b>Net change in fund balance</b>	(144,000)	(144,000)	(37,178)	106,822
Fund balance, beginning	265,740	265,740	265,740	-
<b>Fund balance, ending</b>	<b>\$ 121,740</b>	<b>\$ 121,740</b>	<b>\$ 228,562</b>	<b>\$ 106,822</b>

**CITY OF DECATUR  
ROOM OCCUPANCY TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2013**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes and Payments in lieu of taxes	\$ 450,000	\$ 450,000	\$ 476,565	\$ 26,565
Total revenues	450,000	450,000	476,565	26,565
<b>Expenditures</b>				
Capital outlay	-	50,000	43,119	6,881
Debt service				
Principal	65,000	65,000	65,000	-
Interest	58,194	58,194	58,194	-
Total expenditures	123,194	173,194	166,313	6,881
<b>Excess (deficiency) of revenues over expenditures</b>	<b>326,806</b>	<b>276,806</b>	<b>310,252</b>	<b>33,446</b>
<b>Other financing sources</b>				
Operating transfers (out)	(11,900)	(11,900)	(11,901)	(1)
Total other financing sources	(11,900)	(11,900)	(11,901)	(1)
<b>Net change in fund balance</b>	<b>314,906</b>	<b>264,906</b>	<b>298,351</b>	<b>33,445</b>
Fund balance, beginning	(2,829,608)	(2,829,608)	(2,829,608)	-
<b>Fund balance, ending</b>	<b>\$ (2,514,702)</b>	<b>\$ (2,564,702)</b>	<b>\$ (2,531,257)</b>	<b>\$ 33,445</b>

**CITY OF DECATUR  
NON-MAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
September 30, 2013**

	<b>Enterprise Funds</b>		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & investments, at cost	\$ 257,165	\$ 17,600,377	\$17,857,542
Accounts	34,465	574,913	609,378
Due from other funds	-	1,287,240	1,287,240
Inventories, at cost	57,622	7,725	65,347
<b>Total current assets</b>	<b>349,252</b>	<b>19,470,255</b>	<b>19,819,507</b>
<b>Noncurrent assets</b>			
Capital assets:			
Land	254,931	1,241,799	1,496,730
Buildings	7,322,728	2,350,511	9,673,239
Improvements other than buildings	9,688,815	10,279,766	19,968,581
Furniture & equipment	1,169,323	7,200,286	8,369,609
Construction work in progress	271,349	268,817	540,166
Less accumulated depreciation	(10,483,474)	(12,606,425)	(23,089,899)
Total capital assets (net of accumulated depreciation)	8,223,672	8,734,754	16,958,426
<b>Total noncurrent assets</b>	<b>8,223,672</b>	<b>8,734,754</b>	<b>16,958,426</b>
<b>Total assets</b>	<b>8,572,924</b>	<b>28,205,009</b>	<b>36,777,933</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	228,442	235,821	464,263
Accrued liabilities	11,802	3,587	15,389
Contract retainages	11,567	-	11,567
Compensated absences	3,123	15,753	18,876
Due to other funds	-	-	-
<b>Total current liabilities</b>	<b>254,934</b>	<b>255,161</b>	<b>510,095</b>
<b>Noncurrent liabilities</b>			
Landfill closure and post-closure care costs	-	3,847,166	3,847,166
Compensated absences	28,102	141,780	169,882
<b>Total noncurrent liabilities</b>	<b>28,102</b>	<b>3,988,946</b>	<b>4,017,048</b>
<b>Total liabilities</b>	<b>283,036</b>	<b>4,244,107</b>	<b>4,527,143</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	-
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	8,223,672	8,734,754	16,958,426
Unrestricted	66,216	15,226,148	15,292,364
<b>Total net position</b>	<b>\$ 8,289,888</b>	<b>\$ 23,960,902</b>	<b>\$ 32,250,790</b>

**CITY OF DECATUR  
NON-MAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
For the Year Ended September 30, 2013**

	<b>Enterprise Funds</b>		
	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>Operating revenue</b>			
Charges for services	\$ -	\$ 5,853,244	\$ 5,853,244
Premiums & fees	4,658,432	-	4,658,432
<b>Total operating revenue</b>	<b>4,658,432</b>	<b>5,853,244</b>	<b>10,511,676</b>
<b>Operating expenses</b>			
Personnel, operations & maintenance	4,237,692	3,654,182	7,891,874
Closure and postclosure costs	-	265,043	265,043
Depreciation and amortization	514,104	1,055,927	1,570,031
Administrative costs	559,393	607,663	1,167,056
<b>Total operating expenses</b>	<b>5,311,189</b>	<b>5,582,815</b>	<b>10,894,004</b>
<b>Operating income (loss)</b>	<b>(652,757)</b>	<b>270,429</b>	<b>(382,328)</b>
<b>Nonoperating revenue (expenses)</b>			
Interest income	-	62,320	62,320
Gain on disposition of assets	825	3,400	4,225
Miscellaneous revenue	8,959	47,827	56,786
<b>Total nonoperating revenue</b>	<b>9,784</b>	<b>113,547</b>	<b>123,331</b>
<b>Income (loss) before contributions, transfers &amp; special items</b>	<b>(642,973)</b>	<b>383,976</b>	<b>(258,997)</b>
Transfers in	1,214,476	5,288	1,219,764
<b>Change in net position</b>	<b>571,503</b>	<b>389,264</b>	<b>960,767</b>
Total net position, beginning	7,718,385	23,571,638	31,290,023
<b>Total net position, ending</b>	<b>\$ 8,289,888</b>	<b>\$ 23,960,902</b>	<b>\$ 32,250,790</b>

**CITY OF DECATUR  
NON-MAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended September 30, 2013**

	Point Mallard	Sanitary Landfill	Total Nonmajor Enterprise Funds
<b>Operating activities</b>			
Receipts from customers and users	\$ 4,662,064	\$ 5,893,531	\$ 10,555,595
Other operating cash receipts	9,984	47,827	57,811
Receipts from interfund services provided	-	-	-
Payments to suppliers	(720,455)	(1,560,061)	(2,280,516)
Payments to employees	(4,224,002)	(3,524,804)	(7,748,806)
Payments for legal settlement	-	-	-
Payments for interfund services	(40,724)	(49,782)	(90,506)
Non-operating cash receipts	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>(313,133)</b>	<b>806,711</b>	<b>493,578</b>
<b>Noncapital financing activities</b>			
Advances to other funds	-	104,649	104,649
Operating transfers in	1,214,476	5,288	1,219,764
Operating transfers (out)	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>1,214,476</b>	<b>109,937</b>	<b>1,324,413</b>
<b>Capital and related financing activities</b>			
Acquisition and construction of capital assets	(3,506,436)	(132,482)	(3,638,918)
Proceeds from sale of capital assets	-	3,400	3,400
Intergovernmental grants	-	-	-
<b>Net cash used by capital and related financing activities</b>	<b>(3,506,436)</b>	<b>(129,082)</b>	<b>(3,635,518)</b>
<b>Investing activities</b>			
Purchase of investments	-	-	-
Interest received	-	62,320	62,320
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>62,320</b>	<b>62,320</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,605,093)</b>	<b>849,886</b>	<b>(1,755,207)</b>
Cash and cash equivalents, beginning	2,862,258	16,750,491	19,612,749
<b>Cash and cash equivalents, ending</b>	<b>\$ 257,165</b>	<b>\$ 17,600,377</b>	<b>\$ 17,857,542</b>
<b>Operating income (loss)</b>	<b>\$ (652,757)</b>	<b>\$ 270,429</b>	<b>\$ (382,328)</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation and amortization	514,104	1,055,927	1,570,031
Miscellaneous items	9,784	312,870	322,654
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Change in assets and liabilities:			
Receivables	3,832	40,287	44,119
Accounts payable	(168,737)	(837,921)	(1,006,658)
Contract retainages	-	-	-
Inventory	8,637	-	8,637
Due to (from) other funds	(40,724)	(49,782)	(90,506)
Accrued liabilities	12,728	14,901	27,629
Deferred revenue	-	-	-
Other items	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ (313,133)</b>	<b>\$ 806,711</b>	<b>\$ 493,578</b>

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**STATISTICAL SECTION  
(Unaudited)**

## Statistical Section

This part of the City of Decatur's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

### Contents

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

#### Source:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 33,080,019	\$ 33,975,719	\$ 35,365,812	\$ 32,000,473	\$ 33,454,568	\$ 26,700,022	\$ 19,978,084	\$ 24,122,151	\$ 21,969,172	\$ 16,428,199
Restricted	3,145,307	5,659,061	2,382,802	2,325,232	3,401,527	4,459,535	5,417,757	(2,385,360)	1,368,157	3,035,459
Unrestricted	(2,232,953)	(2,153,233)	2,372,206	9,250,203	11,924,579	18,838,999	24,266,429	24,343,072	23,391,527	24,372,544
<b>Total governmental activities net assets</b>	<b>33,992,373</b>	<b>37,481,547</b>	<b>40,120,820</b>	<b>43,575,908</b>	<b>48,780,674</b>	<b>49,998,556</b>	<b>49,662,270</b>	<b>46,079,863</b>	<b>46,728,856</b>	<b>43,836,202</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	141,972,809	187,342,637	174,056,977	164,005,708	173,451,387	167,520,564	165,133,023	163,020,598	162,954,372	158,026,539
Restricted	58,288,930	8,838,606	5,667,314	16,836,846	5,059,388	5,185,299	5,050,864	4,980,645	4,825,400	5,651,405
Unrestricted	47,187,185	44,934,480	41,638,502	35,277,505	33,731,687	37,692,763	37,098,632	33,733,133	28,132,562	26,485,303
<b>Total business-type activities net assets</b>	<b>247,448,924</b>	<b>241,115,723</b>	<b>221,362,793</b>	<b>216,120,059</b>	<b>212,242,462</b>	<b>210,398,626</b>	<b>207,282,519</b>	<b>201,734,376</b>	<b>195,912,334</b>	<b>190,163,247</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	175,052,828	221,318,356	209,422,789	196,006,181	206,905,955	194,220,586	185,111,107	187,142,749	184,923,544	174,454,738
Restricted	61,434,237	14,497,667	8,050,116	19,162,078	8,460,915	9,644,834	10,488,621	2,595,285	6,193,557	8,686,864
Unrestricted	44,954,232	42,781,247	44,010,708	44,527,708	45,656,266	56,531,762	61,365,061	58,076,205	51,524,089	50,857,847
<b>Total primary government net assets</b>	<b>\$ 281,441,297</b>	<b>\$ 278,597,270</b>	<b>\$ 261,483,613</b>	<b>\$ 259,695,967</b>	<b>\$ 261,023,136</b>	<b>\$ 260,397,182</b>	<b>\$ 256,944,789</b>	<b>\$ 247,814,239</b>	<b>\$ 242,641,190</b>	<b>\$ 233,999,449</b>

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 4,954,798	\$ 5,044,332	\$ 5,010,588	\$ 5,005,446	\$ 5,175,066	\$ 4,421,245	\$ 4,499,566	\$ 9,639,735	\$ 4,043,503	\$ 4,433,883
Public safety	22,958,877	21,943,955	21,414,691	21,236,517	21,631,775	20,949,207	19,883,381	18,468,401	18,735,909	18,393,540
Public works	8,129,190	7,609,409	8,522,763	7,619,663	7,913,537	9,238,083	7,428,328	7,066,626	7,864,825	8,022,796
Public services	10,164,983	10,437,085	9,555,143	10,198,141	10,273,746	11,436,422	9,939,516	9,425,623	7,496,941	6,535,471
Intergovernmental assistance	27,710,626	25,839,587	25,313,985	24,544,626	22,613,644	19,601,360	18,271,003	18,146,194	17,335,424	17,231,600
Community service contracts	2,401,418	2,739,907	3,083,825	3,062,672	2,831,805	2,973,892	2,840,387	2,555,873	2,425,783	2,358,965
Community development	1,026,452	1,750,619	1,734,467	1,099,361	1,449,526	1,315,544	1,647,028	1,633,891	720,867	1,138,744
Personnel board	573,625	594,999	534,424	559,696	525,530	537,308	540,514	498,392	530,389	469,260
Interest on long-term debt	1,910,582	2,147,487	2,342,822	2,581,851	2,675,197	3,227,317	3,411,694	2,680,090	2,877,155	2,591,239
Unallocated depreciation	2,507,112	2,575,465	2,735,488	2,906,451	2,994,155	3,114,842	3,294,946	3,395,762	3,457,256	3,365,134
Total governmental activities expense	82,337,663	80,682,845	80,248,196	78,814,424	78,083,981	76,815,220	71,756,363	73,510,587	65,488,052	64,540,632
Business-type activities:										
Municipal Utilities Board (a)	134,132,114	132,446,082	138,399,838	134,497,905	143,021,311	146,138,993	133,900,304	134,770,313	116,460,704	116,534,857
Point Mallard	5,311,189	4,674,328	4,317,541	4,231,449	4,252,309	4,731,723	4,031,207	3,652,042	3,276,086	3,888,884
Sanitary Landfill	5,582,815	5,600,555	5,114,326	3,961,936	3,509,975	3,561,336	3,319,933	3,177,301	3,011,682	3,188,082
Total business-type activities expenses	145,026,118	142,720,965	147,831,705	142,691,290	150,783,595	154,432,052	141,251,444	141,599,656	122,748,472	123,111,823
Total primary government expenses	227,363,781	223,403,810	228,079,901	221,505,714	228,867,576	231,247,272	213,007,807	215,110,243	188,236,524	187,652,455
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	6,118,428	6,356,657	5,713,461	5,130,679	6,064,711	5,723,572	3,197,582	5,012,310	4,682,502	4,413,236
Public safety	2,279,815	2,544,045	2,392,923	2,538,534	2,625,851	2,669,455	2,411,482	2,247,078	2,482,336	2,467,035
Public works	3,295,403	3,221,422	3,126,217	3,026,586	2,718,167	2,793,431	2,667,469	2,248,765	1,991,888	2,143,766
Public services	777,107	683,828	532,171	569,653	563,471	605,347	509,251	569,054	570,640	594,366
Intergovernmental assistance	8,897,954	8,172,228	7,971,208	8,255,815	8,821,683	8,273,255	9,514,493	7,692,435	5,655,455	5,530,185
Operating grants and contributions	1,131,772	1,150,674	1,365,315	625,182	985,777	549,862	785,689	685,272	473,856	1,232,546
Capital grants and contributions	396,166	2,295,332	418,216	840,028	3,216,221	430,745	661,390	2,273,151	2,068,497	1,573,144
Total governmental activities program revenues	22,896,645	24,424,186	21,519,511	20,986,477	24,995,881	21,045,667	19,747,356	20,728,065	17,925,174	17,954,278
Business-type activities										
Charges for services:										
Municipal Utilities Board (a)	138,618,004	139,093,646	141,928,757	135,751,956	141,286,120	145,442,999	136,260,625	136,117,615	117,869,302	117,445,093
Point Mallard	4,658,432	4,106,134	3,632,355	3,756,443	3,560,994	3,708,573	3,231,385	2,838,530	2,615,778	2,254,948
Sanitary Landfill	5,853,244	6,178,169	5,858,038	5,481,697	5,089,116	5,127,222	4,920,629	4,166,182	3,840,554	3,657,950
Capital grants and contributions	740,348	985,813	414,573	1,058,497	1,964,787	952,638	1,577,854	1,663,669	1,674,920	1,201,659
Total business-type activities program revenues	149,870,028	150,363,762	151,833,723	146,048,593	151,881,017	155,231,432	145,990,493	144,785,996	126,000,554	124,559,650
Total primary government program revenues	172,766,673	174,787,948	173,353,234	167,035,070	176,876,898	176,277,099	165,737,849	165,514,061	143,925,728	142,513,928
<b>Net (Expense)/Revenue</b>										
Governmental activities	(59,441,018)	(56,258,659)	(58,728,685)	(57,827,947)	(53,088,100)	(55,769,553)	(52,009,007)	(52,782,522)	(47,562,878)	(46,586,354)
Business-type activities	4,843,910	7,642,797	4,002,018	3,357,303	1,097,422	799,380	4,739,049	3,186,340	3,252,082	1,447,827
Total primary government net expense	(54,597,108)	(48,615,862)	(54,726,667)	(54,470,644)	(51,990,678)	(54,970,173)	(47,269,958)	(49,596,182)	(44,310,796)	(45,138,527)

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Taxes										
Sales & use taxes	36,227,828	35,761,817	34,578,700	33,346,132	32,326,864	36,339,971	35,529,035	34,171,298	31,822,887	30,980,345
Property taxes	11,568,399	11,426,462	11,686,642	11,218,029	10,739,439	9,936,417	9,410,127	8,927,164	8,506,525	8,128,683
Alcoholic beverage taxes	1,785,189	1,815,900	1,889,725	2,058,897	2,079,989	2,178,344	2,096,980	1,959,620	1,899,066	-
Gasoline taxes	841,873	849,450	826,571	817,274	854,729	866,383	908,017	881,061	1,324,890	-
Automobile taxes	1,397,678	1,335,785	1,258,968	1,256,066	1,316,502	1,386,524	1,422,446	1,345,890	1,280,830	-
Lodging taxes	1,494,547	1,564,045	1,469,788	1,210,713	1,219,763	1,480,525	1,270,831	1,139,526	1,101,824	-
Rental taxes	1,016,323	1,121,628	1,085,585	1,062,431	1,433,785	1,393,968	1,237,542	1,099,616	1,101,615	-
Other taxes	1,955,953	1,824,251	1,648,995	1,599,568	1,601,848	1,633,787	1,591,861	1,554,270	2,019,036	-
Interest on investments	134,835	125,155	220,673	272,408	382,714	1,035,330	1,930,389	1,416,270	829,131	8,940,282
Other	748,981	905,614	930,989	42,752	270,146	375,869	618,759	278,875	1,874,267	560,181
Transfers	(1,219,764)	(3,091,348)	(332,725)	(261,089)	(355,561)	(521,279)	(424,573)	(640,061)	(1,304,539)	(571,380)
Total governmental activities	55,951,842	53,638,759	55,263,911	52,623,181	51,870,218	56,105,839	55,591,414	52,133,529	50,455,532	49,625,994
Business-type activities:										
Interest on investments	208,518	221,019	229,545	259,204	390,853	1,795,448	2,579,834	1,995,733	1,017,206	420,955
Forgiveness of Long-term debt		8,797,766								
Other	61,011									
Transfers	1,219,764	3,091,348	332,725	261,089	355,561	521,279	493,633	640,061	1,304,539	571,380
Total business-type activities	1,489,293	12,110,133	562,270	520,293	746,414	2,316,727	3,073,467	2,635,794	2,321,745	992,335
Total primary government	57,441,135	65,748,892	55,826,181	53,143,474	52,616,632	58,422,566	58,664,881	54,769,323	52,777,277	50,618,329
Change in Net Assets										
Governmental activities	(3,489,176)	(2,619,900)	(3,464,774)	(5,204,766)	(1,217,882)	336,286	3,582,407	(648,993)	2,892,654	3,039,640
Business-type activities	6,333,203	19,752,930	4,564,288	3,877,596	1,843,836	3,116,107	7,812,516	5,822,134	5,573,827	2,440,162
Total primary government	\$ 2,844,027	\$ 17,133,030	\$ 1,099,514	\$ (1,327,170)	\$ 625,954	\$ 3,452,393	\$ 11,394,923	\$ 5,173,141	\$ 8,466,481	\$ 5,479,802

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

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>										
Nonspendable	\$ 13,545	\$ 33,486	\$ 24,092	\$ 589,640	\$ 623,643	\$ 620,606	\$ 56,368	\$ 20,298	\$ 37,677	\$ 42,261
Restricted	0	0	0	19,591,466	20,507,843	23,136,284	23,219,358	20,873,265	19,717,342	20,935,192
Committed	10,871,653	14,444,242	16,427,815							
Assigned	751,791	653,402	778,556							
Unassigned	9,365,011	4,929,105	3,707,793							
<b>Total general fund</b>	<b>21,002,000</b>	<b>20,060,235</b>	<b>20,938,256</b>	<b>20,181,106</b>	<b>21,131,486</b>	<b>23,756,890</b>	<b>23,275,726</b>	<b>20,893,563</b>	<b>19,755,019</b>	<b>20,977,463</b>
<b>All Other Governmental Funds</b>										
Nonspendable	985,086	940,236	886,196	2,025,447	1,451,421	2,493,068	2,474,867	3,222,378	2,352,645	1,453,824
Restricted	827,177	2,089,301	66,004							
Committed	7,369,361	10,340,213	2,368,053				4,187,649			2,040,204
Assigned	-	1,090,523	6,186,691	2,905,305	3,610,185	2,590,092	3,006,657	1,430,568	2,439,265	1,037,247
Unassigned	(531,029)	(3,226,317)	(591,464)	1,484,186	2,601,381	3,278,650	4,572,320	(3,210,457)	559,273	2,238,036
<b>Total all other governmental funds</b>	<b>\$ 8,650,595</b>	<b>\$ 11,233,956</b>	<b>\$ 8,915,480</b>	<b>\$ 6,414,938</b>	<b>\$ 7,662,987</b>	<b>\$ 8,361,810</b>	<b>\$ 14,241,493</b>	<b>\$ 1,442,489</b>	<b>\$ 5,351,183</b>	<b>\$ 6,769,311</b>

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Sales & use taxes	\$ 36,227,829	\$ 35,761,817	\$ 34,578,700	\$ 33,346,135	\$ 32,326,864	\$ 36,339,971	\$ 35,529,035	\$ 34,171,298	\$ 31,822,887	\$ 30,980,345
Property taxes	11,568,399	11,426,462	11,686,642	11,218,029	10,739,439	9,836,417	9,410,127	8,927,164	8,506,525	8,128,683
Other taxes	8,491,566	8,511,059	8,179,629	8,004,948	8,506,615	8,939,531	8,527,677	7,979,983	7,846,184	7,815,865
Licenses & permits	6,395,655	6,452,426	5,930,213	5,250,842	6,074,151	6,097,503	5,820,517	5,506,691	5,260,874	5,104,988
Fines & forfeitures	1,294,427	1,159,209	1,397,745	1,566,624	1,653,106	1,537,289	1,164,807	1,209,951	1,353,878	1,279,018
Revenues from money & property	331,552	335,715	437,777	461,205	547,055	1,224,431	2,047,717	1,638,407	997,734	709,263
Charges for services	4,746,517	4,648,317	4,378,276	4,306,050	3,876,829	3,958,824	3,711,980	3,178,711	2,853,277	2,635,734
Intergovernmental	10,122,422	10,950,800	9,751,238	9,323,451	10,138,379	9,231,663	11,342,347	8,683,754	8,548,765	9,530,118
Gifts & donations	79,115	190,764	7,600	50,500	81,383	171,487	250,030	10,000	928,267	-
Other revenues	762,753	772,327	940,355	44,972	155,030	219,020	466,313	489,283	-	946,523
<b>Total revenues</b>	<b>80,020,235</b>	<b>80,207,896</b>	<b>77,288,175</b>	<b>73,572,756</b>	<b>74,098,851</b>	<b>77,656,136</b>	<b>78,270,550</b>	<b>71,795,242</b>	<b>68,118,391</b>	<b>67,130,537</b>
<b>Expenditures</b>										
General Government	4,354,201	4,207,598	4,032,711	4,016,914	4,076,940	4,041,456	3,850,086	8,400,847	3,324,352	3,417,204
Public safety	22,665,964	22,262,093	20,700,647	21,489,174	22,545,457	24,420,567	21,048,410	18,432,108	18,031,194	17,750,748
Public works	10,146,277	8,301,676	9,143,890	7,963,402	7,930,561	9,526,118	8,217,746	7,132,047	7,580,606	7,767,477
Public services	9,743,971	10,443,037	12,280,657	10,045,869	10,949,244	10,892,284	12,550,008	14,176,760	7,169,487	6,032,400
Intergovernmental assistance	22,984,911	22,298,492	21,608,450	20,873,837	19,272,133	19,941,091	18,279,913	17,857,678	17,131,023	17,102,980
Community service contracts	2,401,419	2,739,907	3,083,825	3,062,672	2,831,805	2,973,892	2,780,367	2,555,873	2,425,783	2,358,965
Community development	1,465,521	3,399,597	1,734,467	1,099,361	1,635,289	1,315,546	1,647,028	2,028,470	1,503,289	2,114,283
Personnel board	573,625	594,999	534,424	559,696	525,530	537,308	540,514	498,392	530,389	469,260
Principal	4,250,001	6,498,052	4,741,306	4,586,418	5,134,778	5,331,457	6,364,555	5,390,162	5,674,464	6,321,257
Interest and fiscal charges	1,856,179	2,194,321	2,259,325	2,387,670	2,983,520	3,233,231	3,063,770	2,653,381	2,839,686	2,795,990
Debt issuance costs	-	157,790	124,206	-	482,284	1,310	271,303	79,613	-	365,635
Capital projects construction and outlay	-	-	-	-	-	319,116	197,031	-	4,257,550	9,308,953
<b>Total expenditures</b>	<b>80,442,069</b>	<b>83,097,562</b>	<b>80,243,908</b>	<b>76,085,013</b>	<b>78,367,541</b>	<b>82,533,376</b>	<b>78,810,751</b>	<b>79,205,331</b>	<b>70,467,823</b>	<b>75,805,152</b>
Excess (deficiency) of revenues over expenditures	(421,834)	(2,889,666)	(2,955,733)	(2,512,257)	(4,268,690)	(4,877,240)	(540,201)	(7,410,089)	(2,349,432)	(8,674,615)
<b>Other Financing Sources (Uses)</b>										
Long-term debt issued	-	23,101,500	6,500,000	-	21,945,000	-	16,215,000	5,280,000	-	19,900,000
Premium on debt issue	-	261,492	46,149	-	325,960	-	-	-	-	21,888
Discount on debt issue	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	574,929	614,474	-	-	-	-	39,351
Payment to escrow agent	-	(15,941,523)	-	-	(21,585,422)	-	-	-	-	(3,600,000)
Transfers in	752,865	3,480,350	1,332,003	1,105,334	3,293,644	1,399,865	4,545,593	2,977,048	3,112,376	7,845,603
Transfers (out)	(1,972,629)	(6,571,698)	(1,664,728)	(1,366,423)	(3,649,205)	(1,921,144)	(5,039,225)	(3,617,109)	(3,403,506)	(8,380,610)
Total other financing sources (uses)	(1,219,764)	4,330,121	6,213,424	313,840	944,451	(521,279)	15,721,368	4,639,939	(291,130)	15,826,232
Net change in fund balance	\$ (1,641,598)	\$ 1,440,455	\$ 3,257,691	\$ (2,198,417)	\$ (3,324,239)	\$ (5,398,519)	\$ 15,181,167	\$ (2,770,150)	\$ (2,640,562)	\$ 7,151,617
Debt service as a percentage of noncapital expenditures	8.1%	11.5%	9.6%	9.6%	12.2%	11.4%	13.7%	11.4%	13.9%	17.1%

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

**City of Decatur  
Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Residential Property	Commercial and Industrial Property	Public Utility Property	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate	**Estimated Actual Taxable Value	Net Assessed Value as a Percentage of Actual Taxable Value
2004	157,351,760	400,216,780	13,313,320	165,924,460	404,957,400	18.6 Mills	3,617,188,351	11.20%
2005	163,761,540	418,926,480	12,852,320	172,319,760	423,220,580	18.6 Mills	3,773,231,885	11.22%
2006	174,696,180	444,945,640	11,698,340	184,234,600	447,105,560	18.6 Mills	4,008,747,002	11.15%
2007	183,386,980	466,603,380	11,658,060	187,962,620	473,685,800	18.6 Mills	4,103,768,107	11.54%
2008	195,464,700	491,616,620	11,213,700	173,096,040	525,198,980	18.6 Mills	3,488,043,600	15.06%
2009	200,069,940	534,383,300	8,777,200	207,876,920	535,353,520	18.6 Mills	3,563,382,733	15.02%
2010	201,477,560	561,757,560	9,239,000	209,795,900	562,678,220	18.6 Mills	3,695,450,367	15.23%
2011	203,965,920	548,823,220	9,374,540	220,558,700	541,604,980	18.6 Mills	3,586,655,267	15.10%
2012	201,541,160	555,002,400	9,316,980	204,461,620	561,398,920	18.6 Mills	3,676,450,300	15.27%
2013	200,898,580	605,860,720	9,258,020	190,522,460	625,494,860	18.6 Mills	3,991,979,367	15.67%

**Source:**  
Morgan County Revenue Commissioner

Total Direct Tax Rate is \$.0186 per \$1,000 of taxable assessed value.

\*\*The county assesses public utility property at 30% of appraised value, commercial and industrial property at 20% and residential and historical property at 10%.

Property in Morgan County is assessed annually.

Numbers have been revised in 2008 to reflect net assessed value. Prior to revision, numbers were based on assessed value.

**City of Decatur**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years (Unaudited)**  
*(rate per \$1,000 of assess value)*

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Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	City Schools	County Schools	Morgan County	State of Alabama
2004	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2005	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2006	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2007	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2008	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2009	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2010	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2011	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2012	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills
2013	6.0 Mills	12.6 Mills	18.6 Mills	3.6 Mills	5.8 Mills	10.8 Mills	6.5 Mills

**Source:**  
Morgan County Revenue Commissioner

**Notes:**  
Overlapping rates are those of local and county governments that apply to property owners within the City of Decatur.

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

Taxpayer	2004			2005			2006			2007			2008		
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Worthington Steel	\$ 23,074,080	2	5.70%	\$ 10,699,380	2	2.53%	\$ 63,485,960	1	17.62%	\$ 8,702,100	3	1.66%	\$ 8,702,100	3	1.66%
Bunge Corporation	11,072,020	3	2.73%	8,883,200	4	2.10%	10,625,220	2	2.34%	11,061,040	2	2.34%	8,702,100	3	1.66%
BellSouth	9,258,400	4	2.29%	8,633,700	4	1.93%	8,633,700	4	1.93%	8,642,900	5	1.82%	8,499,400	4	1.62%
Hexel Corporation	*	*	*	3,794,280	9	0.90%	4,350,360	9	0.97%	9,923,320	3	2.09%	13,997,040	2	2.67%
Goodyear, Tire & Rubber	5,945,900	6	1.47%	4,348,720	8	1.03%	4,632,580	8	1.04%	*	*	*	*	*	*
General Electric Appliances	5,081,680	8	1.25%	4,483,180	7	1.06%	4,864,380	7	1.09%	4,603,620	8	0.97%	4,242,200	7	0.81%
Colonial Realty Limited	5,114,540	7	1.26%	5,014,740	6	1.18%	5,281,800	6	1.18%	5,304,720	7	1.12%	*	*	*
National Healthcare	*	*	*	*	*	*	3,899,460	10	0.87%	3,878,740	9	0.82%	2,674,800	9	0.51%
Nucor Steel	41,185,540	1	10.17%	67,380,360	1	15.92%	76,363,820	1	17.08%	6,074,000	6	1.28%	95,310,360	1	18.15%
O.C.I. Chemical Corp	5,319,340	9	1.31%	5,182,780	5	1.22%	6,282,120	5	1.41%	8,949,320	4	1.89%	8,657,940	6	1.65%
Meow Mix	7,731,400	5	1.91%	9,214,840	3	2.18%	9,500,180	3	2.08%	*	*	*	*	*	*
Charter Communications	3,472,920	10	0.86%	3,090,380	10	0.73%	*	*	3,238,860	10	0.68%	*	*	*	*
Hyosung USA, Inc.	*	*	*	*	*	*	*	*	*	*	*	*	5,232,860	5	1.00%
First Republic Group Realty	*	*	*	*	*	*	*	*	*	*	*	*	2,500,980	8	0.48%
Marine Terminals of Ala	*	*	*	*	*	*	*	*	*	*	*	*	2,777,740	10	0.53%
ITW Saxon	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
ITC-AL LLC	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Conagra Inc	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Coyote Garrison Decatur LLC	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Polyplex USA, LLC	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total	\$ 117,255,800		28.96%	\$ 122,091,860		28.85%	\$ 134,133,620		30.00%	\$ 145,162,480		30.65%	\$ 152,595,420		29.05%

Net City Taxable Assessed Value 404,957,400 423,220,580 447,105,560 473,685,800 525,198,980

Source:  
Revenue Commissioner of Morgan County

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

Numbers have been revised in 2008 to reflect net assessed value. Prior to revision, numbers were based on assessed value.

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

Taxpayer	2009			2010			2011			2012			2013		
	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net City Taxable Assessed Value
Worthington Steel	\$ -	-	-	\$ -	-	-	\$ -	-	-	\$ -	-	-	\$ -	-	-
Bunge Corporation	10,263,540	3	1.92%	10,583,820	3	1.95%	10,583,820	3	1.95%	11,674,840	3	2.08%	22,273,940	3	3.56%
BellSouth	9,442,740	4	1.76%	7,337,600	4	1.30%	7,337,600	4	1.35%	6,949,400	4	1.24%	6,721,200	6	1.07%
Hexel Corporation	22,905,500	2	4.28%	35,580,040	2	6.32%	35,580,040	2	6.57%	39,485,680	2	7.03%	58,219,400	2	9.31%
Goodyear, Tire & Rubber	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
General Electric Appliances	4,543,620	7	0.85%	6,044,220	5	1.07%	6,044,220	5	1.12%	6,468,900	5	1.15%	8,286,840	5	1.32%
Colonial Realty Limited	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
National Healthcare	128,517,280	1	24.01%	2,761,420	10	0.49%	3,830,960	9	0.71%	125,141,860	1	22.29%	119,504,540	1	19.11%
Nucor Steel	5,299,680	9	0.99%	135,048,680	1	24.00%	135,048,680	1	24.93%	487,296	8	0.87%	5,116,740	10	0.82%
O.C.I. Chemical Corp	8,644,500	6	1.61%	8,784,220	6	1.56%	8,784,220	6	1.62%	8,356,000	6	1.49%	7,018,020	7	1.12%
Meow Mix	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Charter Communications	5,189,300	5	0.97%	3,430,800	9	0.61%	3,430,800	10	0.63%	2,949,640	10	0.53%	*	*	
Hyosung USA, Inc.	*	*	*	4,780,840	7	0.85%	4,780,840	7	0.88%	*	*	*	*	*	*
First Republic Group Realty	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Marine Terminals of Ala	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
ITW Sexton	7,188,780	8	1.34%	7,321,540	8	1.30%	7,321,540	8	1.35%	*	*	*	9,713,600	8	1.55%
ITC-AL LLC	4,550,000	10	0.85%	*	*	*	*	*	*	5,054,000	7	0.90%	4,992,080	9	0.80%
Conagra Inc	*	*	*	*	*	*	*	*	*	3,693,320	9	0.66%	*	*	*
Coyote Garrison Decatur LLC	*	*	*	*	*	*	*	*	*	*	*	*	11,052,460	4	1.77%
Polyplex USA, LLC	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Total	\$ 206,544,940		38.58%	\$ 221,673,180		39.40%	\$ 222,742,720		41.13%	\$ 214,646,600		38.23%	\$ 252,898,820		40.43%

Net City Taxable Assessed Value 535,353,520 562,678,220 541,604,980 561,398,920 625,494,860

Source:  
Revenue Commissioner of Morgan County

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

Numbers have been revised in 2008 to reflect net assessed value. Prior to revision, numbers were based on assessed value.

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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	13,824,909	13,604,719	98.41%	18,905	13,623,624	99%
2005	14,304,430	14,174,242	99.09%	149,521	14,323,763	100%
2006	15,040,466	14,887,346	98.98%	2,052	14,889,398	99%
2007	16,004,314	15,839,439	98.97%	55	15,839,494	99%
2008	17,059,718	16,850,721	98.77%	32,161	16,882,882	99%
2009	17,845,697	17,842,973	99.98%	9,698	17,852,671	100%
2010	18,613,467	18,346,672	98.57%	917	18,347,590	99%
2011	18,214,808	18,047,311	99.08%	1,663	18,048,974	99%
2012	18,382,932	18,311,608	99.61%			
2013**	19,709,515					

**Source:**  
Morgan County Revenue Commissioner

\*\* FY 13 revenue collected amounts will not be available until mid-July 2014.  
FY 12 collections in subsequent years will not be available until mid-July 2014.

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

Collected includes remittance, assessment commissions, collection commissions, and expenses.  
Expenses include reappraisal, supernumerary, and salary.

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

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

Category Description	Calendar Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Apparel	\$ 61,993	\$ 57,589	\$ 52,534	\$ 54,923	\$ 63,494	\$ 66,241	\$ 67,976	\$ 60,049	\$ 59,159
Multi-Line Retail	173,710	173,354	150,440	167,912	135,093	194,174	184,170	140,837	136,207
Restaurants	124,740	128,813	95,124	84,534	88,955	95,996	90,931	86,759	77,867
Grocery Stores	75,415	78,959	67,321	66,760	77,044	80,101	74,071	56,265	52,101
Building Materials	58,530	59,790	46,877	48,784	74,413	115,558	113,975	79,993	73,812
Automobile Dealers	201,947	189,072	115,422	57,844	150,216	280,506	393,859	227,712	214,032
Household Furnishings	18,203	16,654	14,205	14,908	12,277	16,557	17,912	16,706	15,979
Convenience Stores	28,268	31,453	29,235	32,519	65,220	107,623	102,031	33,581	31,523
All other outlets	440,491	447,227	381,307	334,197	211,402	169,134	138,176	319,057	297,844
<b>Total</b>	<b>\$ 1,183,297</b>	<b>\$ 1,182,911</b>	<b>\$ 952,465</b>	<b>\$ 862,381</b>	<b>\$ 878,114</b>	<b>\$ 1,125,890</b>	<b>\$ 1,183,101</b>	<b>\$ 1,020,959</b>	<b>\$ 958,524</b>

**Source:**  
 City Revenue Department

**Notes:**  
 City direct sales tax rate is 4%  
 Information prior to the current year and prior 6 calendar years is not available.  
 Information prior to 2010 did not include refunds

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

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<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Morgan County</b>	<b>State of Alabama</b>
2004	4.00%	1.00%	4.00%
2005	4.00%	1.00%	4.00%
2006	4.00%	1.00%	4.00%
2007	4.00%	1.00%	4.00%
2008	4.00%	1.00%	4.00%
2009	4.00%	1.00%	4.00%
2010	4.00%	1.00%	4.00%
2011	4.00%	1.00%	4.00%
2012	4.00%	1.00%	4.00%
2013	4.00%	1.00%	4.00%

**Source:**  
City revenue department

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

City of Decatur  
Principal Sales Tax Remitters,  
Current Year and 8 Prior Years (Unaudited)

Tax Remitter Description	Calendar Year 2013			Calendar Year 2012			Calendar Year 2011		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,413,220	1	9.27%	\$ 3,143,958	1	8.76%	\$ 3,155,015	1	9.01%
Manufacturer	1,375,066	2	3.74%	1,657,104	2	4.62%	1,593,683	2	4.55%
Grocery store	1,112,742	3	3.02%	1,113,659	3	3.10%	1,087,599	3	3.11%
Multi-line retailer	909,758	5	2.47%	960,704	4	2.68%	963,404	4	2.75%
Building materials /hard line	954,004	4	2.59%	946,466	5	2.64%	892,307	5	2.55%
Multi-line retailer	730,711	7	1.99%	800,484	6	2.23%	740,366	6	2.11%
Grocery store	765,625	6	2.08%	727,061	7	2.03%	686,460	7	1.96%
Apparel Store	692,994	8	1.88%	664,751	8	1.85%	598,786	9	1.71%
Building materials /hard line	635,330	9	1.73%	600,205	9	1.67%	610,317	8	1.74%
Automobile dealer	*			532,527	10	1.48%	560,643	10	1.60%
Apparel Store	*			*			*		
Multi-line retailer	*			*			*		
Manufacturer	615,354	10	1.67%	*			*		
Grocery store	*			*			*		
Total	\$ 11,204,804		30.44%	\$ 11,146,919		31.06%	\$ 10,888,581		31.09%

Tax Remitter Description	Calendar Year 2010			Calendar Year 2009			Calendar Year 2008		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,267,680	1	10.17%	\$ 3,332,677	1	10.31%	\$ 3,432,359	1	9.64%
Manufacturer	1,488,051	2	4.63%	1,215,992	2	3.76%	2,164,933	2	6.08%
Grocery store	943,588	4	2.94%	881,470	4	2.73%	908,885	4	2.55%
Multi-line retailer	960,358	3	2.99%	929,286	3	2.87%	885,335	5	2.49%
Building materials /hard line	902,975	5	2.81%	876,426	5	2.71%	1,152,320	3	3.24%
Multi-line retailer	677,686	6	2.11%	*			*		
Grocery store	655,050	7	2.04%	630,738	7	1.95%	590,565	7	1.66%
Apparel Store	525,665	10	1.64%	496,031	8	1.53%	458,425	9	1.29%
Building materials /hard line	587,857	8	1.83%	664,293	6	2.05%	680,106	6	1.91%
Automobile dealer	554,647	9	1.73%	*			503,718	8	1.41%
Apparel Store	*			327,451	9	1.01%	354,459	10	1.00%
Multi-line retailer	*			324,700	10	1.00%	*		
Manufacturer	*			*			*		
Grocery store	*			*			*		
Total	\$ 10,563,557		32.89%	\$ 9,679,064		29.93%	\$ 11,131,105		31.26%

Source:  
City Revenue Department

Notes:  
Confidentiality requirements prohibit disclosure of tax remitter business names.  
Information based on total sales tax collections. Information prior to 2005 is not available.

City of Decatur  
Principal Sales Tax Remitters,  
Current Year and 8 Prior Years (Unaudited), continued

Tax Remitter Description	Calendar Year 2007			Calendar Year 2006			Calendar Year 2005		
	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total	Tax Liability	Rank	Percentage of Total
Multi-line retailer	\$ 3,398,590	1	9.62%	\$ 3,467,513	1	10.20%	\$ 3,538,724	1	11.09%
Manufacturer	2,099,335	2	5.94%	2,410,858	2	7.09%	2,122,806	2	6.65%
Grocery store	895,524	4	2.53%	719,608	4	2.12%	497,428	7	1.56%
Multi-line retailer	407,697	10	1.15%	*			*		
Building materials /hard line	1,055,579	3	2.99%	1,085,172	3	3.19%	994,399	3	3.12%
Multi-line retailer	*			*			*		
Grocery store	563,720	7	1.60%	510,791	8	1.50%	459,897	9	1.44%
Apparel Store	492,186	8	1.39%	433,099	10	1.27%	509,379	6	1.60%
Building materials /hard line	689,525	5	1.95%	684,218	5	2.01%	713,414	4	2.24%
Automobile dealer	622,068	6	1.76%	570,183	7	1.68%	586,306	5	1.84%
Apparel Store	445,485	9	1.26%	456,211	9	1.34%	471,869	8	1.48%
Multi-line retailer	*		*	*		*	*		*
Manufacturer	*		*	609,641	6	1.79%	*	10	*
Grocery store	*		*	*		*	407,787		1.28%
<b>Total</b>	<b>\$ 10,669,709</b>		<b>30.19%</b>	<b>\$ 10,947,294</b>		<b>32.19%</b>	<b>\$ 10,302,009</b>		<b>32.27%</b>

Source:  
City Revenue Department

Notes:  
Confidentiality requirements prohibit disclosure of tax remitter business names.  
Information based on total sales tax collections. Information prior to 2005 is not available.

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

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<u>Fiscal Year</u>	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
2004	72,558,786	29,355,332	7,495,436	8,035,539	117,445,093
2005	74,388,148	26,684,990	7,901,111	8,895,053	117,869,302
2006	83,688,511	34,999,393	8,490,576	8,939,135	136,117,615
2007	86,367,173	30,715,823	9,063,331	10,114,298	136,260,625
2008	92,242,668	34,360,009	8,604,599	10,235,723	145,442,999
2009	98,913,684	24,628,903	8,084,517	9,639,016	141,266,120
2010	93,571,114	21,495,060	9,266,433	11,419,349	135,751,956
2011	97,869,957	19,456,250	10,260,760	14,341,790	141,928,757
2012	96,544,683	15,701,341	11,512,382	15,335,240	139,093,646
2013	94,768,138	17,835,792	10,935,251	15,078,823	138,618,004

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	*Percentage of Personal Income	Total Debt per Capita			
	General		Capital Leases		Water		Wastewater							
	Obligation Warrants Payable	Notes Payable	Revenue Warrants	Notes Payable	Revenue Warrants	Notes Payable	Revenue Warrants	Notes Payable						
2004	63,005	680	854		23,240		26,590		-		29	114,398	10.72%	2,038
2005	57,935	630	299		22,140		22,680		-		45	103,729	9.72%	1,824
2006	57,970	630	154		20,995		21,030		-		-	100,779	8.40%	1,886
2007	68,575	-	29		19,795		19,320		-		-	107,719	9.20%	2,010
2008	63,273	-	-		18,545		17,545		-		-	99,363	6.78%	1,799
2009	59,542	-	401		17,915		15,700		-		-	93,558	7.71%	1,750
2010	55,352	-	579		16,245		13,790		-		-	85,966	6.44%	1,546
2011	57,498	-	191		14,630		11,810	6,877	15,665		-	106,671	8.24%	1,881
2012	59,028	-	-		16,080		19,915		-		-	95,023	6.82%	1,693
2013	54,778	-	-		25,175		55,370		-		-	135,323	9.87%	2,402

**Sources:**

2006 through 2013 are estimates from the Morgan County Economic Development Association

See Schedule 19 (E-1) for personal income and per capita data

\*Comparable personal income data was unavailable prior to 2006 other than the 2000 census  
2000 census numbers were used to compute percentage of personal income for years 2002 through 2005.

\*\* Notes Payable for 2011 related to the Business-Type Activities relate to loans from the Alabama Drinking Water Finance Authority and the Alabama Water Pollution Control Authority to the Municipal Utilities Board Fund in the amounts noted above. In 2012, portions of these loans were forgiven with the remainder being paid in full with the issuance of warrants in the amount of \$3,215,000 for the Water Authority and \$10,530 for the Wastewater System. Therefore, there were no outstanding loans as of September 30, 2012.

**Notes:**

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

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

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2004	62,207,577	1.72%	1,108
2005	57,126,116	1.51%	1,005
2006	57,144,903	1.43%	1,069
2007	67,729,563	1.65%	1,264
2008	62,855,830	1.80%	1,138
2009	59,542,038	1.67%	1,114
2010	55,351,670	1.50%	996
2011	57,366,976	1.60%	1,012
2012	59,028,296	1.61%	1,052
2013	54,778,295	1.37%	972

**Sources:**

Morgan County Economic Development Association for 2006 through 2011 population estimates

**Notes:**

FY 2004 through FY 2005 are based on 2000 U.S. census population information

**City of Decatur  
Direct and Overlapping Governmental Activities Debt,  
As of September 30, 2013 (Unaudited)**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percent Applicable to City</b>	<b>City's Share of Direct and Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
City of Decatur general obligation bonds & warrants	\$ 54,778,317	100.00%	\$ 54,778,317
<b>Total Direct Debt</b>			
* City of Decatur Board of Education Morgan County	55,780,000	100.00%	55,780,000
Morgan County Board of Education	23,720,000	49.47%	11,734,284
<b>Total Overlapping Debt</b>	49,712,434	49.47%	24,592,741
			<u>92,107,025</u>
<b>Total direct and overlapping debt</b>			<b>\$ 146,885,342</b>

The percentage of overlapping debt applicable to the City is calculated on the basis of the ratio of the estimated 2013 net assessed valuation of all taxable property in the City (\$625,494,860) - exclusive of taxable property outside the boundaries of Morgan County - to that of all net taxable property in Morgan County (\$1,264,512,920).

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

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

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 80,991,480	\$ 84,644,116	\$ 89,421,112	\$ 94,737,160	\$ 105,039,796	\$ 107,070,704	\$ 112,535,644	\$ 108,320,996	\$ 112,279,784	\$ 125,098,972
Total net debt applicable to limit	48,370,000	45,485,000	47,485,000	60,240,000	56,997,969	55,330,038	52,555,819	58,877,645	59,725,534	54,778,295
Legal debt margin	32,621,480	39,159,116	41,936,112	34,497,160	48,041,827	51,740,666	59,979,825	49,443,351	52,554,250	70,320,677
Total net debt applicable to the limit as a percentage of debt limit	59.72%	53.74%	53.10%	63.59%	54.26%	51.68%	46.70%	54.35%	53.19%	43.79%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed value	\$ 816,017,320
Less tax exempt property	(190,522,460)
Net Assessed Value	625,494,860
Debt limit (20% of net assessed value)	125,098,972
Debt applicable to limit:	
General obligation bonds	54,778,295
Less: School	-
Total net debt applicable to limit	54,778,295
Legal debt margin	\$ 70,320,677

**Note:**  
Numbers were revised in 2008 to reflect net assessed value. Prior to revision, numbers were based on assessed value.

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

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<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Less: Operating Expenses</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service</b>	<b>Coverage</b>
2004	117,727,587	107,176,453	10,551,134	5,788,552	1.82%
2005	118,591,409	107,151,729	11,439,680	5,159,606	2.22%
2006	137,591,436	125,146,933	12,444,503	4,774,913	2.61%
2007	138,236,912	125,022,901	13,214,011	4,875,660	2.71%
2008	146,806,157	136,753,211	10,052,946	4,823,628	2.08%
2009	141,472,819	133,607,497	7,865,322	5,064,336	1.55%
2010	135,864,145	124,879,664	10,984,481	4,657,987	2.36%
2011	142,061,998	128,939,530	13,122,468	4,579,979	2.87%
2012	139,253,683	122,587,716	16,665,967	5,523,435	3.02%
2013	138,764,202	123,584,281	15,179,921	6,570,620	2.31%

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

Calendar Year	Population	Personal Income <i>Thousands of dollars</i>	Per Capita Personal Income	Median Age	Graduated	School Enrollment	Unemployment Rate
2004	56,136			37.5	449	8,806	6.1%
2005	56,866			38.1	442	8,815	3.9%
2006	53,442	1,192,879	22,321	38.3	483	8,831	3.1%
2007	53,581	1,170,477	21,845	38.8	437	8,812	3.3%
2008	55,233	1,465,608	26,535	38.4	521	8,873	4.9%
2009	53,465	1,213,549	22,698	38.9	536	8,812	10.6%
2010	55,588	1,335,335	24,022	39.4	498	8,723	9.0%
2011	56,696	1,293,803	22,820	40.4	500	8,545	9.9%
2012	56,114	1,392,918	24,823	37.0	605	8,516	6.8%
2013	56,342	1,371,195	24,337	37.3	499	8,312	6.4%

**Sources:**  
Morgan County Economic Development Association for 2006 through 2013 population and personal income, and for all median age and unemployment rate.  
City Planning department for population estimate prior to 2006

Decatur City Schools for graduated and school enrollment

**Notes:**  
Comparative per capita personal income estimates have not been retained in years prior to 2006

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

Employer	2013			2012			2011			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	1,449	1	4.62%	1,449	1	4.30%	*			*		
General Electric	1,298	2	4.14%	1,250	2	3.71%	1,250	1	4.07%	1,250	1	3.98%
Decatur City Schools	1,200	3	3.83%	1,200	3	3.56%	1,205	2	3.92%	1,205	2	3.84%
Decatur General Hospital	*			*			1,000	3	3.25%	1,000	3	3.19%
United Launch Alliance	849	5	2.71%	854	4	2.53%	760	6	2.47%	654	7	2.08%
3M Company	887	4	2.83%	815	5	2.42%	880	4	2.86%	760	5	2.42%
Wayne Farms Fresh	795	6	2.54%	800	6	2.37%	826	5	2.69%	858	4	2.73%
Nucor Steel	710	7	2.26%	710	7	2.11%	719	7	2.34%	713	6	2.27%
City of Decatur	693	9	2.21%	693	8	2.06%	680	8	2.21%	675	8	2.15%
Wayne Farms EastWest	696	8	2.22%	568	9	1.68%	568	9	1.85%	444	9	1.41%
Parkway Medical Center	*			*			414	10	1.35%	414	10	1.32%
BP America	467	10	1.49%	457	10	1.36%	*			*		
Wolverine Tube	*			*			*			*		
Goodyear Tire & Rubber	*			*			*			*		
<b>Total</b>	<b>9,044</b>		<b>28.85%</b>	<b>8,796</b>		<b>26.09%</b>	<b>8,302</b>		<b>27.00%</b>	<b>7,973</b>		<b>25.39%</b>

**Source:**  
Morgan County Economic Development Association

**Notes:**  
Comparative information not available prior to 2006.  
Decatur General Hospital and Parkway Medical Center merged with Huntsville Hospital and became Decatur Morgan Hospital in September 2012.

**City of Decatur  
Principal Employers  
Current Year and Prior Seven Years (Unaudited), continuec**

Employer	2009			2008			2007			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Decatur Morgan Hospital	*			*			*			*		
General Electric	1,250	1	3.65%	1,390	1	3.86%	1,390	1	4.10%	1,390	1	3.68%
Decatur City Schools	1,205	2	3.52%	1,205	2	3.35%	1,205	2	3.55%	1,205	2	3.19%
Decatur General Hospital	1,000	3	2.92%	1,200	3	3.33%	1,200	3	3.54%	1,200	3	3.18%
United Launch Alliance	654	6	1.91%	684	6	1.90%	638	6	1.88%	650	6	1.72%
3M Company	760	4	2.22%	830	4	2.31%	895	4	2.64%	828	4	2.19%
Wayne Farms Fresh	858	5	2.51%	799	5	2.22%	813	5	2.39%	813	5	2.15%
Nucor Steel	700	8	2.05%	710	8	1.97%	630	8	1.85%	630	8	1.67%
City of Decatur	675	7	1.97%	673	7	1.87%	671	7	1.97%	681	7	1.80%
Wayne Farms EastWest	444	10	1.30%	418	10	1.16%	418	10	1.23%	*		
Parkway Medical Center	*			*			*			*		
BP America	446	9	1.30%	446	9	1.24%	453	9	1.33%	*		
Wolverine Tube	*			*			*			525	9	1.39%
Goodyear Tire & Rubber	*			*			*			408	10	1.08%
<b>Total</b>	<b>7,992</b>		<b>23.36%</b>	<b>8,355</b>		<b>23.22%</b>	<b>8,313</b>		<b>24.48%</b>	<b>8,330</b>		<b>22.05%</b>

**Source:**  
Morgan County Economic Development Association

**Notes:**  
Comparative information not available prior to 2006.  
Decatur General Hospital and Parkway Medical Center merged with Huntsville Hospital and became Decatur Morgan Hospital in September 2012.

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

Function/Program	Full-Time-Equivalent Employees as of September 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government	46	44	42	43	41	44	44	43	44	43
Public safety	282	288	284	275	272	263	276	283	266	275
Public works	81	79	76	76	81	81	82	77	74 *	94
Public services	72	71	71	77	72	78	71	73	73 *	59
Intergovernmental assistance	20	18 **	16	18	19	19	20	20	23	23
Municipal Utilities Board	163	163	164	163	165	163	157	160	170	178
Point Mallard	10	10	9	9	11	10	8	12	25	25
Sanitary Landfill	19	20	18	14	14	13	13	13	13	12
<b>Total</b>	<b>693</b>	<b>693</b>	<b>680</b>	<b>675</b>	<b>675</b>	<b>671</b>	<b>671</b>	<b>681</b>	<b>688</b>	<b>709</b>

**Source:**

City of Decatur Personnel Board  
 Decatur Utilities Personnel Department

\* Right of way mowing crew was moved from Street Department to Beautification Department

\*\* Includes MPO employee that moved to City of Decatur payroll in FY 12

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Building permits issued	3,090	3,225	3,132	2,910	3,703	3,133	4,778	5,449	3,969	3,999
Building inspections conducted	5,084	4,026	6,096	6,751	5,487	8,004	9,955	8,365	9,155	7,327
Police										
Adult arrests	4,770	5,264	5,594	5,428	6,291	6,500	6,141	10,808	11,386	10,431
Traffic citations	16,462	11,490	15,204	15,948	16,022	16,695	13,946	12,154	12,662	15,963
Fire										
Inspections	101	168	93	182	154	91	69	52	37	31
Emergency medical responses	4,183	3800	3872	5281	3917	3885	2900	3059	3461	3556
Fire and/or Hazmat responses	901	857	930	1467	1291	1004	888	906	889	1014
Refuse collections										
Recyclables collected in tons	2,180	2,052	1,301	1,416	1,381	1,488	1,532	1,509	1,447	1,369
Garbage and trash collected	34,142	34,108	37,287	38,164	39,608	36,384	34,536	43,252	41,990	41,659
Municipal Utilities Board										
Electrical connections	26,515	26,618	26,513	26,453	26,403	26,595	26,439	26,105	26,348	26,316
Water connections	25,260	25,194	25,244	25,144	25,155	25,154	24,990	24,532	24,495	24,268
Wastewater connections	20,297	20,245	20,327	20,293	20,308	20,338	20,233	19,895	19,900	19,694
Gas connections	13,690	13,640	13,691	13,793	13,785	13,861	13,824	13,835	13,925	14,578

**Source:**  
Various city departments

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police</b>										
Stations	3	3	3	3	3	3	4	4	3	3
Vehicles	167	161	153	135	135	137	142	122	102	102
<b>Fire</b>										
Stations	8	8	8	8	8	8	8	8	8	8
Pumper Fire trucks	10	12	10	10	13	13	14	12	11	11
Special Response Vehicle	5	3	3	3	4	4	4	4	2	2
<b>Sanitation</b>										
Garbage collection trucks	16	17	17	17	17	17	17	19	19	21
<b>Other public works</b>										
Paved streets (miles)	336	335	335	335	334	333	333	333	333	331
Unpaved streets (miles)	7	7	7	7	7	7	7	7	7	7
Paved invert drainage channels (miles)	48	48	48	48	48	48	48	48	48	48
Storm drainage conduits (miles)	144	143	143	143	143	143	143	143	143	142
<b>Parks and Recreation</b>										
Number of parks*	26	26	26	26	26	26	26	26	24	24
Acres of Parks	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,263	1,263
Golf courses (public & private)	4	4	4	4	4	4	4	4	4	4
Tennis courts	46	46	46	46	46	46	46	46	34	34
Recreations centers	5	5	4	4	4	4	4	4	4	4
Senior citizen centers	2	2	2	2	2	2	2	2	2	1
Ball fields in use	35	35	35	35	35	35	35	34	32	32
Enclosed swimming pool	1	1	1	1	1	1	1	1	1	1
Open air swimming pools	2	2	2	2	2	2	2	2	3	3
Soccer facilities (acres)	62	62	62	62	62	62	62	62	62	62
Ice rinks	1	1	1	1	1	1	1	1	1	1
Marina/boat launch	2	2	2	2	2	2	2	2	2	1
Campgrounds	1	1	1	1	1	1	1	1	1	1
<b>Municiple Utilities Board</b>										
Water mains (miles)	484	484	481	480	480	478	476	474	472	405
Gas mains (miles)	418	415	414	414	413	412	411	409	407	405
Electric lines (miles)	593	593	592	592	592	592	588	586	585	581
Sanitary sewers (miles)	342	341	340	340	340	337	337	334	331	327
Fire hydrants in service	2026	2,019	2,011	2,009	2,019	2,003	1,985	1,958	1,939	1,901

**Sources:**  
Various city departments and capital assets records